

Welsh Affairs Committee

Oral evidence: [The proposed closure of Ford's Bridgend plant](#), HC 2365

Monday 8 July 2019

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[Watch the meeting](#)

Members present: David T. C. Davies (Chair); Tonia Antoniazzi; Guto Bebb; Jonathan Edwards; Anna McMorris.

Questions 1 - 93

Witnesses

[I:](#) Steven Armstrong, Chairman, Ford Europe.

[II:](#) Jeff Beck, Regional Organiser, GMB Union; Councillor Huw David, Leader of Bridgend County Borough Council; and Peter Hughes, Wales Regional Secretary, Unite the Union.

[III:](#) Ken Skates AM, Minister for Economy and Transport, Welsh Government.

Examination of witness

Steven Armstrong

Q1 **Chair:** Can I thank everyone for coming along this afternoon? It is unusual for us to meet on a Monday, but given the importance to Wales of the announcement that has been made in Bridgend, we are having a special extra meeting of the Welsh Affairs Select Committee. First, I would like to welcome Steven Armstrong, the Chairman of Ford in Europe, who has very kindly agreed to come along and explain some of the thinking behind the decision and answer a few questions on it. Thank you, Mr Armstrong, for coming along.

Steven Armstrong: Thank you for the opportunity.

Chair: I will begin by asking Tonia Antoniazzi to start the questions.

Q2 **Tonia Antoniazzi:** Thank you, Steven. Can you talk us through the events that led to your announcement of plans to close the Bridgend engine plant?

Steven Armstrong: Yes, certainly. As you are well aware, we have had the facility in Bridgend for around 40 years. During that time it has produced engines for Ford Motor Company in Europe, in the UK and globally. It has also produced engines on behalf of other vehicle manufacturers: Volvo, and most recently Jaguar Land Rover. At the end of 2017, Jaguar Land Rover gave notice of its desire to cease production of engines at our Bridgend facility. It had a three-year break clause in the contract, which means that those engines will cease to be produced at the end of 2020.

At that point we started the process of understanding what we could do to replace the volume, which is around about 50% of the capacity of the facility in Bridgend. During that period we also took the decision to invest in our new three-cylinder, 1.5-litre engine, which is a globally produced engine. That is largely replacing the other Ford engine that is produced on the site. At that point in time, we had volume changing on the Ford engines, but we were losing a big portion of the volume as Jaguar Land Rover decided to move its engine production to its new facility at Wolverhampton.

We invested £100 million in putting the new engine into Bridgend. That was a modular investment. We put 125,000 units of capacity in to start with, with the opportunity to double that should the demand grow. Unfortunately, it became clear a few weeks before we made our announcement that the volume of the engine that we had put the new investment into—the 1.5 litre, three-cylinder engine, which is commonly known internally as the Dragon engine—had dropped dramatically versus what we had expected when we made the initial investment. The combination of that and the lack of replacement product for the Jaguar Land Rover engines meant that we needed to take a decision about the future of the plant. It is not sustainable to continue at a volume of about



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80,000 units a year and that is what led to us making the decision in June to cease production.

Q3 Tonia Antoniazzi: Could I pin you down to a date then, please? What day did you decide that you were going to close the plant?

Steven Armstrong: The decision was delegated from the board of directors in Detroit to the leadership of Ford of Europe, of which I am obviously chairman. Then the decision was taken the day before 6 June by the Ford of Britain Ltd board of directors, who are the owners of the Bridgend facility. The volume reduction that I referred to came to light around three or four weeks prior to the decision being taken by the team in Ford of Britain.

Q4 Tonia Antoniazzi: About three or four weeks would make that the second week in May. Would you agree with that?

Steven Armstrong: Yes. That was when we understood that the revised volume forecast globally for the Dragon engine had been reduced. We started to discuss at that point in time what the implications of that would be specifically for Bridgend. Then it became clear at the date I just referred to that we could not find a sustainable future for the plant, as there is no other Ford engine product that we can put into the Bridgend facility.

Q5 Tonia Antoniazzi: There are two questions I want to ask. One is about the Dragon engine. Why was the forecast so bad? You had projected that this was going to be a new engine, a modular investment. Why was it such a disaster then?

Steven Armstrong: The reality is that in the last two years or so there has been a significant change in the dynamic in the auto industry. We have seen a shift out of internal combustion engines towards more electrified products. We have seen a reduction in our volumes in Europe. Our passenger car volume for that engine is going down. We are using more of the alternative petrol engines that have a different CO₂ footprint from the Dragon engine. We have seen a shift in demand and a shift to meet the environmental requirements.

Q6 Tonia Antoniazzi: It is quite incredible that that has happened in a two-year period though, isn't it?

Steven Armstrong: I live in an industry and I try to work in an industry that is incredibly dynamic. You will be well aware of what has happened in the shift from demonisation of diesel in the last couple of years, the shift towards more electrification and the total shift in the footprint of what products people are buying during that time. It is not unusual for our industry.

Q7 Tonia Antoniazzi: Going back to the date, could you tell me how many voluntary redundancies were given out, which had to be made by 3 May 2019?



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Steven Armstrong: There are currently about 1,700 people on the facility. We have already had 400 people elect to take the voluntary separation programme that we started earlier in the year, so 400 have already agreed to take the terms that were previously offered.

Q8 **Tonia Antoniazzi:** So 400 agreed to take those terms before the announcement to close the plant?

Steven Armstrong: Correct.

Q9 **Tonia Antoniazzi:** If they had waited, do you know how much difference there would have been in their payment?

Steven Armstrong: That is a point that we will discuss as part of the consultation that we are in. We have had some questions already of course from our union partners around the implications for those 400 people of the subsequent decision that we have taken. We will take that into consideration as we go through the consultation.

Q10 **Tonia Antoniazzi:** Has Brexit played a role in your thinking to close down the plant?

Steven Armstrong: First, I want to state that when we decide to close a facility, that is probably the most difficult decision that I or anybody in my position has to take. Nobody likes to close a facility. We understand clearly the consequences of that on the employees, their families and the community in which they operate.

We have been talking a long time about the implications of a hard Brexit and I have been very vocal publicly around the fact that a no-deal Brexit would be a catastrophe for our industry, but I want to make it very clear that the sustainability of the Bridgend plant is not directly linked to whether we believe there will or will not be a hard Brexit. The volume reduction that we have seen is separate from what may come in future if we were to have a hard Brexit. Brexit is not the reason for us making the decision.

Q11 **Tonia Antoniazzi:** Even though if we did have a no-deal Brexit and you were struck with tariffs that you had to put on the parts—because we all know now that your vehicles are assembled in Europe, they are not assembled in the UK—that would have a massive impact on your business as well?

Steven Armstrong: It would certainly have an impact and that is the point that I have made. We would have to further consider the implications of that as we move forward. To be clear, we assemble diesel engines in the facility in Dagenham. We assemble transmissions up in Halewood and we have been assembling petrol engines in Bridgend. Those engines get sent to various places around the world and assembled into vehicles, many of them into mainland Europe and other places, and then shipped back into the UK and back into other areas of Europe. Most people would understand that our industry, of probably all industries, is



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the most integrated when it comes to a pan-European supply chain, just the same as many other household products that you would deal with are not produced in the UK, although they may well be designed and developed in the UK. That is part of the industrial footprint that we have in Europe.

Chair: Sorry about this. I know there is one quick supplementary. Can I suggest we come back to it maybe when you get your question? I am conscious that we are on a very strict half-hour slot because we have the Minister coming shortly.

Q12 **Anna McMorris:** Isn't it true that Bridgend Ford is one of the most efficient production plants that you have?

Steven Armstrong: I want to make it very clear that this is not anything that the employees have or have not done. The team in Bridgend have improved their efficiency significantly over the last few years and it is one of the very efficient engine facilities that we have in the European businesses.

Q13 **Anna McMorris:** Why did you make the decision to wind it down and take production over to Mexico?

Steven Armstrong: It is not a decision to wind it down; it is a reality that there is not a sustainable volume future for the plant. At 80,000 engines a year, it is not viable to run an engine facility.

