

**REPORT OF THE CABINET MEMBER FOR ADULT SOCIAL CARE AND HEALTH**

**PROPOSAL TO CHANGE THE COUNTY COUNCIL'S SUPPORTED EMPLOYMENT APPROACH AND PRACTICE**

**Purpose of the Report**

1. On 22<sup>nd</sup> September 2011 the County Council considered a report, 'Proposal to Change the County Council's Supported Employment Approach and Practice', and approved the recommendation to commence a public consultation in respect of the following proposals:
  - a. to close Sherwood Industries and to support staff to find alternative jobs with the County Council or with other employers
  - b. to restructure the County Horticulture and Work Training service and to close three of the five sites that the service operates across.
2. The purpose of this report is to:
  - a. advise Members of the outcome of the consultation process
  - b. seek approval to implement the proposal to close Sherwood Industries
  - c. seek approval to implement an amended proposal to restructure the County Horticulture and Work Training service which will keep the Balderton site open.

**Information and Advice**

3. In July 2011, the Department for Work and Pensions published a consultation document based on an independent review, 'Getting In, Staying In, Getting On', on the future of specialist disability programmes. The document was recommending that resources should be aimed at helping and supporting disabled people to work where they choose instead of at disability specific workplaces, particularly where such institutions are not financially viable.
4. Nottinghamshire County Council has already been investing in specialist employment support services and initiatives which offer individualised support across a range of paid and voluntary employment activities for people with mental health needs or learning disabilities. Building on this, the County Council is seeking to further implement the individualised model of employment opportunities for disabled people. This includes providing opportunities and supporting disabled people to obtain and maintain mainstream employment where feasible.

5. As detailed in the report to Full Council on 22<sup>nd</sup> September 2011, Sherwood Industries has seen a significant increase in costs in recent years at the same time as a continuous decrease in sales income. The net cost of Sherwood Industries to the County Council has increased from £386,858 in 2000/01 to £832,657 in 2010/11.
6. The competitive nature of furniture manufacturing, the increasing costs of fuel and raw materials, and the current economic climate, have made it increasingly difficult for Sherwood Industries to achieve sales income to sufficient levels for the service to be financially viable without a significant and increasing subsidy.
7. Internal management reviews and external reviews previously undertaken in relation to Sherwood Industries have all indicated that there would need to be a restructure and sizeable reduction in the staff complement. At the same time there would need to be a significant increase in sales to enable the factory to reduce its net costs. However, as indicated above, the demand for furniture at Sherwood Industries has continued to decrease over the past few years. Also, significantly reduced staffing levels through restructure would create the risk of the remaining staff complement having the capacity to undertake a greater volume of work to deliver to the required income targets.
8. The closure of Sherwood Industries will enable the County Council to continue to move towards an individualised model in relation to employment opportunities for disabled people and will ensure that where supported businesses continue to operate, they are financially viable and sustainable.
9. The Council is committed to supporting those staff that will be at risk of redundancy to find alternative employment within the Council or with other employers where it is their wish to retain employment.
10. Some preliminary work has been undertaken with staff members that have expressed interest in retaining employment, to identify and assess their support needs in finding and obtaining an alternative post as well as establishing any ongoing support needs once they are in their new post.
11. A full public consultation exercise was undertaken between October 2011 and January 2012, involving twelve meetings with staff, service users and advocacy groups. 196 completed questionnaires were received. In summary:
  - 161 people said that they disagreed with the proposal to close Sherwood Industries; 21 people agreed; and 14 people didn't know or chose not to answer
  - 140 people said that they disagreed with the proposal to reduce the costs of the County Horticulture and Work Training service by changing the staff structure and closing three sites; 16 people agreed; and 40 people didn't know or chose not to answer.
12. The proposals were also included in the Council budget consultation which closed on 27<sup>th</sup> January 2012. 586 responses were received about the Sherwood Industries proposal of which 179 people agreed, 298 disagreed and 109 people neither agreed nor disagreed or didn't know enough to answer. 588 responses were received about the County Horticulture

and Work Training service proposal of which 274 people agreed, 193 disagreed and 121 people neither agreed nor disagreed or didn't know enough to answer.

