

## “EXTRACT”

### CABINET

MINUTES of a meeting of the Cabinet held on 24 June 2003 at 10.00 am at Pelham House, Lewes.

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16. PRESENT - Councillor Jones (Chairman)  
Councillors Bagshawe, Glazier, Reid, Simmons, Mrs Stroude and Tidy

The following members spoke on the items indicated:

- |                      |   |                     |
|----------------------|---|---------------------|
| Councillor Bridger   | - | items 20, 26 and 27 |
| Councillor Freeman   | - | items 24, 26 and 27 |
| Councillor Neighbour | - | item 22             |
| Councillor Lock      | - | items 22 and 27     |
| Councillor Tutt      | - | items 20, 21 and 31 |
| Councillor Webb      | - | item 22             |

- Also present - Inspector Long (Sussex Police) – for item 26  
Tony Watson (Branch Secretary, UNISON) – for item 22

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### 22. EMPLOYMENT SERVICES WITHIN EAST SUSSEX

22.1 The Cabinet considered a report by the Director of Social Services, together with the results of the consultation with staff and service users reported at the meeting and information provided by Tony Watson.

22.2 On the motion of Councillor Glazier (duly seconded) it was RESOLVED –

- (1) to agree the transfer of the Workstep contract to the Royal British Legion Industries from 1 October 2003;
- (2) to agree that arrangements be made for service users currently placed at Castleham Industries to have the opportunity to access broader and more appropriate work opportunities;
- (3) to agree the closure of Castleham Industries with effect from 30 September 2003; and
- (4) to authorise the Director of Social Services to agree the necessary documentation to implement recommendations (1) and (2) subject to the Director of Legal and Community Services and the Director of Corporate Resources being satisfied with the legal and financial arrangements.

### REASON

22.3 The transfer of the Workstep contract and the closure of Castleham Industries, with a guarantee of appropriate placements to all its current users, will ensure the County Council's obligations to those at Castleham continue to be met, in a more appropriate and cost-

effective way, and enable the development of an improved Employment Service in East Sussex.

*Councillor David R Neighbour  
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Mr Helmut W H Cartwright  
Director of Legal and Community Services  
Pelham House

24/6/03

Dear Helmut

We the undersigned members of the Social Services and Health Scrutiny Committee wish to call in the decision of the Cabinet made on 24 June 2003, Agenda Item 7: Employment Services within East Sussex. We want the Committee to visit recommendations 3 and 4.

We do not consider these recommendations are in the best interests of the staff and client group of the "Health Economy of East Sussex" .

*D R NEIGHBOUR  
MARY McPHERSON  
T WEBB*

As Chairman I feel CALL IN is warranted by public interest and the fact Scrutiny has not considered this matter.

## Agenda Item

Report to: **Cabinet**

Date: **24 June 2003**

By: **Director of Social Services**

Title of report: **Employment Services within East Sussex**

**Purpose of report: To outline proposals for the development of Employment Services within East Sussex**

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## RECOMMENDATIONS

The Cabinet is recommended, subject to the results of the consultations to be reported at the meeting, to:

1. agree the transfer of the Workstep contract to the Royal British Legion Industries from 1 October 2003;
2. agree that arrangements be made for service users currently placed at Castleham Industries to have the opportunity to access a broader and more appropriate range of work opportunities
3. agree the closure of Castleham Industries with effect from 30 September 2003; and
4. authorise the Director of Social Services to agree the necessary documentation to implement recommendations 1 and 2 subject to the Director of Legal and Community Services and the Director of Corporate Resources being satisfied with the legal and financial arrangements.

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### 1. Financial Appraisal

1.1 Financial modelling based on the closure of Castleham Industries and the transfer of the Workstep Programme as at 30 September 2003 is included at Appendix A. Three scenarios are included based upon the position of the Castleham staff.

1.2 The proposal to transfer the Workstep Programme to the RBLI is on the basis that the existing staff operating the external portion of the Workstep Contract will transfer under TUPE regulations. Further, the RBLI will take over financial responsibility for the existing office and equipment.

1.3 The forecast budget position in respect of the three scenarios is as follows:

Budget over/(under) spend	Scenario 1	Scenario 2	Scenario 3
	£000	£000	£000
2003/04 (Add. costs)	83.6	64.3	132.5
2004/05 (savings)	(399.3)	(336.6)	(333.3)

1.4 The additional costs in 2003/04 will be contained within the Department's existing resources.

1.5 The ongoing revenue costs under scenarios 2 and 3 allow for 10 current service users employed in supernumerary posts in roles across the County Council (£66,000). This together with ongoing pension payments results in an estimated revenue cost of £80,000 per annum.

1.6 Although there will be a liability to repay grant applied to assets purchased for Castleham Industries, this will be limited to the Portacabins, the main buildings and site having no repayment requirement. There will therefore be the potential for a modest capital receipt.

## **2. Supporting Information**

2.1 Cabinet agreed at its meeting in July last year that negotiations should take place with the Royal British Legion Industries and Enabling Partnership to seek the transfer of the Workstep Contract from Social Services. This decision was taken on the basis that a specialist voluntary sector provider would be best placed to deliver services in the future, and that this was not a core business of the Council. Officers were asked to seek to find a solution which would offer continuity of provision for service users.

2.2 Following protracted negotiations, Royal British Legion Industries have agreed to accept, given Cabinet's agreement, the transfer of the Workstep Contract. The commissioner of the service, in this instance Job Centre Plus, has also agreed the proposed transfer. The existing staff operating the external portion of the Workstep Contract will transfer under TUPE regulations with the Royal British Legion Industries assuming responsibility for any additional cost incurred as a consequence. This approach is dealt with in the financial appraisal.