Q14 **Anna McMorris:** Surely if you invest in it and invest in the UK market—

Steven Armstrong: We have invested £100 million in the last two years to put in the 125,000-unit capacity. To add more automation to the facility would just make it more expensive in the near term to produce the engines and would take out a significant amount of the workforce to be replaced by automation. At the end of the day, we would end up pretty much at the same place we are at today. We do not have a sustainable future without another engine.

Q15 **Anna McMorris:** Isn't it true that you have not made a decision? Have you made a firm decision that you are closing?

Steven Armstrong: No, we have proposed that we close the facility. That is why we have started the consultation.

Q16 **Anna McMorris:** It is a done deal, you have made the decision?

Steven Armstrong: We have proposed that we close the facility. We have started the consultation process. I am looking forward to working with all of the stakeholders to understand what the opportunities are moving forward for the facility, but I need to be very—

Q17 **Anna McMorris:** This is about you managing the closure of this?



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Steven Armstrong: I need to be very clear that without another product from Ford or elsewhere to go into the facility, the facility is not sustainable.

- Q18 **Anna McMorris:** But as you have just said, it is one of the most efficient production plants, so investing in it rather than moving over to Mexico, where you get cheaper labour—I am assuming that is why you are making the decision, for cost purposes. Would that be right to say?

Steven Armstrong: The volume for the Dragon engine globally has reduced and we have the capacity to make Dragon engines in Mexico, in Bridgend and in India. We do not have enough volume to fill each of those facilities.

- Q19 **Anna McMorris:** The UK is the biggest consumer market?

Steven Armstrong: The UK is our biggest market in Europe, that is correct. It is not the biggest globally of course for Ford Motor Company.

- Q20 **Anna McMorris:** You have a massive consumer market in the UK. Isn't it a bit embarrassing then to become the kind of company that is known for shafting its British workers?

Steven Armstrong: We are not the kind of company that shafts its British workers. The centre of our commercial vehicle business is here in the UK. The design and development—

- Q21 **Anna McMorris:** But that is not the message you are giving.

Steven Armstrong: The design and development of all our Transits and other commercial vehicles globally is done here. We produce more than 50% of all our diesel engines globally in Dagenham. We have just opened a brand new mobility centre in London to develop all the new smart mobility solutions for Europe and we produce transmissions in Halewood.

- Q22 **Anna McMorris:** To be honest, if I were a worker in Dagenham, given how you are treating the workers in Bridgend and in the whole of south Wales who work there, I would be very concerned for my future there. What signal does that send from you, as supposedly a company that cares about its workers and cares about its market in Britain? It doesn't.

Steven Armstrong: We care about our workers. We care very much about the market in Britain. We continue to have a very strong industrial footprint in the UK. We continue to develop—

- Q23 **Anna McMorris:** Should the workers in Dagenham be quite worried now?

Steven Armstrong: We continue to develop our commercial vehicles in Dunton and supply all of those commercial vehicles for Europe with engines produced in Dagenham. We are the No. 1 brand in Europe for commercial vehicles and we will continue to supply those engines from Dagenham.



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Q24 Anna McMorris: Can I quickly ask you about your redundancy offers? Is it true that you have told workers that if they go on strike before the end of the rundown period redundancy conditions will not be met?

Steven Armstrong: No, it is not true at all. We have a—

Anna McMorris: That is not true? That is not true for any workers?

Steven Armstrong: Let me explain and I will tell you what is true. We have a redundancy package, which I think is a very generous package for separation for the employees. In addition to that, we have a continuity payment, which is not part of the base separation programme, which they will be paid if we continue to produce production through the period of the runout to the end of 2020. That does not impact the base separation programme. It is a separate payment that is made that we use as a continuity payment, which we have done in many other facilities that we have closed around the globe.

Q25 Anna McMorris: That does not seem to be recognising the fact that you have a community in Bridgend that has been incredibly loyal and a community around south Wales that has been incredibly loyal for over 40 years.

Can I just ask one slight supplementary here? There are 25 workers who accepted voluntary redundancy three weeks before your announcement. Some families, because of that, have lost out to the tune of £80,000. Will you commit now to making sure that those workers get what they deserve now if there is any redundancy pay-out that is going to be better than that? They now see their colleagues getting an offer that is better than that.

Steven Armstrong: As I just answered the prior question on the same subject, we have had that request and approach from the union as part of our initial discussions on the consultation and the company is currently considering its response to that request. I will be picking that up as part of the consultation process.

Chair: Can I then go to Jonathan, who wanted to ask a supplementary? Maybe you could ask your question and then I will go to Guto and then come around, because I am keeping a bit of an eye on the clock. Is that all right if we change the order slightly?

Q26 Jonathan Edwards: Of course the announcement does not just affect the Ford plant in Bridgend, but also the wider supply chain. You said you assemble the engine parts in Bridgend. Can you give us an indication of the impact on the supply chain across Wales and even further across the UK?

Steven Armstrong: Of course many of the suppliers that supply the components to the Dragon engine and also to the Jaguar Land Rover engines are from outside of the UK. I do not have the numbers specifically in my head for the percentage split, but a significant proportion of that material is not produced in the UK; it is produced in



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Europe, North America and in other parts of the world and shipped into Bridgend, so not all the supply chain is affected directly.

The terms for the supplier employees are subject to their individual companies' terms and conditions. I should make it clear of course that the suppliers that supply the Jaguar Land Rover engines have known about this cessation since the end of 2017, so they have had close to two years to prepare for what they are going to do to make the adjustments that they will need to their manufacturing facilities, wherever they may be.

- Q27 Guto Bebb:** Just quickly to follow on from some of the questions asked by Anna, I listened very carefully to your response on the issue of whether the Bridgend plant has been closed as a result of the capacity issues that you have highlighted or whether there was an element of the Brexit issue coming into play. The question I would have in terms of your response—which highlighted your commitment as a company to the United Kingdom—is, do you genuinely feel that all the other factories and outlets that you have in the UK are safe or does your comment about a no-deal Brexit indicate that those commitments can also be seen as in danger if there was a hard Brexit?

Steven Armstrong: Again, I have been very clear for the last two and a half years, since the result of the referendum, that if we were to face tariffs and friction at the borders, that would put a significant burden on our business, whether it is the tariffs for materials going out or vehicles coming back in again. We have previously publicly quoted that that could be as much as £1 billion a year in incremental cost, be it tariffs or friction at the borders. I have also been very clear that that would cause us to have to think about what our footprint would be moving forward. That does not mean that we would immediately close all the facilities in the UK, but it would make it much more difficult for the facilities to be competitive. That is just a fact of the business that I am in.

- Q28 Guto Bebb:** The point you are making then is that your commitment to the UK is very much dependent upon the type of Brexit that is delivered?

Steven Armstrong: I have been very public about this too. I love having a strong footprint in the UK. It is a big market for us and I will do all that I can to ensure that I continue to have more than 10,000 employees in the UK. We are moving all of our commercial vehicle engineering to our new centre in Dunton, Essex, and we are investing in next generation diesel engines in Dagenham to make sure that we can continue to be competitive in terms of the product that we produce. It will be very disappointing if a no-deal Brexit causes us further complications with that.

- Q29 Guto Bebb:** Have there been any delays to any of those investments in the past 18 months as a result of the uncertainty that we are facing?

Steven Armstrong: We have not specifically delayed investment. We had just finished the last investment in diesel engines to go from the



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Euro 5 to Euro 6 and Euro 6.2 diesel emissions. That investment had just finished as we got into the situation that we are in now, so we haven't had a significant investment that we have needed to delay. It would be wrong for me to say that we have stopped something specific as a result of that, but of course we are continuing to watch what happens in the months ahead to understand how it is going to impact the next generation of transmissions and engines that we will need to put in place for 2025 and the Euro 7 emission steps.

Q30 Guto Bebb: A final question: in view of all of these uncertainties that you are facing and the decision taken in Bridgend, do you foresee any future whatsoever for Ford in a Welsh context?

Steven Armstrong: We are obviously going to be working with the taskforce. We had the first meeting of the taskforce last week. I was not there personally, but I understand it was a good start and a very productive discussion. We will be looking to see what opportunities there are for the site in Bridgend as we move forward.

