
Meeting: Executive
Date: 15 July 2014
Subject: Capital Proceeds Arising from the Sale of the Former LuDun Industries Site
Report of: Cllr Carole Hegley, Executive Member for Social Care Health and Housing
Summary: The report proposes investing the Council's share of the proceeds arising from the sale of the former LuDun site to create an on-going legacy through a Trust Fund for people with disabilities in Central Bedfordshire.

Advising Officer: Julie Ogle, Director of Social Care Health and Housing
Contact Officer: John King, System Redesign Officer(Prevention)
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision Yes
**Reason for urgency/
exemption from call-in
(if appropriate)** Not applicable.

CORPORATE IMPLICATIONS

Council Priorities:

The creation of a Trust Fund for people with disabilities will enable the following Council priorities to be met as it will be used to provide training, education and facilitate access to work:

- Enhancing Central Bedfordshire – creating jobs.
- Improved educational attainment.
- Promote health and wellbeing and protecting the vulnerable.

Financial:

1. In 1983 the then Bedfordshire County Council contributed some £56,000 to pay for improvements to LuDun Industries. Following sale of the land, the sum due to the Council has now increased to £82,378.
2. Although this proposal does imply foregoing this sum, it has not been accounted for in any forward plan, as a capital receipt, and in effect would be a windfall to the Council. The reasons for taking this approach are set out below, and are in keeping with the original objectives of the funding.

3. The Council made annual revenue savings of £300,000 following closure of the workshop.

Legal:

4. A Trust – LuDun Workshops Trust was set up in 1982 with the charitable objective of making grants to people with disabilities. This was removed from the Charity Commission in 2010.
5. Bedford and Luton Community Foundation have now established an Endowed Trust Fund which is also registered with the Charity Commission with similar charitable objectives to the LuDun Workshops Trust. Capital will be invested to produce a return which will then be used to provide grant funding to disabled people.
6. The Capital is invested to safeguard future income of the Trust and the Trustees of the Fund are under legal duty to apply the funds for the Trusts registered purposes of supporting people with disabilities.

Risk Management:

7. There is a risk that the funds would not be used to support individuals in the manner intended. This has been mitigated by ensuring that the Endowed Trust Fund was established in line with the original trust deeds.

Staffing (including Trades Unions):

8. Not applicable.

Equalities/Human Rights:

9. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
10. National research indicates that disabled people are much less likely than non-disabled people to be in work (47% compared to 77%) and that they continue to experience significant barriers in accessing employment opportunities.
11. By supporting the Trust Fund, the Council will be assisting disabled people, now and in the future, to access employment which will help to have a positive impact on their health and wellbeing.

Public Health:

14. This is a vulnerable group and can experience inequalities in health so ensuring access to training, education and employment will help to reduce inequalities as well as improve general health and wellbeing.

Community Safety:

15. There are no community safety implications.

Sustainability:

17. Whilst environment is a key element when considering sustainability, social and economic aspects are also important, the aim being that all three elements are able to benefit with out a detrimental impact on any of the others. The financial distribution of the Council's share of the capital from the sale of the LuDun site will, if approved by Executive, go towards supporting a number of projects, therefore having a positive social impact by providing support for residents with physical and mental disabilities.

Procurement:

18. Not applicable.

Overview and Scrutiny:

19. This matter has not been considered by Overview and Scrutiny.

RECOMMENDATION:

The Executive is asked to agree that the Council foregoes its share of the capital realised from the sale of the former LuDun site, in order to invest in a Trust Fund for people with disabilities across Central Bedfordshire.

<i>Reason for Recommendation:</i>	<i>So that there will be a legacy from LuDun Industries that will benefit not just the ex-employees of LuDun but all people with disabilities in the future. The Trust Fund will help people with disabilities with education, training and access to employment thus fulfilling the original aims of LuDun in a sustainable way.</i>
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Executive Summary

20. Executive agreed to a period of consultation with LuDun employees in November 2010 with a view to closing the service.
21. The service closed in May 2011 and the premises have been now been sold. The Council share of the proceeds is £82,378.
22. The LuDun Trustees have set up a Trust Fund with their share of the proceeds and have requested that the Council consider adding its share to the Fund, as a legacy for all people with disabilities in Central Bedfordshire.