2.3 In relation to those placed at Castleham, current Government policy and good practice indicates that provision based in non-institutional work settings is more likely to lead to improved outcomes for service users and in particular, greater opportunity for mainstream employment. Therefore it is proposed that the factory close, and that alternative provision is made available. This will take the form of:

- new Workstep placements
- open employment
- re-deployment within the County Council

2.4 It is not possible at this stage to guarantee that alternative supported or employment placements will be available to all current users in the open market. Therefore it is proposed that the County Council guarantees continued employment opportunities for all those service users unable to take up new placements. In effect, this will mean, if necessary, employing current service users in supernumerary posts across the County Council for as long as this is appropriate to their needs. This will result in additional cost, albeit subsidised by continued Workstep funding. This approach reflects the exceptional circumstances and needs of the service users at Castleham and does not represent a change in the County Council's normal employment policies. Details of the implications of this are included within the financial appraisal.

2.5 The staff currently employed at Castleham will be subject to the County Council's Employment Stability Policy.

2.6 Although the closure of Castleham Industries, if agreed, will be unsettling to the service users, it is important to emphasise that a broader range of employment or training opportunities will be offered to all those currently placed at the unit. Identifying new placements in work settings in the market or in the County Council will, in the longer term, better enable service users to develop the skills and knowledge needed for open employment. This approach will also increase the numbers of disabled people employed by the County Council, which is in line with Government and Council policy.

2.7 The proposals being presented to Cabinet will be discussed with the staff and service users at meetings on 16 June. The results of this consultation will be verbally fed back to Cabinet at its meeting.

### **3. Conclusion and Reason for Recommendation**

3.1 Cabinet has confirmed that Employment Services is not core business for the Council. Given that and the resulting need to stop subsidising Castleham Industries, the proposals contained in this report set out a positive approach to protecting the position of service users.

3.1 Subject to the results of the consultations, the transfer of the Workstep Contract and closure of Castleham Industries, with a guarantee of appropriate placements to all its current users, will ensure the County Council's obligations to vulnerable members of the community continue to be met, and enable the development of an improved Employment Service in East Sussex.

3.2 The proposals also ensure the most cost effective outcome for the County Council.

DAVID ARCHIBALD

***Director of Social Services***

Contact Officer : Keith Hinkley (01273) 481288

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### Proposals for changes to Employment Services: Financial Appraisal

Employment Services manage two employment support services to disabled people. These are:

- **The Workstep Programme.** Employment Services offer job searching, job coaching and long-term employment support. The Programme is administered from Uckfield
- **Castleham Industries.** A print production factory in St Leonards with 29 Workstep supported employees.

The budget is managed at Employment Services total level, although both elements are separately accounted for.

The Workstep Programme operates at a surplus. In 2002/03 Workstep income exceeded the direct operating costs by £118,000. This income is used to meet Employment Services overheads at the Uckfield site, with the balance being applied to cross-subsidise Castleham Industries.

The Provisional Outturn figures for 2002/03 can be summarised as follows:

<b>Provisional Outturn figures for 2002/03</b>	£000
Operating Surplus from Workstep Programme	(118)
Overheads- Uckfield Site	40
Balance available to partly offset Castleham Costs	(78)
Castleham Industries	398
<b>Employment Services net cost</b>	<b>320</b>
Budget	386
Provisional underspend 2002/03	(66)

The proposal to transfer the Workstep Programme to the RBLI is on the basis that the existing staff operating the external portion of the Workstep Contract will transfer under TUPE regulations. Further, the RBLI will take over financial responsibility for the existing office (a sub-lease) and equipment, such that no costs of running the programme will remain with the Authority.

Given that the Programme currently generates a surplus, the transfer will result in additional costs to the Authority as there will be no cross-subsidisation of Castleham Industries (£78,000 in 2002/03).

Given this loss of funding, the fact that it has not been possible to identify a provider willing to take on Castleham, and the competitive nature of the printing market, it is also proposed to close Castleham Industries. The intention is to close on the basis that all staff will be given notice of redundancy and new jobs sought as part of the employment stability programme. Further, it is proposed that the County Council guarantees continued training or employment opportunities for all those service users who are unable to take up new placements.

#### *Revenue Implications*

Financial modelling based on the closure of Castleham Industries and the transfer of the Workstep Programme as at 30 September 2003 has been carried out. Three scenarios are included based on the position of the Castleham staff:

1. All staff (10) and assemblers(29) are made redundant and no staff take up new placements with the County Council;
2. 15 assemblers obtain new placements with the County Council before closure, the remaining staff being in a redundancy situation;
3. 15 assemblers obtain new placements with the County Council after closure, all staff therefore being in a redundancy situation.

The forecast budget position in respect of these three scenarios is as follows:

Budget over/(under) spend	Scenario 1	Scenario 2	Scenario 3
	£000	£000	£000
2003/04	83.6	64.3	132.5
2004/05	(399.3)	(336.6)	(333.3)

The additional costs in 2003/04 would need to be contained within the Department's existing resources.

#### *Capital Implications*

Grant repayment conditions apply to assets part funded by Workstep (or the previous SEPAC) grant. Grant funding of land and buildings is to be repaid on the basis of current value, the repayments being at least equal to the original grant. This condition only applies to the three Portacabins purchased between 1990 and 1994. The main building and site is 100% owned by the County Council and thus no grant repayment would be due.

Grant received on the three Portacabins totals £43,000 and a provision for this sum is included in the revenue modelling.

Workstep assume that plant and equipment is depreciated over 5 years. Thus any grant repayment will be limited to purchases from September 1998. The book value of the repayments is £33,000. Workstep has indicated that repayments are likely to be limited to sale proceeds realised. Thus no provision has been made for these items within the figures.