If we do go through with the proposed closure, of course we have committed to a £1 million community fund to put into the community in Bridgend to try to help to mitigate some of the community impacts of what we have done. We will be working with the employees, in addition to the enhanced terms that we are offering, with redeployment opportunities to potentially help some of those employees move to other Ford facilities that we have in the UK. We are working on outplacement and other retraining opportunities, but unless there is another Ford product—and there isn't another Ford product—I do not believe that there will be a Ford facility in Bridgend once we have gone through the final decision process with the work that we are doing.

Q31 Guto Bebb: Just a very tiny supplementary. You did say "if" we go through with the closure and you mentioned the taskforce. Does that mean that the taskforce can come up with something that will persuade you not to go through with the closure?

Steven Armstrong: I want to be very clear. We propose to close the facility because we do not have a sustainable future in terms of volume product from Ford Motor Company that we can build in Bridgend.

Q32 Guto Bebb: On that, the taskforce cannot do anything, in effect?

Steven Armstrong: The taskforce can work with us to make sure that we go through all of the opportunities that there may be to utilise the facilities that are there. There may be other people that we can be introduced to who can use the facilities. There may be other opportunities to repurpose the facility that is there, but without another Ford product I do not believe that we will come to a different conclusion from the conclusion that I came to with my leadership team earlier in June.

Q33 Chair: Can I also pick up on a couple of questions? You have made it very clear that the reason for the decision to consult on closure is



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because of a fall in demand for Dragon engines. That is correct?

Steven Armstrong: Yes.

Q34 **Chair:** That fall has been coming about over the last couple of years and one of the reasons for that—in fact, I think that it is the only reason you have cited for that fall in demand—is a shift in the market, a shift towards electric vehicles and concern about decarbonisation. Is that all correct?

Steven Armstrong: That is a big part of that shift of engine profile globally, yes.

Q35 **Chair:** Is that the biggest part of the shift?

Steven Armstrong: It is certainly a significant proportion of it. We are seeing consumers moving into different types of propulsion, but also, as it gets tough to meet the CO₂ requirements, we have other engines that perform better from a pure CO₂ perspective than the Dragon engine.

Q36 **Chair:** It is partly because people are moving to electric vehicles and partly because people are moving to other forms of lower CO₂-emitting vehicles?

Steven Armstrong: We are mixing into other engines in some instances that are lower CO₂, that is correct.

Q37 **Chair:** It would be perfectly fair for me to say that the decarbonisation agenda is having a much bigger impact on your decision than Brexit?

Steven Armstrong: We should be clear. I think that the future for—

Chair: It is a fair question, isn't it? You said that Brexit did not have an impact.

Steven Armstrong: No, I agree.

Q38 **Chair:** You have just said that decarbonisation does, so I think my statement is relatively uncontroversial, isn't it?

Steven Armstrong: Yes, and I was just about to clarify my point. I agree with you, but to put it in context, we believe over time that electrification is the way forward for the industry. The speed with which that electrification comes is going to have consequences as we try to disposition the historical assets that we have. Unfortunately, Bridgend is one of the first that is being impacted by that. That is a fair statement.

Q39 **Chair:** You have seen how upset people are about this across the political spectrum, the unions, business representatives, right the way across the board. Currently we are looking to ban all petrol and diesel cars by 2040 on British roads. What would happen if that ban is brought forward? Will there be further announcements like this?

Steven Armstrong: It would be very difficult for us to accelerate the ban earlier. People talk about 2030 and in some instances even 2025,



which I think is an impossible aim. We are transitioning to electrified products. We are launching 16 electrified vehicles in the coming years—the first all-electric vehicle comes next year—across both our passenger and commercial vehicles. If we were to accelerate that shift, then it would have significant and faster consequences on our industry.

Q40 **Chair:** It would lead to further job losses?

Steven Armstrong: We would have a significant issue with having to close old internal combustion engine facilities. I have to be very clear also that it takes around 50% of the labour to produce an electrified vehicle, a battery electric vehicle, than it does an internal combustion engine vehicle. Even if we just swap the volume straight away, we would lose about 50% of the employment need.

Q41 **Chair:** Can I also assume that bringing forward the ban from 2040 to 2030 would make it financially very difficult for a company like Ford to justify opening up new lines to produce new petrol or diesel vehicles?

Steven Armstrong: Yes.

Chair: Thank you very much.

Q42 **Anna McMorris:** Quick supplementaries: first, you just answered that part of your reasoning was following the decarbonisation agenda, which is very important to move to zero carbon. We have the target of 2050. We need to move earlier to face the climate emergency. How do you justify moving your plant to Mexico? Your biggest market is in the UK. How does that fit with your ambition to be in any way environmentally friendly, moving towards decarbonisation?

Steven Armstrong: The first thing I will say is we are one of the very few automotive businesses that have signed up to the Paris accord. Despite changes globally—

Q43 **Anna McMorris:** For that you need to show action.

Steven Armstrong: Yes, we are showing action. Despite certain political forces deciding the Paris accord is not the way to go forward, we have reconfirmed as a company that we will meet our commitments from the Paris accord. The way that we are doing that is by electrifying our vehicles. I have just mentioned that we are launching 16 electrified vehicles—

Q44 **Anna McMorris:** How much carbon will you use shipping your vehicles across the Atlantic?

Steven Armstrong: We are shipping the engines across the Atlantic, not the vehicles.

Q45 **Anna McMorris:** How much for the engines?

Steven Armstrong: I have not calculated it on a per-engine basis, but I am committing—



Q46 **Anna McMorris:** It does not seem to me that that works hand in hand with being a socially or environmentally responsible company at all.

Steven Armstrong: It is within my planning to ensure that I do meet the Paris accord climate requirements that we have signed up to and that I will meet the 2020, 2025 and 2030 CO₂ reduction targets that I have been set. The way we will do that is by electrifying our fleet, electrifying our commercial vehicles, which is a big part of our business in Europe, and I have a plan to achieve the decarbonisation that I need to meet.

Q47 **Anna McMorris:** I think you will find that that does not meet it when you have to ship products across the Atlantic, halfway around the world.

Just a quick question on legacy: can you tell us what your legacy is going to be for the workers and is it going to be the best? The local community has given 40 years of undying loyalty there. Can you tell me that this is going to be the absolute best legacy that you have given any plant anywhere and what is that going to be?

Steven Armstrong: I am not familiar with the legacy that we have given to any plant anywhere within Ford Motor Company, so it would be impossible for me to answer yes or no to your question because I do not know what has been given elsewhere. I can tell you that we understand the impact that it has on the employees, their families and the community. We will take every action that we can to mitigate as best as we can the impact of that. I have already mentioned that we have committed to a £1 million fund for the community and that we have what I think are very favourable terms for the individual employees. We will work through as best as we can.

Anna McMorris: The plant and machinery, can you just ensure—

Chair: We have a few more questions. We only have four minutes for two more questions.

Q48 **Jonathan Edwards:** There has been some uncertainty about the plant for a number of years because the Welsh Government set up a Ford working group in 2017. Were you a part of that working group?

Steven Armstrong: I am familiar with the work that the working group did. I was not personally in my role as chairman on the working group.

Q49 **Jonathan Edwards:** Was there Ford representation on the group?

Steven Armstrong: There was Ford representation. In fact, as part of that, we put ourselves forward to be considered as part of the Faraday Challenge for electrification. That was one of the things that came through the working group. While we did not think we could meet the electrification requirements of Ford as an individual manufacturer from Bridgend, we did believe that it could provide an industry solution for electrification. Unfortunately, you will be familiar with the fact that that investment went to the West Midlands. It did not go to the Bridgend facility, unfortunately.



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Q50 **Jonathan Edwards:** Do you know why that group did not meet between July 2018 and March 2019?

Steven Armstrong: I can't comment on why it did not meet between those two dates.

Q51 **Jonathan Edwards:** There is obviously a new taskforce following the announcement. You are a part of that and you have already had questioning on that. Are you aware of some of the public support in countries like Canada, where they put significant public money in to help their automotive industry get ready for the new electric age? Is that something that you want to be a part of the taskforce discussion? Is there an opportunity there perhaps for Bridgend arising from that?

Steven Armstrong: Yes. As I have just mentioned, we did think that the Bridgend facility could be suitable as part of the Government's Faraday Challenge. I do not believe it will be viable to ship batteries from Bridgend to the Ford assembly facilities in mainland Europe because you should assemble your batteries closer to the vehicle assembly plant. We did believe that if you looked at it from a UK manufacturing and automotive perspective, Bridgend could play a part in that. I repeat that that investment went to the West Midlands, unfortunately.

