

meeting **COUNTY COUNCIL**

date 22nd September 2011

agenda item number **13**

REPORT OF THE SERVICE DIRECTOR, JOINT COMMISSIONING, QUALITY AND BUSINESS CHANGE

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

PURPOSE OF THE REPORT

1. The purpose of the report is to seek approval to:
 - a. change the County Council's approach and model of service for supported employment
 - b. commence consultation on the proposal to close Sherwood Industries
 - c. commence consultation on the proposal to rationalise the County Horticulture and Work Training services by closing three of the satellite sites
 - d. seek redeployment for all the employees affected by the proposals who want to continue in employment with the County Council.

INFORMATION AND ADVICE

2. The County Council's approach to supported employment over a number of years has been delivered through a combination of practices:
 - a. offering employment to disabled workers in a supported environment
 - b. providing individualised support in mainstream employment through specialist disability employment programmes delivered by the i-Work Team and, prior to October 2010, the Ready4Work Team.
3. Historically, the Department for Work and Pensions' approach has been to encourage local authorities to employ disabled workers in a supported environment. The County Council's approach to supported employment, where there has been a significant number of disabled employees, has been

to support them within a subsidised supported business setting. A supported business is defined as a factory or service where more than 50% of the workers are disabled persons.

4. The County Council currently operates four supported businesses. These are Sherwood Industries, County Horticulture and Work Training, County Enterprise Foods and Solutions4Data. The supported businesses offer a total of 83 protected places for disabled workers through the Work Choice programme. Each place attracts a grant of £4,800 a year.
5. The Department for Work and Pensions' specialist disability employment programmes have evolved over time from the Supported Placement Programme; to WORKSTEP; to Work Choice. Work Choice was introduced in October 2010 and the intention of this programme is to make the service more individual and adaptable to each disabled person.
6. The Shaw Trust has been contracted by the Department for Work and Pensions to provide Work Choice across Nottinghamshire. The County Council works in partnership with the Shaw Trust, through a service level agreement, to provide support to the disabled workers in the supported businesses.
7. In July 2011, the Department for Work and Pensions published a consultation document on the recommendations set out in the independent review on the future of specialist disability programmes called 'Getting In, Staying In, Getting On'. The central theme of the review is that resources for supporting disabled people into employment should be focused on disabled people themselves, rather than on specific institutions, to enable people to work where they choose instead of at disability specific workplaces.
8. One of the specific recommendations of 'Getting In, Staying In, Getting On' is that when existing Work Choice contracts expire in October 2015 that the Department for Work and Pensions should cease any specific guarantee of funding to supported businesses and that they should not receive ongoing special protection.
9. The White Paper 'Valuing People' (2001) and the White Paper 'Valuing People Now' (2009) emphasised the importance of ensuring that the opportunity of employment is available to all people with a learning disability. Performance targets were introduced in this area, specifically NI146 PSA 16 which encourages the placement of more adults with learning disabilities in to paid employment. In response to this, the authority has already set a strategy and invested in a specialist employment support service for users of learning disability services.
10. This service has developed a number of initiatives which offer individualised support across a range of paid and voluntary employment activities for people with mental health or learning disabilities. These include:
 - a. Strawberry Fayre and Phoenix; work training projects that are funded from day services

- b. 'I' Work
 - c. The Canch Project; a catering and training enterprise in Worksop
 - d. award of grant from the Learning Disability Development Fund for three years from October 2010 to provide support to help people with Aspergers find paid work.
11. The Department of Health publication 'A Vision for Adult Social Care' (November 2010) also highlights the importance for disabled people of attaining paid employment to help improve wellbeing and meet emerging needs. The authority is taking part in a Department of Health pilot called Project Search which aims to provide work training and support for young people in their last year of special education.
 12. The Council continues to support the expansion of employment for disabled people, whether that is in a paid capacity or on a voluntary basis in order to enable people to make a meaningful contribution to society. This includes, where possible, extending training opportunities for disabled people at the County Horticulture and Work Training services.
 13. The County Council has already embarked on a much wider programme of change to ensure that people who receive care and support services have choice and control about how their services are arranged. It makes sense, therefore, that all supported employment opportunities should similarly enable choice and control for the individual.
 14. Building on the existing approach to supported employment, it is proposed that the County Council continues to move towards an individualised model to offering employment opportunities to disabled people. Where employment continues to be offered in a supported environment, it is recommended that the County Council ensures that services are financially viable. This will ensure that employment opportunities are meaningful and enable disabled workers to make a full contribution to society by working in mainstream employment. Although some level of subsidy may be required it will enable the cost of the service to be reduced.
 15. The implications of this approach for the supported businesses that the County Council operates are discussed below. Specific proposals are raised in this report for Sherwood Industries and County Horticulture and Work Training.