13. The proposals contained in this report have taken into account the responses received through the Supported Employment Service and Council Budget consultations.
14. Running concurrently with the consultation process, one-to-one meetings have been facilitated between staff at Sherwood Industries and a human resources officer. The purpose of the meetings was to give staff an opportunity to ask any questions they have as well as to enable the Council to identify support levels that may be required. This work has been undertaken in conjunction with the Shaw Trust with whom the County Council has a contract to provide support to staff that are on the specialist disability programme.
15. Through individual meetings with staff at Sherwood Industries, six staff members have indicated an interest in taking voluntary redundancy. In order to create opportunities within the remaining supported businesses, all employees working in those teams have also been invited to express an interest in voluntary redundancy. Two staff from County Horticulture and Work Training, and two staff from County Enterprise Foods have expressed an interest in voluntary redundancy.
16. Those staff at the age of 55 or over would be eligible to access their pension, if they have paid into the Local Government Pension Scheme, as well as receiving the one-off redundancy payment. The age profile of the staff group at Sherwood Industries and the County Horticulture and Work Training service is as follows:

	Sherwood Industries	County Horticulture and Work Training	Total
Age 16-25	2	1	3
Age 26-35	6	2	8
Age 36-45	13	4	17
Age 46-54	11	17	28
Age 55-65	11	8	19
Total	43	32	75

17. Redundancy payments are calculated on age, length of service and weekly pay. On a salary of £13,189 (top of Scale 1) a 50 year old employee with 10 years service would receive a one-off payment of approximately £6,100 and a 50 year old employee with 15 years service would receive a one-off payment of approximately £8,100.
18. Preliminary work has been undertaken with senior managers across the Council in order to identify alternative work opportunities for the staff that would be at risk as a result of the proposed changes and the Council has identified the posts that the staff could be redeployed in to based on their skills and in accordance with their support needs where required.
19. Analysis has been undertaken to map the skills profile and support needs of the disabled employees at Sherwood Industries. Although this information does not at this stage take into account personal preference, the profile has been considered against job types and locations within the County Council. Based on the skills analysis of staff at Sherwood

Industries, work opportunities for all of the Sherwood Industries staff are available in the following areas of the Council:

- a. **Supported Businesses** – Most of the disabled workers have skills that would be transferable to one of the remaining supported businesses, although it is recognised that not all of the workers may be able to commute to West Bridgford, Linby or Worksop where these businesses are based. Support will be offered to all workers to explore the transport options available to them.
- b. **Facilities Management and grounds maintenance** – a number of disabled workers have abilities that would match with some facilities management or grounds maintenance roles, for example portering, supervising contractors, or waste management at administrative bases like Meadow House or Lawn View House or potentially within Older Peoples Homes or Family Centres in the Mansfield/Ashfield area.
- c. **Country Parks** – a small number of disabled workers have skills that may lead to opportunities such as the role of janitor in some of the Council's country parks including Rufford Abbey Country Park, Bestwood Country Park and Sherwood Forest Nature Reserve which are all within a 15 miles radius of Sherwood Industries.
- d. **Administrative posts** – a number of disabled workers have skills that would enable them to undertake office-based business support roles. These posts would be based at Sherwood Energy Village (Ollerton), Lawn View House (Sutton in Ashfield); or Customer Contact Centre roles at Mercury House (Annesley).
- e. **Driving** - A number of disabled workers have been identified as having skills that would mean they are suitable to undertake driving based roles, for example drivers or couriers, meals distribution roles in Rainworth.
- f. **Highways Depot at Bilsthorpe** – As indicated above, a number of the staff have the skills to enable them to undertake store keeping and stocktaking roles or caretaker roles within this area of service.

## **County Horticulture and Work Training**

20. The County Horticulture and Work Training service is based at a main site in Linby and four satellite sites across Nottinghamshire. In addition to providing employment opportunities for 13 disabled staff, the service also provides horticultural training opportunities to 67 service users. The basis of the consultation in relation to County Horticulture and Work Training Service was the proposal to make the service more efficient and effective through a staffing restructure and a closure of three of the sites.

21. In response to the feedback received to the consultation, a new, revised, proposal is recommended in respect of the County Horticulture and Work Training service. The revised proposal will also enable the service to continue to operate at the Balderton unit alongside the Brooke Farm (Linby) and Skegby sites. Only two of the satellite sites would be subject to closure. The alternative proposal will still enable the County Council to save approximately £100,000 by 2013/14 through an alternative staff structure.

