
Meeting: Executive
Date: 2 November 2010
Subject: LuDun Industries

Report of: Cllr Carole Hegley - Portfolio Holder for Social Care and Health

Summary: A review of current and future business opportunities at LuDun Industries has been carried out by a joint working group. This has led to a decision being made by the Trustees to give notice to the Council that they propose to close the factory. Taking this into account, the report recommends that formal consultation is carried out with employees on the proposed closure of LuDun Industries.

Advising Officer: Julie Ogley, Director of Adult Social Care, Health and Housing
Contact Officer: Ed Thompson, Assistant Director Adult Social Care
Public/Exempt: Exempt
Wards Affected: Dunstable and Houghton Regis
Function of: Executive
Key Decision Yes
Reason for urgency/ exemption from call-in (if appropriate) N/A

CORPORATE IMPLICATIONS

Council Priorities:

The recommendations meet Council and Directorate priorities in the delivery of efficiencies and value for money and Council value of 'stewardship and efficiency',

Financial:

- There would be costs in 2010/11 of around £110,000 in redundancy payments,
- Savings will be achieved for 2011/12 and 2012/13 of over £300,000. See Appendix 2 for a breakdown of costs of the service in 2009/10.
- The Council is entitled to 15% of the sale proceeds of the current factory which when it is disposed of.

Legal:

The Council manages LuDun industries in its capacity as the Adult Social Services Authority for the area. Its power to do so derives from the Disabled Persons (Employment) Act 1958.

In 1986 the LuDun Trustees appointed Bedfordshire County Council as their agents for the operation of the LuDun Factory. The agreement provides that this arrangement may be terminated by either party giving 12 months' notice.

The Council is the employer of the staff who work at LuDun Industries.

There are therefore a number of different legal matters which are relevant to the Executive's consideration of this report.

Of particular significance is the Council's responsibility as an employer, especially having regard to the fact that the employees are disabled people.

The specific proposal covered in this report concerns consultation with the employees consequent upon the Trustees' decision to close the Factory. This process will adhere to the Council's Change Management Policy covering employees at risk.

Risk Management:

Risks of the options have been considered by the working group. The main risk attached to this decision is to the Council's reputation due to adverse publicity. This will be managed through a pre-emptive media and communications strategy.

Staffing (including Trades Unions):

Twenty four employees currently working at LuDun would be put at risk of redundancy. Trade Unions have not been officially consulted, but will be in accordance with the Change Management Policy. Although they are aware that a review of the service is being undertaken and employees were invited to bring a union representative to informal discussions in July.

Equalities/Human Rights:

Central Bedfordshire Council has a statutory duty to promote race, gender and disability equality and to tackle discrimination experienced by other vulnerable groups. The Council must ensure that decisions minimise unfairness and do not have a disproportionately negative effect on people from different ethnic groups, disabled people, and men and women.

The Disability Equality Duty requires local authorities to:

- Promote equality of opportunity between disabled people and other persons
- Eliminate discrimination that is unlawful under the Act
- Eliminate harassment of disabled persons that is related to their disability
- Promote positive attitudes towards disabled people
- Encourage participation by disabled people in public life
- Take steps to take account of disabled person's disabilities, even where that involves treating disabled people more favourably than others

As part of the review, an equality impact assessment has been carried out to identify the potential impacts relating to the closure. This has identified that in the short term the closure could have a significant negative impact. Due to the level of basic skills and level of disabilities of the employees at LuDun it must be recognised that some of the current employees will find it more difficult to find another job in the future. This group of Council employees are particularly vulnerable and will need additional support. In the longer term, the recommendation could have a positive impact on tackling inequality because it could encourage people in minority groups to have access to greater opportunities for training and employment and become integrated into the general workforce, being valued for the abilities they have and the contribution they can make to the community.

The Equality Impact Assessment will be reviewed and updated throughout the consultation and implementation process to reflect any further issues that arise and to help identify any further mitigating action and support that can be provided to assist the employees.

Community Safety:

No implications

Sustainability:

The current structure and staffing of LuDun is unsustainable in its current form and future options to develop the business as a social enterprise are unsustainable without a large amount of subsidy which is not available.

Summary of Overview and Scrutiny Comments:

- This report has not been subject to consideration by the Social Care, Health and Housing Overview and Scrutiny Committee.

RECOMMENDATION(S):

That the Executive:

- (a) **notes the decision by the Trustees of LuDun to give the Council notice that they intend to close the factory in 12 month or earlier if a date can be mutually agreed.**
- (b) **agrees that the Council will co-operate with the trustees to achieve this objective.**
- (c) **authorises the Director of Social Care, Health & Housing to enter into formal consultation with employees on the proposed closure of LuDun Industries.**

Reason for Recommendation(s): As a result of the LuDun Trustees decision to give notice to Central Bedfordshire that they intend to close the current factory, the Council have a duty to consider the future of the employees based there. The recommendation is being made in light of this not being within the core business of the Council, changes in models of supported employment and the need for efficiency savings.

