



Executive
12th March 2007

**Report from the Director of
Housing and Community Care**

For Action

Wards Affected:
ALL

Carlyon Print and RLSB Options

Forward Plan Ref: H&CC-06/07-05

Appendices 5, 6 and 7 of this report are Not for Publication

1.0 Summary

- 1.1 This report outlines the issues concerning the viability of Carlyon Print, a Council run print and hand finishing business, which is a 'sheltered workshop'. It describes the background to the development of the Carlyon operation, the partnership with Shaw Trust, and the issues facing the business based on an independent consultant's analysis. It gives the background to the Workstep contract with Jobcentre Plus.
- 1.2 The report also outlines the issues concerning the sponsorship funding of 9 employees of the Royal London Society for the Blind and the Workstep contract for the RLSB employees.

2.0 Recommendations

- 2.1 Members agree to the closure of Carlyon Print subject to the Director of Housing and Community Care being satisfied that the employees' assessed care needs will be met.
- 2.2 Members agree, in principle, to release the Shaw Trust from the partnership agreement with the Council subject to the Director of Housing being satisfied in accordance with paragraph 2.1 above that the closure of Carlyon Print should proceed.
- 2.3 Members agree to the tapering of funding for RLSB sponsorship as set out in the report with funding to end after the final payment in April 2010.

3.0 Detail

Carlyon Print

- 3.1 Carlyon print is Council-run workshop and provides 2 functions; printing and hand finishing. It was set-up to employ disabled people under the Disabled Persons (Employment) Act 1958 which gave powers to local authorities to provide employment for people with disabilities in a sheltered workshop. This was for those with mental health problems, learning and physical disability. This is now seen as an outdated form of provision with the emphasis now being on assisting people into mainstream employment with support, rather than funding for individuals long term. The Carlyon arrangement means there is a large amount of funding supporting and subsidising a few individuals. There are 5 management staff. The 23 other employees are partly funded through a job centre Worksteps contract (£4,800 per person per annum). 6 work on printing, 13 on light assembly and 4 on other activities. Length of service varies from 13 having been employed at Carlyon for over 20 years, one for 28 years to 3 having been employed for less than 5 years. Hours of work vary from 21 – 36 hours. Carlyon has always struggled to meet its income target and its income has declined recently.

Royal London Society for the Blind (RLSB)

- 3.2.1 RLSB provides sheltered engineering light work in a factory just over the border in Ealing for a total of 55 employees, the majority sponsored by local authorities. Brent sponsors up to 9 places (7 from February 2007, as 2 will be retired) although the individuals are employed by RLSB. Brent's sponsorship has been partly funded by money received under the Council's Workstep contract from the Secretary of State for Work and Pensions and partly from other Council resources. Disabled people suitable for these places are identified through the Jobcentre. Although the factory was set up for blind people, the Brent sponsored employees have a range of disabilities and are not all visually impaired. The factory used to be based in Brent. This model of sponsoring individuals long term is inconsistent with Worksteps objective to move people on into open employment. It is also questionable whether it is the best use of social care funding needed to focus on high levels of support. As with Carlyon Print, the factory focuses significant funding on few people. The Brent sponsored employee with the longest length of service has been there from 1987. The current Brent sponsored employees all work 37 hours per week. RLSB consider they have a viable business and recognise the need to not be so dependant on direct funding by local authorities for individuals. They have been constructive in proposing a tapering of sponsorship in order to maintain the viability of the business and the employment of the 7 staff.
- 3.2.3 RLSB have stated in writing they are looking to diversify their business and if full sponsorship (capitation) by Brent is not possible they would accept a gradual reduction of the remaining grant from Brent (net of the Worksteps

funding) from April 2008 of 25% each year with no funding from April 2011 and consider they will be able to maintain the employment of the Brent sponsored employees if this is agreed. They have also accepted that the Council will not replace the subsidy for the retirees, so there is a saving from April 2007 in any event. In the event that any other Brent sponsored employees leave before the end of 2010 an additional reduction in the grant in respect of the sponsorship for the individual concerned would be made. The total budget for 2006/07 is £170,854 and this will reduce by £37,968 from April 2007.