22. The original proposal on which the consultation was based would have resulted in the following changes:
- a. a reduction in the number of sites from five to three with the service continuing to operate from Linby & Skegby
  - b. offer a service to a maximum of 60 service users
  - c. the need to provide transport at an additional cost of approximately £24,000 a year, to allow service users on closing sites to access the service from Linby or Skegby
  - d. involved a restructure posts to provide a net saving of £100,000
23. The revised proposal, which forms the basis of the recommendation contained within in this report, will result in the following changes:
- a. enable the service to continue to be provided on the Balderton site, alongside the Linby and Skegby sites, thereby ensuring some provision across the county
  - b. a reduction from five to three sites with only Worksop and Sherwood Pines closing
  - c. increase capacity to offer horticultural training opportunities to 70 service users
  - d. remove the requirement to transport Balderton service users to an alternative site and therefore significantly reduce the anticipated travel costs
  - e. restructure posts in a different way, which would include the a reduction of the less viable sales van runs, to provide a net saving of £100,000 per annum.

## **Other Options Considered**

### **Sherwood Industries**

24. Given the competitive nature of furniture manufacturing, the increasing costs of fuel and raw materials, and the current economic climate, there are no other options for Sherwood Industries which would enable it to become a financially viable service.

### **County Horticulture and Work Training**

25. The original proposal in relation to County Horticulture and Work Training has been amended to reflect the responses received through the consultation process. These amended proposals will ensure that only a small number of service users are affected by the restructuring of the service whilst at the same time enabling the Council to realise net savings of £100k per annum.

## **Reason for Recommendations**

26. Due to increasing costs and reducing sales incomes Sherwood Industries is not financially viable without a significant annual subsidy. The closure of the service will provide the

Council with the opportunity to help staff to move in to mainstream employment within the Council, or in other mainstream work, with support provided to the disabled staff in accordance with their specific requirements.

27. In response to the consultation feedback, an alternative proposal has been developed which will enable the service to continue to operate from the Balderton site as well as from the Linby and Skegby sites. The revised proposal will enable a service base to be retained in the north of the County and will increase the capacity of the service to offer additional placements to service users on the work training programme. The revised structure will still realise savings and efficiencies of £100,000 per annum.

## **Statutory and Policy Implications**

28. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **Implications for Service Users**

29. The closure of the satellite sites at Sherwood Pines will impact on six service users based at that site. These service users will be provided with an alternative work base at Brooke Farm (Linby), Skegby or Balderton and transport will be provided at no additional cost to them. Under this proposal, the eight service users who are currently in receipt of a service at Balderton would continue to receive the service as previously.

### **Financial Implications**

30. The financial outturn for Sherwood Industries in 2010/11 was a net cost to the County Council of £832,657 against a budget of £364,735. The budget for 2011/12 is £315,141. The proposal to close Sherwood Industries would save £250,000 by 2013/14, leaving £65,000 for the onward co-ordination of work placements or in-work support to those disabled staff who have an ongoing support need in their new place of work. The real saving however will be a reduction in subsidy of £767,000 when compared to the net cost of Sherwood Industries to the County Council of £832,657 in 2010/11.

31. The transitional cost to close Sherwood Industries is anticipated to be £253,000 before the deduction of any sales income achieved in 2012/13. Under normal trading conditions employee, premises transport, supplies and service costs are offset by sales income. In calculating the transitional costs no sales income has been accounted for as it is assumed that a decision to close the factory would affect the ability of the business to bring in new orders. This transition value of £253,000 is the cost to implement a closure programme over and above the base budget of £315,141. This represents less than one year's cash savings based on the financial outturn in 2010/11.

32. Included in the transitional cost (over and above employee, premises transport, supplies and service costs) is a one-off amount of £116,831 for the repayment of Factory Support Grants. These are Department for Work and Pensions grants that Sherwood Industries had been

able to apply for on the grounds of its supported businesses status. The grant income was used for the purchase of equipment and for some alterations to buildings. The County Council is in discussions with the Department for Work and Pensions about the requirement to repay these amounts.