SHERWOOD INDUSTRIES

16. Sherwood Industries is based in Rainworth and manufactures educational, office and bedroom furniture. The business provides employment for 31 disabled workers. In recent years sales income has steadily decreased (see **Appendix 1**) at a time when the costs of materials have been significantly increasing. The net cost of Sherwood Industries to the County Council has increased from £386,858 in 2000/01 to £832,657 in 2010/11.
17. The manufacture of furniture is not a core function of a local authority. The net cost, or subsidy, reflects how much it is costing the County Council to provide

employment to each disabled worker at Sherwood Industries. In 2010/11 this equated to approximately £26,000 for each disabled worker. This amount does not include the Work Choice grant of £4,800 per disabled worker and therefore the real cost to Government is approximately £30,800. The average salary scale of the employees at Sherwood Industries is Grade 2, £13,589 - £15,444 per annum.

18. The County Council has sought a range of advice from internal and external specialists about the business model, the products and the marketing strategy. Each of the reviews concluded that with external competition, the escalating costs of materials and the wider economic climate that it would be extremely difficult for Sherwood Industries to become financially viable. Following each of the reviews one of the options proposed has been the closure of the service.
19. Whilst Sherwood Industries has some contracts and continues to produce furniture, the number of contracts has reduced. In addition, the issue of the costs of materials in a global market remains a major obstacle in containing the level of Council subsidy required.
20. Approval is therefore sought to close the factory at Sherwood Industries and to seek to redeploy all the employees to alternative employment with the County Council on an individualised basis, if this is their wish. While retaining a sufficient support structure to provide onward work opportunities as described.

COUNTY HORTICULTURE AND WORK TRAINING

21. The County Horticulture and Work Training service is based at a main site in Linby and four satellite sites across Nottinghamshire. The service employs 15 disabled staff on the Work Choice programme and 20 non-disabled staff.
22. The net cost of the service to the County Council in 2010/11 was £747,319. In addition to providing employment opportunities for disabled workers, the service also provides horticultural training opportunities to 65 trainees/service users. Activities include growing produce, caring for livestock, retail sales and a grounds maintenance service.
23. An assessment of need has been undertaken for all of the trainee/service users in receipt of a service from County Horticulture and Work Training. Of the assessments completed so far over 90% are Fair Access to Care Services eligible for a social care service. If these service users were not attending a service at County Horticulture and Work Training they would be in receipt of a personal budget which might facilitate their attendance at a day service. This would continue to be at a cost to the County Council.
24. It is the intention to make County Horticulture and Work Training as efficient and effective as possible. It is proposed that the three satellite sites at Balderton, Worksop and Sherwood Pines are closed and that all of the trainees and a restructured staff group are relocated to the two main sites at Linby and Skegby. This will enable the cost of the service to be reduced by

£147,798 without impacting on the employment and work training opportunities for the disabled workers and the trainee/service users.

25. No protected posts for disabled workers will be removed from the structure as a result of this proposal. All disabled employees could still be offered the opportunity of voluntary redundancy which would then create vacancies which would be offered to disabled employees at Sherwood Industries.
26. The 16 trainee/service users who attend a service at the Balderton and Sherwood Pines satellite sites will be offered access to services at Linby or Skegby. No service users are based at the Worksop site.
27. It is proposed that transport is provided for the 16 trainee/service users by the Council where this is required, with no additional charge for the transport being applied. If all 16 trainee/service users required transport this would cost approximately £24,000 a year and would need to be met from the savings of £147,798, as identified above, from the closure of the sites.

COUNTY ENTERPRISE FOODS

28. County Enterprise Foods produce and distribute meals to service users in their own homes. The production unit at Worksop is a supported business and employs 25 disabled workers. The rest of County Enterprise Foods' operation is a mainstream service. County Enterprise Foods requires a subsidy from the County Council as the Council is required to ensure a meals service is provided for those people with social care needs. Various activities are being undertaken to reduce the level of subsidy provided for this service. The service operates the meals at home contract on behalf of Warwickshire County Council and produces the meals for Nottingham City Council.

SOLUTIONS4DATA

29. Solutions4Data, which employs 6 disabled workers, offers a document scanning, document shredding and data storage service. In April 2011 Solutions4Data was integrated into the County Council's wider facilities management service. This has met a need identified by the County Council in respect of future document handling requirements. It will also offer disabled workers the opportunity to match their skills against a wider range of tasks as part of the facilities management team.

TRANSITION ARRANGEMENTS FOR STAFF

30. In proposing to close Sherwood Industries and the three County Horticulture and Work Training satellite sites, it is recommended that the following employment processes are undertaken simultaneously to seek to provide all affected employees with alternative employment with the County Council on an individualised basis, if this is their wish.
 - a. reducing numbers of staff through natural turnover and voluntary redundancy

- b. identifying opportunities for redeployment within the Council.
31. Supporting disabled people to obtain and retain employment is a key priority for the Council. The disabled employees at Sherwood Industries are participants on the Work Choice programme who, given the nature of their disabilities, may have additional support needs.
 32. It is proposed that the following initiatives are also considered for these employees on an individual basis.
 - a. the transfer of some protected places to the remaining three supported businesses
 - b. working with the Shaw Trust to identify and progress, where possible, any external employment opportunities
 - c. protecting the employment status of existing employees where other initiatives are unable to identify suitable alternative employment
 33. The Council will undertake a full and comprehensive consultation on the proposal to close Sherwood Industries and the three County Horticulture and Work Training satellite sites.

