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Vestas

Dear Caroline

Thank you for your letter of 16 November 2009 to Joan Ruddock, regarding Vestas on the Isle of Wight. I am replying as this matter falls within my portfolio and apologise for the lengthy delay in doing so.

I am disappointed to read that you consider the Government has contributed to the overall situation at Vestas. It is always regrettable when redundancies are necessary, although these are of course commercial matters for the parties concerned, and not open to Government intervention. Our role is to ensure that employees have appropriate minimum safeguards through the employment rights legislation.

We do this through the advance notification of redundancies procedure so that all the relevant local Government Offices and Agencies can be alerted and prepared to take any appropriate measures to assist or retrain the employees in question. As in all cases of large-scale redundancies the Government will work through agencies such as Job Centre Plus to help those affected by redundancies gain access to training and job opportunities, and I know you are aware of the work that was undertaken by the Task Force that was set up at the point when the plant closed.

An employer has a statutory duty to notify the Secretary of State for Business, Innovation and Skills - in practice, through the Insolvency Service's Redundancy Payments Service (RPS) - where he or she is proposing to make 20 or more redundancies at one establishment within a 90 day period. Unless prevented by special circumstances the employer must notify the RPS in good time and in any event at least 90 days before the first of the dismissals takes effect in a case where 100 or more dismissals are proposed and 30 days where there are between 20 and 99 dismissals - and before individual notice of termination is given. An employer who fails to comply with these provisions may be liable on summary conviction to a fine of up to level 5 on the standard scale - currently £5000. In this particular case advance notification was received from the employer and passed to the appropriate authorities.

In addition to the advance notification the employer is required to undertake meaningful consultation with representatives of the affected employees within the same time scales. The legal redress provided for employees' representatives who feel they have not been properly consulted is to make a complaint to an employment tribunal as it is only this body that can give an authoritative view. If the tribunal upholds the complaint then it may make a protective award of up to 90 days' pay for each affected employee.

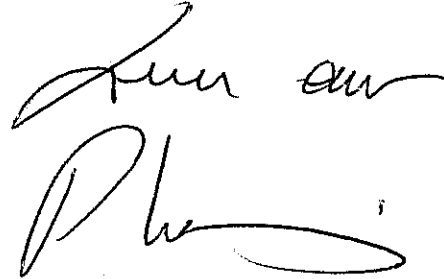
In the UK, the statutory redundancy payments scheme is intended to provide a basic level of protection for employees but to avoid placing unacceptable burdens on employers that could stifle job creation and flexibility. Employees who are dismissed due to redundancy and who satisfy certain qualifying conditions are statutorily entitled to a lump sum from their employer, based on their age, length of service and contractual earnings up to a maximum of £380 per week. This leaves employers and employees free to negotiate and agree improvements on the statutory entitlement according to their own priorities, needs and circumstances, as they do in most cases. As is the case with all employment rights, any dispute about entitlement or amounts paid must be resolved by an employment tribunal.

Thank you also for your suggestion regarding the European Globalisation Adjustment Fund. Having considered the potential of the Fund, we do not believe that there is scope for its use in the Vestas case. In the event there were 425 redundancies at the Vestas plant, which is well below the threshold of 1,000 redundancies above which the Fund would normally apply. In small labour markets or in exceptional circumstances, the Fund may still be involved even if the conditions for involvement are not entirely met, when the redundancies have a serious impact on employment and the local economy – however as there remain several other employers in the area (indeed I was pleased to hear that 50 or so workers found work in GKN), and Vestas itself remains a significant employer on the island. The Fund also requires that a clear link be demonstrated between the job losses suffered and major changes in the structure of international trade, such as economic relocation to third countries, a substantial increase in imports, or a rapid decline of the EU market share in a given sector. In this case Vestas decided not to develop large-scale blade production at this point – however it would be hard to argue that the redundancies were a direct result of international trade differences, indeed the UK wind energy market is growing with several recent announcements of businesses expanding their activity in the UK.

The Vestas workforce did, however, receive a comprehensive support package in the lead up to, and following, the closure. A Task Force has been put in place, led by local regional development agency SEEDA, which worked with the JobCentre Plus' Rapid Response Service to provide support to the workers affected by the factory closure, including advice on every opportunity for alternative employment, training and re-skilling, and exploring opportunities for start up businesses. There is some promising news, with nearly 100 employees receiving training, and over 80 helped to find new work through the taskforce (in addition to the 50 or so who were recruited by GKN's aerospace business at East Cowes).

Vestas are keeping a prototype facility at the factory on the Isle of Wight, and have subsequently been successful in securing grants for technology development projects, and are going ahead with the development of their new research and development facility at a site close to the Newport factory which will be able to build and test the largest blades in the world, including those related to their recent offshore product announcements. Vestas currently employ 160 on the island, and by the time they open the technology centre in 2011 they expect this to grow to over 200 - and then to nearly 400 over the following years.

As I know you are aware, at the time of the closure of the Newport blade manufacturing facility, the company made it clear that their biggest difficulty in the UK was the delay caused by planning objections to onshore wind turbines, which they believe slowed down the growth in the UK onshore wind market. We are streamlining the planning process for renewable energy. We are reforming the planning rules, finding new ways of working with local communities and are arguing strongly that people need to be persuaded that we need to see a significant increase in onshore wind as part of the UK's future energy mix. In the end, making sure the transition to a low carbon energy sector happens as quickly as possible will need Government action, it will need dynamic companies, and it will also need us to win arguments around the country that renewable power – and in particular wind energy - should have a bigger role in the country's future.

A handwritten signature in black ink, appearing to read 'Philip Hunt', written in a cursive style.

THE RT HON LORD HUNT OF KINGS HEATH OBE