Q52 **Jonathan Edwards:** Ford in Bridgend has received substantial public support over the years, about £143 million since 1978, as the Welsh Minister claimed in the National Assembly. Indeed, the Welsh Government themselves have put in around £63 million since 2006. Will you be repaying some of that grant money or loan facilities?

Steven Armstrong: First, I am not at all familiar with £143 million, but put that to one side. We have received around £12 million in the recent years and months and we will be working through, with the taskforce and the Welsh and Westminster Governments, to understand what commitments we have met, what we haven't met, and we will repay any funds that have not been appropriately dispositioned and where we have not met the criteria for those funds.

Q53 **Jonathan Edwards:** I used to own a Nissan Leaf. I am just wondering whether there is a Ford electric car. Is Ford behind the curve a bit in terms of its competitors? Kia has a very impressive electric car, there is the Nissan Leaf and a whole range of producers now. Is Ford behind the curve?

Steven Armstrong: No, not at all. We have our first all-electric vehicle launching in the UK next year.

Chair: That is good. We look forward to that. Thank you very much indeed, Mr Armstrong.

Steven Armstrong: Thank you.

Examination of witnesses



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Jeff Beck, Councillor Huw David and Peter Hughes

Q54 Chair: I welcome Mr Beck, Mr Hughes and Councillor Huw David. First, to the representatives of the unions and Bridgend County Borough Council, what support are you able to offer to those who are affected by this sad announcement?

Jeff Beck: It has been a hammer blow to the workers in Bridgend and south Wales as a whole. The workforce and their families are devastated by the loss of well-paid, highly skilled jobs that are not available anywhere else in Wales. It is a very difficult period for these people to go through. We have agreed with and support Public Health Wales that we will do everything possible to support workers where their self-worth and mental health are likely to be impacted upon as a direct result of Ford's decision to walk away from Bridgend.

Peter Hughes: We have met with our 1,500 members. We have had two mass meetings. What came across very loud and clear was they have invested a lot of time, effort and productivity over the last few years in Bridgend. Obviously this came as a bit of a hammer blow when it said it was closing, but it was not a shock.

Let me take you on a journey. In 2012, whatever Mr Armstrong said before, Ford sold part of the PAG company, which was when it used to supply Jaguar Land Rover and Volvo with engines. When he said the decision was made three years before the Jaguar Land Rover engine was going, that is true; it has to give three years' notice. But Jaguar Land Rover, which we have sole recognition with, has been developing an engine since 2014. That facility opens in 2020. We saw the electrification and everything that came through in the last week. We knew straight away that that engine was always going to go. The Sigma engine is being built in America and that was coming to the end of its shelf life in 2020 anyway because that is a Ford engine. It already gave the workers notice in 2013 that that was going. There would have been unrest through those years.

On the back of that and the Dragon engine investments, productivity had to be met. Productivity was met, and on the back of that it promised 250,000 units. In 2016-17, when it announced that Jaguar Land Rover was going, it went down to 125,000 units. Within the last few months, it went down to 80,000 units. The question we have been asking Ford, and you have been asking today, is, would a Dragon engine being there keep the plant open? That is what we have been asking loudly and clearly. They have probably not been very honest with us. From day one, they have been saying, "Yes, because the Dragon engine is going to be the future. We can put a hybrid on it, we can do this with it and we can do that with it."

The workforce has taken that at face value. We know the age demographic; the age demographic is late 40s. The package that we talked about before—it is a package because what happens with the



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continuity payment—is a bit of a bribe, because they know for over-45s they are going to carry on paying your pension until you are 55, so they are not going to take it. The under-45s is a ridiculous package. On the back of that, it is going to cost it nearly £400 million in redundancies to close that place. Ultimately, as the Government, you are going to get £100 million out of it. Ford giving £1 million to the community in Bridgend is a drop in the ocean, and there is a lot of anger there, to be honest with you.

Councillor David: And £1 million is peanuts. The Ford plant has generated £1.3 billion for the local and Welsh economy. It is an anchor company for not just Wales but the UK and we simply cannot afford to lose our biggest private sector employer. That is 1,700 jobs that we are facing losing. There is no way we can replace them in a matter of a year. Therefore, the support that we can offer to the workers is that we are right behind them. We would say to Ford, "Reconsider your decision. Do not abandon Bridgend. Do not abandon Wales. We are one of your best customers, the United Kingdom. We buy millions of Ford cars. Repay the commitment that the people of Bridgend and south Wales have made to Ford for the last 40 years. Give us a chance, because these are some of the most highly skilled workers in Wales and they are some of the most productive." They are more productive than any other workers in the Ford family across the globe. That is right, isn't it, Peter and Jeff?

Jeff Beck: Yes.

Peter Hughes: Yes.

Councillor David: The production lines we have there are the most productive in the world. They can build the cars of the future, so we want Ford to reconsider its decision. If it is not going to reconsider its decision, then it has to think very seriously about what it is going to do to support the workers who are there and the future workers who would have been employed at Bridgend if the plant was still going to be there.

Q55 **Chair:** Do you accept, Councillor David, Mr Hughes and Mr Beck, that at some point over the next few years these plants will shut? As we have heard, Bridgend County Borough Council has joined the declaration on climate change. Unite the Union has been calling for a zero carbon economy; GMB not so much, as far as I can find on the internet. Both Unite and Bridgend County Borough Council have been very open in saying, "We cannot have carbon dioxide-emitting vehicles." It is there in your stuff. Do you feel that this is a wise message to be sending out at the moment?

Peter Hughes: You asked the question before, "Is Ford behind the curve?" One of you asked the question. It is miles behind the curve. It should have been investing years ago, like every other production company in the UK and in mainland Europe in electrification and hybrid.

Q56 **Chair:** But you as a union have a document online calling for zero



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emissions and a move away from petrol and diesel. That is what the implication is. Bridgend County Borough Council has signed the declaration on climate change and energy efficiency and has committed to, "Deliver a significant reduction in greenhouse gas emissions." We are all very shocked and saddened by this announcement today but, Councillor David, don't you think it is inevitable, if you are serious in this document here, that these jobs will go? You cannot be calling on the one hand to keep jobs producing petrol and diesel engines while at the same time your council is saying we must have a zero carbon emission policy, can you?

Councillor David: No, because I am saying build electric vehicles. It is as simple as that. That is the future. If Bridgend wants to be part of the future, build electric vehicles and build them in Bridgend. They have the best workforce in the world in Bridgend. It is the most highly productive. Their Dragon production line is the most productive of any plant of the four in the world.

Q57 **Chair:** In reality, it is easy to say we should just swap over now and start building electric ones, but you already heard the chairman of Ford saying that will only create half the number of jobs.

Peter Hughes: Half the number of jobs is better than none of the jobs, isn't it? What do you want? Do you want half the jobs or do you want none of the jobs? I will take half of the jobs.

Councillor David: Give me 850 jobs over no jobs any day of the week. What is that, £750 million for the Welsh economy instead of £1.3 billion? I will take it.

Q58 **Chair:** In practice, it is not that easy to suddenly go from building one kind of engine to a totally different kind of engine, is it?

Peter Hughes: When you are talking about the Dragon engine and the low emissions, the Dragon engine was the engine of the future, according to the issuance of the Fox engine. That is another derivative it makes in Cologne. That is what goes into most of the engines in the UK at the moment and the emissions on that are higher than the Dragon engine. The question needs to be: why isn't Ford pushing the Dragon engine, with lower emissions, than it is the Fox engine?

Q59 **Jonathan Edwards:** There has been some good news in the Welsh automotive industry with the announcement of Aston Martin in St Athan. In your expert opinion, are the jobs transferable? There are about 750 jobs there. Is there some pathway?

Peter Hughes: Obviously Unite has sole recognition there again and currently there are 250 people working there. It is going to ramp up to nearly 1,000; that is what we are told. Aston Martin has been very clear. It can take the best of the best from south Wales. I know that Ford workers are some of the best, but likewise we have the problem with Tata and potentially other industries going into decline with



manufacturing. Look at Quinn Radiators going “pop” the other day, a highly skilled workforce. Where Aston Martin is, it is going to have the pick of everybody. It is a transferable skill. These are highly skilled people, but Aston Martin is going to have the pick of the crop.