Worksteps Contract

- 3.3.1 The Workstep Contract is a contract between the Secretary of State for Work and Pensions (acting through Jobcentre Plus) and the Council. In 2001 the government changed the basis upon which funding was made available to Councils for employing disabled people in sheltered workshops. Previously, 'sheltered workshops' such as Carlyon and RLSB received a contribution to funding posts. Since 2001 this has been under contract with Job Centre Plus and there has an expectation that staff are trained to be able to move on to different jobs, that Brent has a Worksteps co-ordinator post, and the arrangements are subject to external inspection. Brent, with 2 inspections was unable to reach the required standard in its operation of the Worksteps contract (as were some other local authorities), despite increasing resources to work with employees on development and skills training. Although under Worksteps some staff can be retained for business purposes, the majority are expected to be able to move on. This reinforces the dilemma for the service, that funding permanent posts benefits a limited number of people, whereas move on arrangements benefit higher numbers of people. Brent was also responsible for the move on of the RLSB employees, which was very difficult to achieve at arms length with the individuals employed by RLSB. The input for staff has been hugely improved in an attempt to meet the standards required. However none of them have identified a wish to move to other employment.
- 3.3.2 In addition, the future of Worksteps funding is uncertain, due to a national government review. Jobcentre Plus should have re-tendered Workstep contracts in September 2006 but failed to do so and instead wrote to Workstep providers indicating that contracts would be extended to 31 March 2008. In due course the intention is for contracts to go to fewer and more focussed providers with a good track record in Worksteps, and with large numbers of employees 100 plus.
- 3.3.3 For historical reasons the RLSB employees were included on Brent's Worksteps contract. This makes little sense as RLSB is itself a Worksteps provider for all its employees, except those sponsored by Brent. This meant the Brent Sponsored staff could not access the support and development provided by their employer to other of its employees. After the 2 inspections and discussions with Jobcentre Plus and RLSB it became apparent that RLSB should be fully responsible for these staff. They had a successful inspection,

were willing to have the responsibility and, as there was no financial impact overall for the Worksteps budget, Jobcentre Plus agreed to RLSB taking on the responsibility for these staff from 1st December 2006. This means should there be another inspection then Brent will not be responsible for the Worksteps contract for RLSB staff.

The Shaw Trust and Carlyon Print

- 3.4.1 Carlyon has been costly as a business subsidised by the Council operating at a loss and has never achieved the planned level of sales. To remedy this, a partnership with the Shaw Trust was set up in 2001 and approved at Executive March 2002 (Appendix 1), with the plan that Shaw Trust would manage Carlyon on the Council's behalf, bring in some external funding, upgrade equipment and develop the training room and facilities and generally develop the business so it was no longer dependant on Council subsidy. The aim was to operate Carlyon as a business that would eventually become self funding as a 'social enterprise' under the management of Shaw Trust. This has not been achieved for several reasons, despite Shaw Trust bringing in some funding and making improvements. The main reason is that printing has become a fast moving, high tech operation, requiring considerable capital investment on an ongoing basis. The light assembly/hand finishing work is heavily subsidised, and could not be self funding due to the capacity of the workforce. Such work requires a very high volume and turnover to break even.
- 3.4.2 None of the employees (except one) has moved on to different employment. There is no incentive for staff who are on local authority terms and conditions. Successful social enterprise arrangements employ a majority of non-disabled staff with fewer posts open for Worksteps trainees.
- 3.4.3 The Shaw Trust informed us in March 2005 they did not consider they are able to fulfil expectations of the contract of developing the business further, or of bringing in additional income, notwithstanding continued subsidy from the Council. They are prepared to continue as long as required (there is just over 5 years left on the contract although Shaw Trust does have a contractual right to terminate at the end of the sixth and ninth years) but do not see it as being a core function for them as an organisation. Given their analysis, and given the reason for initiating the partnership was to achieve the objective of Carlyon being self financing, and a social enterprise, it is recommended they are released from the arrangement as soon as possible. If the Director of Housing and Community Care decides to proceed with the closure of Carlyon Print then termination of the agreement with Shaw Trust should coincide with the closure date so as to enable the business to wind down and to agree transfer of assets and equipment.

Policy issues

- 3.5.1 The policy context for supporting people with disabilities has changed radically over the past 6 years both nationally and locally with Brent. This has moved from creating jobs specifically for disabled people to providing opportunities for work experience and training to move into supported employment. This is the main objective of Worksteps, which is hard to achieve when people have permanent contracts whether at Carlyon or RLSB. Over the past 6 years the Council corporately has improved opportunities for people with disabilities to access employment through 'welfare to work' and co-ordinating with Jobcentre Plus and Brent 2 Work to broaden the range of employers prepared to offer such opportunities, and provide, after training, sustainable employment.
- 3.5.2 The central aims of national social policy and DoH Our Health, Our Care, Our Say are to promote independence of vulnerable people, to maximise their life chances and to minimise social exclusion. Promoting and facilitating access to employment opportunities for disabled people have a significant role to play in achieving these objectives.
- 3.5.3 The council has set targets for the number of disabled people it employs, and is also working in partnership with other agencies to increase employment opportunities for disabled people with other local employers.
- 3.5.4 Among the initiatives currently in place are:
- An active Disabled Staff Forum to promote disability issues and support disabled staff
 - A programme of improved accessibility to the built environment, IT and other related services
 - The Disability Employment Strategy Group which is made up of relevant Council officers and partner organisations. It shares information on current employment opportunities and practices, identifies opportunities for the development and funding of new training and employment initiatives and seeks to ensure a co-ordinated approach to these issues.
 - Working 4 Brent workshops in partnership with Brent in2 Work which provide training and support in how to apply for employment in the public sector. This scheme also involves follow-up tracking and aftercare. The scheme is open to all residents of Brent and significant numbers of disabled people have been involved in the training. The scheme has been funded through the Chief Executive's Performance Fund. Due to the success of the programme further funding has been awarded by the London Development Agency to extend the scheme across West London during the early part of 2007.
 - The post of Life Chances and Employment Strategy Co-ordinator located within Housing and Community Care Department with a specific remit of promoting employment opportunities for disabled people.