STATUTORY AND POLICY IMPLICATIONS

34. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder and those using the service. Where such implications are material, they have been described in the text of the report. Members' attention is however, drawn to the following:-

Human Resources Implications

35. If the proposals for the closure of Sherwood Industries and for the closure of three satellite sites within the County Horticulture and Work Training service are approved 63 employees will be at risk of redundancy. This will require the County Council to publish a Section 188 Notice.

Financial Implications

36. The report recommends a consultation exercise and the costs of such exercises are provided within existing budgets and establishment. The core proposals to be consulted on have financial implications additionally and these are advised as follows. If disabled workers move on an individualised basis from a supported business into mainstream employment elsewhere in the County Council there is a potential loss of grant of £4,800 per person but this does not cover all the costs of the workplace even when allowing for income generated by the units involved.
37. The financial out turn 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. Although a saving against budget is anticipated the impact of the initiatives to support employees to seek redeployment has not been fully identified. This will be reported following the outcome of the consultation process. Transition costs including site costs (such as clearance) and redundancy costs, if further employment offers not taken up, will need to be assessed in more detail as part of project planning once consultation results and further recommendation is given and will come from the savings generated and based on clients choices. However to quantify sufficiently for the initial decision to be made it is estimated that these would not exceed even one years cash savings in the worse case (i.e. payback would be within one year). Some budget of up to £40,000 approximately would be retained for the onward co-ordination of work placements. More accurate costings will be part of detailed business case post consultation. In regards to cost benefit analysis it would be more appropriate that the supported employment opportunities provided to the clients are ultimately meaningful and the alternative of future heavy subsidisation of a factory that would not otherwise exist, merely to provide work for clients, does not seem to be the most beneficial way to return the appropriate benefits intended from such employment opportunities for such a level of cost.

38. Closing the three County Horticulture and Work Training satellite sites would save £147,798 in salary costs. If all 16 trainee/service users who attend a service at Balderton and Sherwood Pines required transport to Linby or Skegby to be provided for them this would cost the County Council approximately £24,000 a year. The net saving from this proposal would be approximately £123,798 a year. More accurate costings including transition costs will be part of detailed business case post consultation but transition costs are not expected to be onerous in comparison to the identified savings.

Equal Opportunities Implications

39. As part of the decision making process in making decisions / changing policy, Public Authorities are required, by law, to think about the need to:
- eliminate unlawful discrimination, harassment and victimisation,
 - to advance equality of opportunity between people who share a protected characteristics and those who don't
 - to foster good relations between people who share protected characteristics and those who do not.
40. Equality Impact Assessments 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. It may also identify potential ways for reducing any impact that a decision / policy change could have or if not possible, why it is not possible. When making decisions, Decision Makers must understand the implications and effects that their decision will or may have on people with protected characteristics

41. An equality impact assessment has been undertaken and is available as a background paper and members **must** give due regard to the implications for protected groups in the context of their equality duty in relation to this decision.
42. The County Council is committed to ensuring equality in service delivery and in employment practice and seeks positively to create and promote access to services to all citizens. The proposed change to the supported employment approach seeks to offer much more individualised employment opportunities to disabled people by providing mainstream employment rather than employment in a supported environment.

Implications for Service Users

43. The closure of the satellite sites will impact on 16 trainee/service users based at Balderton and Sherwood Pines. These trainee/service users will be provided with an alternative work base at Linby or Skegby and transport will be provided at no additional cost to them.
44. Some of the disabled employees are also social care service users. No changes to these services are contained within this report.

Corporate Property Implications

45. Approval of the proposals would free up assets for the County Council at Sherwood Industries and at the Balderton and Worksop satellite sites. The Sherwood Pines satellite site is leased from Sherwood Forest Trust.

RECOMMENDATIONS

46. It is recommended that:
 - a. the County Council's approach to supported employment continues to move towards an individualised model, ensuring that employment opportunities are viable
 - b. a 3 month period of consultation is commenced on the proposal to close Sherwood Industries and to close the County Horticulture and Work Training satellite sites at Balderton, Worksop and Sherwood Pines, after which a report be brought back to Full Council on the outcomes of the consultation and proposals for these services
 - c. County Council redundancy, relocation and redeployment processes be applied for affected staff on an individual basis with additional support provided to disabled workers in order to ensure that those who wish to remain in employment can do so.

CAROLINE BARIA

Service Director, Joint Commissioning, Quality and Business Change

LEGAL SERVICES' COMMENTS (KK 12/08/2011)

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

FINANCIAL COMMENTS OF THE SERVICE DIRECTOR (FINANCE) (JH 23/08/2011)

47. The financial implications are detailed above in regards to the recommended route in the context of both the consultation and the proposed service closures and the effects to be consulted on. Further detailed business planning and figures will be necessary dependant on the results of the proposed consultation and any final recommendations that this results in.

BACKGROUND PAPERS AVAILABLE FOR INSPECTION

48. Department for Work and Pensions' consultation document on 'Getting in, Staying In, Getting On' (June 2011).

49. Equality Impact Assessment.

ELECTORAL DIVISION(S) AFFECTED

50. All.

CC93