If you look around where people work from Ford, look around the constituency, every one of them works in one of your constituencies and across into England and even to south Plymouth. There are a lot of people who work at Ford because it is the best paid. I make no apologies about them being the best-paid workers. They are the highly skilled and best-paid workers. Aston Martin is going to be coming in on a completely different rate of pay from where they are. It is comparable, but will the people transfer those skills? Yes, fully transferable, but so are the skills of people who work at Tata, GE and across the south Wales corridor because manufacturing is dying a slow death in south Wales.

Q60 Jonathan Edwards: Do you have a clear picture on the impact on the supply chain? Are there any other medium-sized firms in Wales that are going to be hit by this?

Peter Hughes: I think that most of the supply chain is imported, but there are 200 people directly employed in Ford who are not Ford workers. They are contractors. They will be going out on statutory minimum because their employers have told them very clearly, “You might serve, and you might claim this person is next to you there, but you are going out on statutory minimum when this comes.” If you have been there 10 years and you are 30-odd, you are going out with four grand, which is ridiculous. That is where Ford and the legacy need to come in. That is where Ford should be looking as well as laying people off. It is the people who are directly employed for that.

Jeff Beck: To come back to Aston Martin, we welcomed the news of Aston Martin coming down to St Athan, but you have to remember that Aston Martin cars are for the high-end market. They will not be produced in anywhere near the volumes that Ford motor cars are.

Q61 Tonia Antoniazzi: When I spoke earlier, I asked the question about two years ago to today and a lot has changed. Steven Armstrong said that it was a fast-moving environment. That just displays an inability to future plan and to diversify to keep the Bridgend plant alive. That is how it is perceived. How can we get Ford to fulfil its obligation and not just tiptoe away from the decision that it has made?

Peter Hughes: I think that we all have a job. As Welsh MPs, you have a job as well to hold it accountable. As unions we have, and so has the council. And also with regard to future people’s jobs. I looked around the plant when we were there the other day. There was a lot of anger purely because, what can they do? What we are asking for, part of our proposal is that there is going to be a footprint, because if there is a footprint things can grow from footprints. The minute it leaves Bridgend it is gone. It left Treforest; gone, nothing left. It left Swansea; gone. The minute it



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leaves Bridgend there is nothing left for Ford in Wales. We built Ford. We built it. They didn't do it. These people behind you built it, so let's be honest and open about that. It is deserting Wales. It is deserting the UK.

Ford is going to be nice and fluffy and say it is going to produce engines at Dagenham going forward. It said that very clearly, but the battery needs to be next to the plants that are building commercial vehicles. The commercial vehicles are built in Turkey, so where is the plant going to be for that? Ford is accountable, because it is, and it is killing people's lives and just killing the community.

It is heart-wrenching seeing people who think it is a great package to go, that it looks good. On the day when you take your 40% out of it, £100 million, that is a lot of money out of that package. Then for the best-paid jobs, all of a sudden when you are 34 or 35 it soon goes; a new kitchen, a new conservatory and that is gone. I think people planned their livelihoods and people were misled with how good the Dragon engine was going to be to keep the peace for when the JLR went and the Sigma went because it had to meet its contractual responsibilities for that. It cost £100 million to put the Dragon engine in. It can unbolt it and move it anywhere. It cost it £400 million to give people redundancy.

Q62 Anna McMorris: It sounds to me from what was said before that Ford has known exactly what it is doing, running down the plant and walking away from any moral or ethical obligation to its workers and a commitment by the community for 40 years. What discussions are you having with Ford about not accepting this as a done deal and how open is it being with you about it?

Peter Hughes: It has not been open from day one. We did a press release in 2016 when it reduced the Dragon engine from 250 to 125, saying, "This is the end of Ford." It came out loud and clear, "No, it is not." When it was reduced to 80,000 at the beginning of the year, the guy who sat here said, "I see a long-term future for Bridgend." He got up in front of the workers and said that and then less than six months later he said, "The decision was made on 5 June to close the plant on 6 June." I do not believe that. I have to be honest with you, I don't. I think this is Ford's way of moving out of the UK. Let's make that very clear. You asked a great question before: why make them in Mexico? Why not make them in Bridgend? We know why they make them in Mexico—labour laws are not the same.

Anna McMorris: It is cheaper, yes.

Peter Hughes: Then you go on about the environment. They could not even answer the question about shipping across the Atlantic. Surely you should do those figures before you come here or before you make your decision to put 1,700 people plus the supply chain on the scrap heap.

Jeff Beck: It is further-reaching as well. There is the supply chain and the small businesses in Bridgend as well, the guy who sells the



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newspapers to the workers in the morning, the lady who makes the sandwiches for the tuckshop. All those people's livelihoods are at risk too and we should not forget those people. It is far wider-ranging than just the Ford workers. It is a massive problem and the GMB has called upon the Government to ensure that Ford is not allowed to tiptoe away from Bridgend and from the obligations to Ford, the workers and to Bridgend communities. We have called for a legacy agreement between Ford, the Government and the Welsh Government to put measures in place, look at a multiagency approach to find suitable alternative jobs for these workers in Bridgend and do all we possibly can so that this has the least possible impact on the workers and their families and the communities in south Wales.

Q63 Anna McMorris: That goes back to the legacy, doesn't it? It needs to ensure that the best legacy, if it is going to happen, it is the best legacy, that they leave the machinery.

Jeff Beck: A moral obligation I think you are looking for. That is what it has and that is one that it is prepared to give and I think that is through the consultation.

Councillor David: We hope that we will have real engagement through the taskforce with Ford and that it sits down and talks seriously about the possibility of still having a future on that site. Even if it is on a much smaller footprint, it is better than no presence at all. When those skills and those workers have gone, they have gone for good.

I contrast it with, for example, Sony, which is also located in the county borough of Bridgend. They used to employ well over 1,500 people. They experienced significant structural change in the mass consumer electronic market. Sony did not walk away from Bridgend. It downsized significantly, but Sony, as a responsible employer, stayed in Bridgend and it is growing now. It is focusing on the high-end, cutting-edge technologies because it recognises how skilled and how qualified the workforce is in Bridgend and south Wales. Sony has stuck with us.

I want Ford to stick with Bridgend, but if it is going to walk away, don't turn your back on the people of Wales. Leave behind a legacy that you can at least not be proud of, but as a respectable legacy for an organisation that is a global organisation and that has billions and billions in turnover. £1 million would be an insult to the people of Wales.

Q64 Guto Bebb: I will follow up on that point because I think you make a very impassioned case about Ford's responsibility to Bridgend, which I would not quibble with. But in addition to Ford's responsibility—and again, I share the aspiration that keeping a footprint is much better than having nothing—what would you hope to get as an area? What support would you expect to have from the Welsh and UK Governments in terms of the fact that this is a major disaster for an area such as Bridgend for the skilled jobs being threatened? What would you want to see the UK and Welsh Governments do? All three of you can answer, but perhaps



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Councillor David first.

Councillor David: We need urgent action. I welcome the fact a taskforce has been set up, but we will lose £130 million a year from the local economy, which is the direct value. The indirect value takes over £250 million. What we need is urgent investment because the reality is, I am afraid, that it looks like Ford will close the plant. Given the unprecedented scale of this loss of jobs in my lifetime—£1.3 billion—we need an unprecedented response from both the UK Government and the Welsh Government. There are a number of infrastructure projects that could be brought forward, they could be brought forward now, they could be announced now, and that would help give some confidence to some of the businesses and the communities and the families and the residents of Bridgend, who are very concerned about the future of the communities that they live in.

Q65 **Guto Bebb:** Have you discussed some of these potential infrastructure projects with the taskforce?

Councillor David: I have shared the projects with the UK Government and the Welsh Government, infrastructure and housing projects. For example, at the moment we already have a shortage of space for small and medium-sized businesses. My council already has a project in place to rapidly increase the number of units available, because there is a shortage. We need to double that at least because lots of those workers who will probably be made redundant will want to set up their own businesses. The last thing I would want is to be in a position where I am saying to people who have been made redundant from Ford that there is nowhere for them to set up their own businesses in Bridgend. That would be a crying shame, so I want to bring some of that forward and I want to scale it up. We also need to improve the connectivity of the county borough by investing in enhanced rail frequency and enhanced road transport links.