Executive Summary

Background

1. LuDun is a supported workshop based in Dunstable that is currently run by Central Bedfordshire Council and employs 24 people with a range of sensory, physical or learning disabilities (12 of these are from Luton, 11 from Central Bedfordshire and 1 from Hertfordshire). See Appendix 1 for further details of the history, current production and employees demographics at LuDun.

2. LuDun provides a picture framing business, a sanding and spraying unit and a light assembly and packaging unit. LuDun has a reputation for delivering high quality products and services, however local knowledge of the service provided and integration within the community is relatively low. The factory has never run as a commercial business and has been unable to cover the costs of production and wages, or make a profit. Currently the business is running at a loss of around £300,000 per year, which is subsidised by the Council. Luton Borough Council have previously provided funding to support 12 of the employees that are residents of LuDun, although they have given notice that from the end of October this funding may no longer be available. See Appendix 2 for a breakdown of finances for 2009/2010.
3. There has been uncertainty over the future of LuDun over the last 10 years and it had been considered for closure on a number of occasions by Bedfordshire County Council. In early 2010 a commitment was made by the leadership team in the Social Care, Health and Housing Directorate and the LuDun Trustees to work together to facilitate a final decision about the future of LuDun Industries.
4. A working group was set up, involving employees from the factory, Trustees and other Council employees, to explore the options for the future of LuDun. The group carried out extensive research including visits to other similar enterprises, exploring other potential businesses and financial analysis. The Trustees considered a number of options based around the vision of turning the business into a social enterprise.

Trustees' Decision

5. After consideration of the information provided by the working group, the Trustees have concluded that LuDun Trust is not meeting its objectives under the terms of its Deed in the most efficient and effective manner. This is due to a number of factors including:
 - (a) the current premises which are deemed unsuitable for continued production. This is due to the factory being in a location isolated from the public and wider community and major retail areas, a large part of the factory is not used as it is an old building and there would be significant maintenance costs during the next 10 years.
 - (b) changes in views of the support for and employment of disabled people. The current workshop model is outdated as national and local views encourage integration of disabled employees within the mainstream workforce, and practice within the factory has become institutionalised and doesn't encourage independence.
6. The Trustees have given written notice to Central Bedfordshire Council that it wishes to close the current factory. The agreement that exists between the Trust and Council requires 12 months notice to be given, however a shorter period is possible if mutually agreed. The proposed date for closure is 31st March 2011.

7. Alongside this the factory has not been delivering the requirements of the Department of Work and Pension WorkStep programme, through which it receives funding, to provide training and development to enable employees to progress into mainstream employment. Although this was the original aim of the workshop and employees have been developed and encouraged to look for alternative employment, they have lacked the incentive due to the benefits and security of being Council employees. The work roles have also remained relatively static with no routes for progression.
8. The products provided at LuDun (ie picture framing etc) are not considered a service or part of the core business of the Council. The model of supported employment of people with disabilities has developed and the service at LuDun does not meet the requirements of Valuing Employment Now, a National Strategy aimed at providing real jobs and increasing the aspirations of work for disabled people.
9. The Council currently subsidises the factory by over £300,000 a year. Financial analysis of alternative options for taking forward the most successful parts of the business (picture framing) would still require a substantial subsidy over a long period.
10. Due to the factors outlined above it is recommended that formal consultation begins on the proposed closure of the factory and resultant redundancies.

Support for Employees

11. During the consultation and redundancy period, employees will be supported to develop their skills to find another job, including CV writing, interview techniques, 1-1 career consultancy, IT and literacy support and development. It is recognised that the majority of the employees at LuDun have significant barriers to finding work and will have higher levels of need. Redeployment of all the employees will be explored.
12. All employees will initially be offered a Community Care Assessment to establish if they may be eligible for Council funded services. Welfare Rights Assessments will also be offered to ensure every person is made aware of, and able to access the correct benefits. Additionally, a review will be taking place to identify day opportunities, volunteering opportunities and additional support services in the voluntary sector available in the local area. In addition access to counselling services will be available through HR to all employees. Luton Borough Council will be involved in the assessment and support of Luton residents.
13. Kennedy Scott, a local employment agency, have taken over the supported employment function for the national Workchoice Programme. As part of their service they will be providing support for unemployed disabled people to find employment through training and development, 1-1 coaching and liaison with local employers. A potential benefit to current employees is that they could find jobs that are more personalised, fulfilling and rewarding than their current job and would be integrated into the general workforce.
14. The Trustees intend to seek alternative ways to meet its objectives and are committed to using available Trust Funds to support local disabled people through training and supporting them into employment. They are currently exploring a number of options including developing a community based social enterprise, based in a town centre location.

Next Steps

15. That the employee consultation should begin immediately in order for the workers to receive the right level of support in considering their future options.

Appendices:

Appendix A – History to LuDun and details of current business

Appendix B – Finances for 2009/2010

Background Papers: (open to public inspection)

Council Change Management Policy

Location of papers:

Houghton Lodge, Ampthill and Council Intranet