Background

23. LuDun was originally established in the early 1950's, to provide opportunities for work and training to local people who had disabilities, as the result of injuries sustained in the Second World War.

24. In January 1982 a Charitable Trust was established by resolution of the then County Council of Bedfordshire 'to assist by the provision of employment, training, accommodation and such other services and facilities as may be seen expedient in Bedfordshire persons who by reason of physical or mental disability are temporarily or permanently incapable of or handicapped in obtaining normal employment . . . '. In July 1982 the premises were conveyed to the Trust.
25. In 1983 the then Manpower Services Commission (MSC) and Bedfordshire County Council made a loan of £250,318 for building repairs. If the building was sold the monies would go back, based on a given formula, to the MSC or its successor in title (now DWP, and to the Council (now Central Bedfordshire council (CBC)).
26. Over time the numbers of people using LuDun declined, resulting in the service being heavily subsidised by the Council by some £300,000 per year.
27. Alternative options were considered by the Council and the Trustees to make the business sustainable. When this was not possible, it was decided that closure was the only option available, and the Trustees gave the Council notice to close LuDun.
28. On 13 November 2010 Executive considered a report, following the notice of closure, that a period of consultation be carried out with the 24 employees, all of whom had disabilities.
29. At the end of May 2011 LuDun was closed and all the employees were made redundant. The site has now been sold.

The Trustees Wishes

30. The Trustees of LuDun are keen that any proceeds of the sale should be used to create a lasting legacy for all disabled people, as well as a fund to be drawn on by the ex-employees of LuDun to enable them to access work, training or education, in line with the original trust deeds.
31. Such a fund creates an opportunity to continue to provide support to local people with disabilities now and in the long term future – improving the likelihood of them gaining meaningful employment.
32. The Chairman of Trustees received a joint letter from the Chief Executive of the Disability Resource Centre, Mick Dillon, and the Chief Executive of the Bedfordshire and Luton Community Foundation (BLCF), Mark West, outlining proposals to use the Trust's funds.
33. They proposed a partnership between DRC and BLCF to create a permanent legacy to support those in greatest need in our community through an Endowed Trust Fund.

34. The BLCF has access to the Communities First challenge fund managed by the Community Development Foundation – it is this that enables 50% to be added to any endowment. The balance of any monies would be invested with the Churches, Charities and Local Authorities Investment Management Limited (CCLA) – a recognised investment broker within the Charity sector.
35. This part matched funding enables them to add 50% to the value of any new Endowed Fund, something the Council is not able to do. The income would be used to provide support to assist those with disabilities into employment or education. DRC is ideally placed to carry out such work and BCLF is the only locally based charity able to manage an Endowed Fund. The partnership brings two unique organisations together locally.
36. BLCF would hold the funds under the responsibility of its Trustees and invest those funds. All such funds would be shown as restricted in their accounts. Investment income would be used to support the disabled community through DRC, overall creating improved employment opportunities for those who need the support most.
37. The creation of an Endowed Fund would enable awards to be made in the name of LuDun in perpetuity. These awards will be shown through the annual reporting process of the BCLF.
38. A sum would be set aside immediately for an award making fund.

Financial distribution

39. The capital raised from the sale has been apportioned as per the original levels of investment, the Council share being £82,263.
40. The Trustees transferred the majority of their share to the Bedfordshire and Luton Community Foundation (BLCF) to which that organisation has been able to add 50% to that sum under a government scheme (Communities First Challenge Fund), to support disabled persons in education and training in the CBC area.
41. A further £10,000 has been transferred to the Disability Resource Centre, Poynters Road to help establish a computer work centre for disabled persons.
42. The Trustees were hopeful that the DWP would forego their share of the sale, but unfortunately after some considerable delays and lengthy negotiation and representation, the DWP decided that this was not possible.
43. The Trustees have approached the Council through the Director of Social Care, Health and Housing to request that the Council consider foregoing its' share in order to enhance the Trust Fund outlined above.
44. The Council's share of £82,263 would also attract 50% match funding given it will be used in a similar way, increasing the Trust Fund by £123,395.

Conclusion and Next Steps

45. Executive is asked to agree to forego receiving the capital sum due so that it can be invested in the new Trust Fund.
46. This fund will provide a lasting legacy which will benefit not only the ex-employees of LuDun but also local people with disabilities in the future.

Appendices: None

Background Papers: (open to public inspection)
There are no background papers.