Q66 **Guto Bebb:** The two unions are clearly involved in the taskforce as well?

Peter Hughes: Yes, I sit on the taskforce. What Councillor David said before is very fundamental, but what Mr Armstrong said was even more, by saying the taskforce is basically just a fallout of what happens potentially than to have the route to change the decision. To change the decision is to do consultation. We have a 12-month consultation, because it is next September.

As far as I am concerned, there are three strands to the taskforce. I am sure Ken will talk about it later. There are people and we are all involved in the people element. The big one is the potential there and I know Huw is on about the place, being Bridgend. I think where we are is the potential: what potential is there and what investment could there be to have that? When you talk about whether the taskforce is going to have the tools to do this job, I think that very much relies on Ford as well. When you asked the question of Ford about the taskforce, Ford is very



clear on that. It had hardly anybody sitting on it and it was just a case of being there for the sake of being there. There was not any direct input from it. When you said it did not meet for nine months, part of that reason was Ford was not interested in it. It was just there.

That goes back to the question we asked: how long before was the decision made? That was the loud and clear message: how long before was this decision made to ramp it down? I believe it predates Brexit. I believe it predates the 2016 reduction in capacity and I think ultimately the workforce and the Welsh and UK Governments are being misled at the moment.

Q67 Guto Bebb: Mr Beck in particular, can you elaborate on the manufacturing strategy that you have called for as a union?

Jeff Beck: Yes. The GMB has called for a manufacturing strategy from this Government for a long time now. It looks like we are going to lose Ford; we have lost Honda; we have lost Appledore. What is happening in this country? We are losing all the skills and all the main manufacturing industries and there does not seem to be any support coming from national Government. Remember what Councillor David said about what do we expect the Government to do. One thing I would like to see the Government do to assist these workers who, as Councillor David said, might want to start their own businesses is to provide them with a tax break from the massive windfall they are going to get from the taxes paid from the severance payments.

Peter Hughes: When you ask about investment, the company has to invest as well. We have seen how much Jaguar Land Rover believes in the UK. It wants to be the market leader in the UK. It made a massive announcement last week that it is going to build new engines and do electrification up there. Then you look at the strategy that Ford has and it is the polar opposite. It is not bothered about the Welsh or the British people. It might say warm words, but actions speak louder than words. The investment that Jaguar Land Rover is putting into the Midlands is fantastic news for the workers there and for our economy. Ford has done the opposite.

Q68 Chair: I am playing devil's advocate for a minute, because I don't necessarily disagree with you. We probably have rather different political views on many things, but I am quite sympathetic to the points you are making. Ford has said that it is all down to a lack of demand for that particular engine as a result of decarbonisation. Surely the point is that Jaguar Land Rover is now building an electrical vehicle, so there is not that demand for the petrol engine.

Peter Hughes: But they are still putting Fox engines, which is the older derivative of the engine, in Ford cars. If you are going to buy a car from the forecourt today and it is a Ford 1.5 car, you don't know whether it is a Dragon engine or a Fox engine, because we would not know the difference. Ford decides what engines it wants to put in those cars and it



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has made it very loud and clear that it would rather put in an older Fox engine than a Dragon engine, bearing in mind you can unbolt and move that state of the art production line anywhere from Bridgend. I think it has made the decision. It is not the workers. It is Ford's decision what engine it puts in a car, not what you as a consumer would want in that car when you are looking at a petrol engine, because you would not know the difference and neither would I.

Q69 Anna McMorris: Ford trades on being a UK company, as you have just been saying. It is proud of its UK heritage, but everything it is doing here is walking away from Wales and the UK and it is an embarrassment. Can you make a statement here? What statement do you want to make to Ford here and now to appeal to it to expose what it is doing to the British market, to consumers, to workers, that it does not do anything for this country?

Chair: Perhaps we could have a one-minute statement from each of the gentlemen and then we will have the Minister on.

Peter Hughes: Yes, thanks. Where we are is if it wants a footprint or if it wants a future in the UK, it should invest in the UK. We are its biggest European market for commercial vehicles; we are the biggest European market for personal cars. Why is it not putting its money where its mouth is and investing in the people? We made Ford. We made it, so let's remember that.

Councillor David: Stay in Bridgend. You have the best workers in the world in Bridgend. To be fair to both the Welsh Government and the UK Government, I believe they are serious about it. They will support Ford if Ford wants to stay and we can still make cars in the future in Bridgend. Don't walk away from Bridgend. If it is going to walk away from Bridgend, we need urgent investment from the UK and Welsh Governments now, not in six months, not in 12 months, not in 18 months, because people will start to be made redundant in the coming months. It is a massive shock to Bridgend and the Welsh economy. We need to see serious investment in the Bridgend and Welsh economies in the coming months.

Jeff Beck: As I stated earlier, we would call on the Government to ensure that Ford is not allowed to tiptoe away from Bridgend without fulfilling its obligations. As Peter said earlier on and what Ford said about rectification, it would not have the same number of jobs. If we had 50% of the jobs in Bridgend, that is better than nothing. Give us something to look forward to in the future for Bridgend and the families and communities.

Chair: Thank you, Mr Beck. We are bang on time. I am going to have to briefly suspend this meeting, but I do not think there is any reason people should leave. This is a technical suspension while we try to set up an IT link with the Minister. The meeting is now suspended. Please feel free to stay, although I think, gentlemen, we will probably have to move

you back to the public part, if that is okay. Thank you for your time. There will be a few minutes now of faffing around, to put a technical term on it.

Sitting suspended.

On resuming—

Examination of witness

Ken Skates AM

[This evidence was taken by video conference]

Q70 **Chair:** Welcome, Minister Skates. Thank you very much indeed for coming along to talk to us about the closure in Bridgend. What will be the impact on Bridgend as a result of this announcement?

Ken Skates: It could be devastating if action is not taken to mitigate against the decision. Chair, can I thank you for carrying out your inquiry? This is not just a challenge for Bridgend and for Wales; it is a huge challenge for the entire automotive sector, but specifically for Ford in Bridgend. It will require concerted effort by the Welsh Government, the UK Government and other stakeholders to identify opportunities for those affected by Ford's decision so that they have something to move on to after September 2020, should Ford decide to close the plant after the consultation date.

I grew up in the aftermath of the decision to make 8,000 people redundant at Shotton steelworks and the lessons of the early to mid-1980s is still quite alive in my memory. Back then, what we noticed is that for the first couple of years after the decision there was quite a lot of money in circulation because the severance package was quite generous. For the first few years you do not feel the full effect of such a significant number of people becoming unemployed, but then after that initial period of one or two years, long-term unemployment sets in, investment will decline more widely, it gathers pace and the actual communities in and around the facility where the closure or mass redundancy has taken place will go into a downward spiral. We want to avoid that if we can and we will put every effort into protecting the interests of Bridgend and the wider community.

There are 1,700 people who are affected by this decision, but we believe the effect will be uncertainty for several thousand more, a multiple of around about 3:1. Therefore we think our intervention should be tactical in the specific piece of work that is being undertaken looking at Bridgend and the wider community to ensure that it is looking now at September 2020 for ways that we can boost the resilience of the community that is likely to be most affected. Of course that will mean identifying opportunities for future employment, but it is also going to be about



ensuring that we identify opportunities to enhance the communities and make sure people feel proud about where they live. There is no doubt that if we do not deal with this collectively, Bridgend will become known as the place that Ford left and none of us wants that.

- Q71 **Chair:** Is the decision by Aston Martin an opportunity, Minister, and have you been able to have any discussions with them about perhaps enabling people who have worked previously or who are currently working for Ford to seek other opportunities there, if necessary?

Ken Skates: Absolutely right, Chair. I think the opportunity with Aston Martin is very significant. We think about 550 jobs could be created and could suit those Ford workers. You will have noticed, I am sure, the media speculation over a project that has come about from the taskforce we have set up. That is the Ineos investment. This is very exciting. It is involving expertise within the automotive sector and again it could provide work for those affected by the decision that Ford has made.