33. A further £29,000 has been earmarked for site clearance and the archiving of all the records related to the business. Clearly some of the assets will have a value. Assets sold would normally be treated as a capital receipt and as such any values recouped would not offset closure programme costs directly but would generate income for the County Council.
34. Closing the County Horticulture and Work Training satellite sites at Sherwood Pines and Worksop will save £114,500 in salary costs. If all six service users who attend a service at Sherwood Pines required transport to Brooke Farm (Linby), Skegby or Balderton to be provided for them this would cost the County Council approximately £10,000 per annum. The alternative proposal is predicated on the removal of some of the less viable sales van runs. Although it is anticipated that this will reduce income by approximately £4,500 per annum, the alternative proposal would still deliver a projected saving of £100,000 per annum.
35. The transition cost to achieve the staffing restructure and the closure of the satellite sites at Sherwood Pines and Worksop is anticipated to be £104,000. Included in this is an amount of £80,000 for the repayment of grants brokered by the Sherwood Forest Trust for the establishment of the tree nursery at Sherwood Pines. The County Council will enter into discussion with the Sherwood Forest Trust Department about the requirement to repay these grants. A further £24,000 has been earmarked for site clearance and associated legal costs linked to the cessation of the service at Worksop and Sherwood Pines.

## **Equalities Implications**

36. As part of the process of making decisions and changing policy, public authorities are required by law to think about the need to:
  - Eliminate unlawful discrimination, harassment and victimisation.
  - Advance equality of opportunity between people who share protected characteristics (as defined by equalities legislation) and those who don't.
  - Foster good relations between people who share protected characteristics and those who do not.
37. Equality Impact Assessments (EIAs) are a means by which a public authority can assess the potential impact that proposed decisions/changes to policy could have on the community and those with protected characteristics. They may also identify potential ways to reduce any impact that a decision/policy change could have. If it is not possible to reduce the impact, the EIA can explain why. Decision makers must understand the potential implications of their decisions on people with protected characteristics.
38. An EIA has been undertaken and is available as a background paper. Decision makers must give due regard to the implications for protected groups when considering this report.

## **Human Resources Implications**

39. The County Council published a Section 188 Notice on 2<sup>nd</sup> November 2011 which reflected the impact on staff numbers from the proposals arising from ongoing service reviews across the County Council, including those in respect of Sherwood Industries and the County Horticulture and Work Training service. The published Section 188 Notice identified proposed post reductions from the closure of Sherwood Industries of 44.5 fte and proposed post reductions from the restructure of the County Horticulture and Work Training service of 7.2 fte. A review of the information published will be required in respect of the County Horticulture and Work Training service to reflect the changes recommended. In the new proposal 7.65 fte posts would be at risk of redundancy. This will include some posts that were not previously identified as proposed reductions.

## **RECOMMENDATION/S**

40. It is recommended that Full Council:

- a. approves the proposal to close Sherwood Industries with support provided to the staff to find alternative jobs within the County Council or with other employers, where this is their preferred wish or to make redundancy payments to those staff seeking voluntary redundancy
- b. approves the proposal to restructure the County Horticulture and Work Training service; cease the service on the Sherwood Pines and Worksop; and continue to operate the service at the Brooke Farm (Linby), Skegby and Balderton sites.

## **COUNCILLOR KEVIN ROSTANCE Cabinet Member for Adult Social Care and Health**

### **Constitutional Comments (KK 09/02/2012)**

41. The proposals in this report are within the remit of full Council.

### **Financial Comments (RWK 10/02/2012)**

42. The proposals detailed in the report will achieve savings of £250,000 in 2013/14 as a result of the closure of Sherwood Industries and £100,000 in 2012/13 as a result of changes to the County Horticulture and Work Training Service. These savings have been included in the County Council's annual budget for 2012/13 and the Medium Term Financial Strategy 2012/13 to 2015/16.

43. The report also details transition costs that will be incurred in order to achieve these savings. These are estimated at £253,000 for the proposals to close Sherwood Industries and £104,000 for the proposals to change the County Horticulture and Work Training Service, a total of £357,000. These costs will be funded from within the 2012/13 revenue budget allocation for the Adult Social Care and Health portfolio through the use of departmental earmarked reserves.



## **Background Papers**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

44. Report to Full Council on 22<sup>nd</sup> September 2011, 'Proposal to Change the County Council's Supported Employment Approach and Practice'.

45. Equality Impact Assessment.

46. Supported Employment Service Consultation – summary and response to consultation.

## **Electoral Division(s) and Member(s) Affected**

47. All (Nottinghamshire).

CC103