I can tell you today, Chair, that as a consequence of the early work that has taken place, we have identified 17 real opportunities for the site after September 2020, so there are significant degrees of interest out there in that plant. In the wider area we have the Brocastle site as well, just adjacent to Ford. That is a highly desirable base for investors to start out. We are confident that we will be able to attract a significant number of employers into the area. The challenge for us is that Ford jobs are incredibly well-paid. The average salaries are far higher than the Welsh average and so we have to go a step further in ensuring that what we do get for Bridgend offers pay at or around the amount that Ford workers are now used to.

- Q72 **Tonia Antoniazzi:** What discussions have you had with Ford about the closure of its plant?

Ken Skates: We have had numerous discussions, as you can imagine. We have spoken with the president of the Ford Motor board; we have spoken with executives of Ford UK and Ford Europe. I have expressed it on numerous occasions now, as I did immediately after the announcement the same, but I did not want to hold back on my bitter disappointment about the decision. Those discussions with Ford must start a productive collaboration in terms of assessing what we can do with that site once—and indeed still if—it is concluded that the site must close.

- Q73 **Tonia Antoniazzi:** How regularly were you interacting with Ford before the potential closure announcement was made?

Ken Skates: On a very regular basis. We had discussions between both Ministers and board executives here in Wales. We have had regular meetings between rail operators and Ford, between officials in Welsh Government and Ford, officials in Welsh Government and BEIS, the Wales Office and with Ford as well. I went out to Cologne to meet the most senior executive in Ford in Europe. Our work with Ford has been



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extensive for many, many years, and of course we set up a working group within Ford to look at future opportunities. It is as a result of that working group that we generated the interest of Ineos. During the course of the period that working group was operating, there was extensive dialogue with Ford about what could be done with that particular site and how many more opportunities they had within the Ford family as well.

Q74 Tonia Antoniazzi: Is there any reason that this working group, which was established in 2017, did not meet for eight months prior to this announcement, or was it meeting?

Ken Skates: It was meeting. It is an absolute fallacy that work was not being undertaken. There was a specific gap in what it was doing. It was a working group. It was not a think tank. It was not there to allow people to wring their hands and imagine various scenarios and develop wild ideas about nationalising plants and having a big key solution. It was about finding what opportunities were out there simply with regard to battery cell manufacturing and in terms of opportunities within the Ford family, what you mentioned could be managed for Bridgend.

It was concluded that there were a number of workstreams that could be taken forward. As I said, one of them led us to identify interest from Ineos, and also a working team to ensure that if Ford were to invest in future engine technology, how we would be able to attract that to Bridgend. It then took the decision without any consultation, without any discussion with us, to close the Ford Bridgend site. That is in spite of extensive dialogue between us and them and indeed between us and UK Government Departments.

Q75 Tonia Antoniazzi: What steps have you taken to get them to try to reverse their decision? We spoke to the unions earlier and that is what they are keen to do.

Ken Skates: Yes, absolutely. Clearly we are planning for every scenario and in particular for the worst-case scenario; we have to do that. However, our preference is obviously for it to stay open, so we have spoken with the most senior executives in Ford at a global level. We have written to James Hackett as well seeking assurance that consideration will definitely and genuinely be given to keeping Ford's site at Bridgend open. We have also sought assurances that should they eventually decide after the consultation not to keep the site open that there will be a substantial legacy offer for Ford in Bridgend as well as in the UK.

Q76 Guto Bebb: Minister, thank you for joining us. At the outset you stated that the decision made by Ford was very damaging to Bridgend and Wales, but also to the wider UK, and I would agree with you. What sort of discussions and what sort of detailed discussions are you having with the UK Government about the intervention that is possible from both Governments in Bridgend?

Ken Skates: The discussions in particular in that regard are, first, the interventions we could get with DIT and BEIS. We are having



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conversations directly with the Secretary of State in BEIS, who has been able to bring a huge amount of insight and experience to the taskforce that we set up. There is a brilliant opportunity within the UK business strategy that we want to see brought to Bridgend. Obviously the DIT will play a major role in attracting other direct investment into Bridgend, so that singular location will be prioritised in terms of promoting the UK.

The sector as a whole right now faces five or so big challenges all at the same time. Obviously there is Brexit, but on top of that there is the rapid transition from internal combustion engines to hybridised systems and electric. There is the ongoing uncertainty that consumers have about when they should purchase a new car and what sort of car they should purchase. There are also other challenges for UK competitiveness and Ford has already said that the price difference for manufacturing in the UK compared to Mexico is about \$600. There are all of these concerns. There is also the issue of consolidation within the sector with manufacturers merging and manufacturers sharing engines and other key components for cars. There are huge elements that are all colliding at the same time.

Given that, it is absolutely essential to recognise that this is a UK challenge and therefore it requires a UK solution. While we will do all we can to intervene and put a place in at Bridgend to support the people who will be affected, it is for us and the UK Government to do all we can for the automotive sector and manufacturing within that particular area. In fact, we would go further and say there are other areas of manufacturing across south Wales that are facing similar challenges and again it requires a UK solution.

That is why the UK has built a strategy that has promised to rebalance the economy. We cannot have all our R&D innovation money going to the traditional, if you like, vessels of R&D innovation money, into automotive around Westfield. When that happens, all that is going to result from it is that you will see a concentration of employment and business within an area where there is already relative strength. That is often at the expense of places like Bridgend, potentially like Deeside, like Ellesmere Port, where it is Vauxhall. We cannot have the automotive sector in the UK and in the regions fall by the wayside just to protect, if you like, the castle in the centre.

- Q77 **Guto Bebb:** You have highlighted some of the areas in which UK Government strategy can play a part, but we have also heard from the leader of Bridgend Council earlier today that there are interventions that he would like to see from the work of the taskforce, which could be early interventions that would be beneficial to the local area. That would be work on infrastructure issues, the provision of more accommodation for new businesses, for example. Are those the type of issues that Welsh Government could propose very early in this process or does that again require support from elsewhere?



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Ken Skates: Yes, absolutely. This relates very much to the place workstream. The sub-committee on place met for the first time last week. The leader of Bridgend Council has been at pains to say that the ideas he has proposed are not a wish list and I would agree with him. They are a set of legitimate ideas for having the best today in order to avoid long-term unemployment in the future. A number of proposals contained within that list are things like, for example, improving the provision of space for Ineos to co-locate and share expertise and creativity. That is something the Welsh Government have already taken forward through our enterprise hub initiative, and £5 million was given for that particular initiative. It is certainly something I have looked at for Bridgend. He has also identified through that list a number of relatively small infrastructure projects that could enhance the place both in terms of quality of place, but also transport connectivity.

We are working to look at those potential investments as soon as possible. It is things like making sure we boost the resilience of and pride in Bridgend at the earliest opportunity and that we don't wait until or if Ford do close the doors on the Bridgend plant.

Q78 **Anna McMorris:** Well done on setting up this important taskforce. Would you give us a quick overview of its aim at the moment and who is represented on it?

Ken Skates: Yes, absolutely. What I will do, if I may, Chair, is send through the terms of reference for the taskforce and also the terms as they are agreed for each of the sub-groups. The taskforce has myself and the Secretary of State for Wales as co-sponsors. The chair is Professor Richard Parry-Jones who, I am sure you are aware, is an eminent expert in automotive field. He has done outstanding work within Ford in the past. He has extensive knowledge of automotive businesses right across the UK and further afield. Other members of the taskforce include the local authority, the Department for Work and Pensions, DIT and BEIS. It clearly includes trade unions and also includes Careers Wales. It includes the Wales Automotive Forum, who gather intelligence and act as a very important body within Wales, gathering information about future trends.

Q79 **Anna McMorris:** What discussions did you have at the first meeting on 1 July? What were the broad discussions at that?

Ken Skates: The broad discussions concerned the three workstreams and how DIT would be leading on the content of those, the expectations in terms of sharing information, expectations in terms of how regularly we would meet and making sure that there was a willingness to meet on an "as need be" basis from regular scheduled meetings if something arose.

Sorry, I should have added to the list of members of the taskforce higher and further education. In terms of education and skills, they are crucially important.



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Q80 Anna McMorris: Apparently at that first meeting there was not any mention of anywhere beyond Bridgend. We do know the impact that this potential closure is going to have outside of Bridgend, the knock-on effect for many communities across south Wales, but also the impact this has on the whole of the UK in terms of the market and that Ford is presenting itself as a UK company.

Ken Skates: You are absolutely right. Although Ford is a global company, a lot of people in Wales, as a result of Ford being present in Bridgend for 40-plus years, see Ford as something of a Welsh company. I fear the brand is being damaged by this decision in Wales and in the UK.

At the first meeting of the taskforce, I think it was Hywel Jones himself who reminded us that it is important to consider the entire region in this issue. While Bridgend obviously is the most recognisable community to be affected by the plant because it bears its name, it is other communities that are home to the majority of the workforce. We have asked for a mapping exercise to be undertaken as part of the taskforce's work looking at—

Q81 Anna McMorris: I have workers in Cardiff North, for example.

Ken Skates: Yes, exactly. We are going to develop a heatmap, which will enable us to see not just the communities that will require intervention in terms of supporting people, but where we have a high proportion of individuals living and relying on one employer and suddenly that will come to a stop if you don't find alternative jobs. We are going to have to focus very closely on those communities. What we have also asked for is a similar heatmap to be developed that shows not just the supply chain, but all other related businesses that rely on Ford. There are very few automotive businesses that are within the supply chain of Ford in the area, but there are a whole load of businesses that rely on Ford indirectly, whether it be cafés or local amenities.

Q82 Anna McMorris: In terms of legacy requirements from Ford itself, you are going to be asking and using that as a mapping exercise for legacy for whatever pay-out that is?

Ken Skates: Absolutely. You can't dispute that. It also has to be about the place and that is why the heatmap is really important. Chair, it might help if I send you correspondence concerning the legacy and—

Chair: That would be very helpful, yes.

Ken Skates: I will do that, yes.

Q83 Jonathan Edwards: In terms of the Welsh Government, Minister, are you primarily concerned with trying to encourage Ford to change its mind or are you concentrating on the 17 other potential investors you mentioned earlier? What is the primary focus?

Ken Skates: We have to cover every base. It would be irresponsible not to devote our time, energy and resource to every scenario. We would



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wish, first and foremost, for Ford not to go ahead with the proposal to close the plant. That has been a very clear statement from the Welsh Government and indeed I can send you correspondence to that effect. But we have to plan for other eventualities, including the partial or full closure of the site and therefore we also have to devote the resource.

In the case of those 17 opportunities, it will not just be the Welsh Government. We will be asking BEIS and DIT to join us at as many of those opportunities as possible. I am convinced that we need to ensure that we don't put all of our eggs in one basket and just fight the closure. We have to be looking at what we might be able to capture in the event of Ford closing the site and in the event of 1,700 people then needing employment.

Q84 Jonathan Edwards: Are any of the other potential investors car companies?

Ken Skates: I cannot go into specific detail because that would give away in some cases what they manufacture, but on this very specific point I can say the car industry, yes.

Q85 Jonathan Edwards: There was an example in France where Ford closed a company and the French Government found another investor and then they blocked it. If you were in that situation, what would the Welsh Government do? Would they consider a temporary nationalisation?

Ken Skates: We would not be satisfied whatsoever. A temporary nationalisation would take significant time. Those 1,700 people do not have time; they have until September of next year. Therefore we have said to Ford we expect the company to work with us as part of the taskforce. I can send you the correspondence that shows that it is committed to working collaboratively with us, not just in terms of the legacy, but in identifying alternative employers that could utilise the site. I will hold it to its word on that. I will not expect it at all to block or to attempt to resist another investor coming into the site.

Q86 Jonathan Edwards: What public support have the Welsh Government offered to Ford over the years? We have seen a figure of around £63 million since 2006 and it has been reported—

Ken Skates: That is right. That is a considerable sum of money. That includes WDA money, so it is some of the legacy funding from the WDA. In terms of specific Welsh Government money, I believe we have offered £58 million and £49 million has been drawn down. That money that has not been drawn down, basically it is because Ford has decided there was not a case for doing so; it did not need that additional resource.

Q87 Jonathan Edwards: If Ford does close in the end, how much of that do you expect to recoup?

Ken Skates: We are working through that at the moment. I can't tell you exactly how much it is because it is going to be dependent in part on the



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conditions that are attached to it, but we are committed to making sure that we get the best possible outcome for the taxpayer. It is the taxpayer essentially who has put money into Ford and so we are negotiating for them.

- Q88 Guto Bebb:** We have heard from the unions and others today that they would like to see Ford retain a footprint—if not the 1,700 jobs, then at least a footprint in Bridgend moving forward—and I suspect that you would share that aspiration. But in the same way we also have to ensure that we are offering advice and guidance to the staff as would be appropriate under the circumstances. The Secretary of State for Wales highlighted that the DWP was standing ready to offer that support and guidance to individuals affected by this closure. Are you aware of what level of support is being made available by the DWP? As the Welsh Government, are you satisfied with what is on offer or can you add to what is on offer in order to ensure that a package is forthcoming to support the aspirations of those who still want to work in the Bridgend area?

Ken Skates: That is a very important question. It relates to our tried and tested interventions, including ReAct. What I will do, Chair, if you don't mind, is send a briefing note on the interventions that we have utilised elsewhere that formed the development of the taskforce. Insofar as the DWP is concerned, it will be working with Careers Wales, the local health board and with other key providers to support and identify the skills needs and employment opportunities in the area for individuals. They will be looking at what support is needed on an individual tailored basis in terms of mental health and emotional wellbeing, because we know that when a decision like this is announced, often the incidence of family breakdown rises. We want to make sure that we get that support to work as soon as possible.

Normally we would not be able to deploy the ReAct initiative until the occupation period had ended. I said to Ford that I am afraid we cannot wait a year for that to happen. We need immediate and direct access for people who are going through a very stressful period and that has been agreed by Ford.

- Q89 Guto Bebb:** On that issue, you and I know that those services are being provided by both Governments. Are you confident that it will be seamless for the end user?

Ken Skates: Yes, it will. That is something that I can send another briefing note on, because we launched the Working Wales programme, which is designed to be a seamless, single front door for all employment and employability support. You go through one door, the Working Wales programme operated by Careers Wales, and then behind that there is an environment that includes support by DWP, but the customer, the user, does not see it, doesn't even know about it. You have a single point of contact and that point of contact is then able to navigate you through all of the complexities required to get a tailored support package together



for an individual. I would invite the Committee to go through the Working Wales employability programme. It is not time-consuming, but it is bespoke for every single individual. It generally takes five minutes to go through to assess what your employment needs are, your educational and skills needs are, your mental health requirements and then it produces a series of interventions specific to you. That is what I am hoping every single one of those 1,700 people will be able to go through as soon as possible.

Chair: Minister, I think we are about to be cut off, but we may have time for one very quick last question with a quick answer.

Q90 **Anna McMorris:** Can I ask a very quick question? We know that some workers have accepted voluntary redundancy and some of them accepted that three weeks before the announced closure of the plant. Their redundancy package is nowhere near as good as that being offered at the moment. If this is not illegal, it is at the very least morally bankrupt. What interventions are you making?

Ken Skates: I will send you the correspondence on this as well. I wrote immediately regarding this matter and we have been told by Ford that it is giving it the appropriate consideration. I think the message has to be that no workers are any worse off than others because it was fixed just weeks or months ago. I am hoping that Ford, as a consequence, will ensure that all of the employees get the best possible package.

Q91 **Anna McMorris:** What if there is a potential strike and they are being threatened that their redundancy package will be impacted if they strike?

Ken Skates: This is what is called a continuity payment. There is a basic redundancy package and then there is a component that relates to ongoing productivity, continuity arrangements.

Q92 **Anna McMorris:** Yes, so that would be impacted?

Ken Skates: Yes. I think the message to the workforce is, "Behave and you will get a significant bonus," if you like.

Q93 **Anna McMorris:** That is a threat. Isn't that a threat from Ford? Would you agree?

Ken Skates: Yes. I am not happy with that at all. I think it is absolutely essential in terms of social partnership that the workforce is treated with the utmost respect and has an opportunity to express its dissatisfaction with a decision by bosses.

Chair: Minister, thank you very much indeed for your time. I know you have to go now, but we appreciate it, as always, and thank you.