- Community care as part of its day services strategies provides work opportunities and training, particularly for people with learning disabilities, to go into supported employment. Mental health services also have good links to support people into employment. All services and those for people with physical disabilities provide, with local colleges, education and training relevant to developing employment skills, I T and numeracy and literacy.

PFA Consultant's Review

- 3.6.1 In 2005 in response to the Shaw Trust position, Members requested an independent review of the viability of Carlyon and this report and recommendations are based on analysis of the recommendations and options detailed in the report produced for the Council by Peter Fletcher Associates Ltd ("PFA").

Carlyon current business operation

- 3.7.1 Achieving sufficient sales to make a profit, or to break even, has been impossible to achieve. More recently there has been an increase in the number of purchasers and more variety in assembly packaging including an initiative on 'gift bags'. However, regular high volume orders are needed to make this business sustainable. Despite these changes there has been little effect on sales income which is estimated at £126,000 for 2006/07 (compared with a budget for sales £124,000). The overall cost of the service in 2006/07 is a net cost to the council of £395,000.
- 3.7.2 However, even if sales were at break-even this would not alter the issues of running a sheltered workshop that provides limited work for most employees, and requires ongoing capital investment in printing machinery.
- 3.7.3 Shaw Trust as part of the agreement also invested in creating a separate training room at Carlyon equipped with computers and brought in external funding. This was available for its own Worksteps employees and RLSB Worksteps employees as well Carlyon employees to develop skills. The siting of it in the factory, with no windows, means it has limited attraction to be used by other agencies. The independent consultant thought this could be marketed more but income would be marginal.

Consultation

- 3.8.1 In July 2005 Carlyon staff were informed of concerns about future viability, the Shaw Trust proposal to withdraw and that there would be a review. RLSB and its staff were also informed of need to review.

Staff at Carlyon expressed concern about the potential loss of jobs, impact on their income and the friends they had made at Carlyon. Officers explained the difficulty of sustaining Carlyon as a business if operated at a loss and that

Shaw Trust had been brought in to try to make the business viable. Staff raised issues about the commitment of Shaw Trust. Officers clarified that Shaw Trust had met initial commitments to bring in additional investment, provide improved training facilities and increase sales. However the sales had partly relied on use by Shaw Trust itself, and their current view was that the printing was not a viable business as currently set up, particularly with most Worksteps employees carrying out hand finishing tasks which was a low income activity.

- 3.8.2 Staff raised issues about increased use of the print by Council departments and possible merging with the print shop. Officers welcomed ideas and said the independent review would consider these and further discussions would be held with them by the consultant appointed.
- 3.8.3 Carlyon staff were informed on 13 November 2006 of the range of options identified by the consultant and the need to consult individuals in order to assess the impact, including closure. A summary sheet was handed out, a copy is at Appendix 3.
- 3.8.4 It was explained that officers were still considering the costings of the options and a report was planned for Executive in January or February 2007. Executive would consider the options concerning the future viability, and would have to consider whether there was no viable option to reduce the loss and take account of changes in policy and this could mean closing Carlyon. Officers stressed they recognised the hard work and commitment from staff and that any support needed would be given.
- 3.8.5 All staff were concerned at the possibility of losing their jobs, and how they would manage financially. Staff expressed concerns at the impact on morale if closure happened, how to maintain sales and concern for the future. Both the head of service and Shaw trust manager emphasised the need for 'business as usual' but acknowledged the difficulty for staff working without knowing the future of their jobs. Staff were given the leaflets on employee assistance and informed individual interviews would be held with staff with HR to clarify issues and to identify if any might need community care assessments to see if they might be eligible for community care services if a decision to close is made. Advice and support on financial concerns and Social Security benefits could be given.
- 3.8.6 RSLB and the Brent sponsored employees of RLSB were informed of the need to review Worksteps and the sponsorship agreement, because of the need to re-consider whether such sponsorship was appropriate in the short or long term, due to changes in the way people with disabilities were supported today.
- 3.8.7 RLSB staff were very concerned that they might lose their jobs and both they and RLSB were concerned about the overall viability of the RLSB factory if 9 employees' funding was removed. They were informed that the independent

review would look at options and consultation would be held with them, and every effort would be made to mitigate any impact

- 3.8.8 RLSB staff were also consulted and informed on 13th November on a range of options identified by the consultant. The consultant's option was to transfer the Worksteps funding and responsibility to RLSB as soon as practicable and taper funding to RLSB until 2011, when it would stop. Officers explained whilst the consultants report did not consider options of ceasing altogether the funding to RLSB from 2007/08, that would need to be considered an option.
- 3.8.9 Officers said discussions with RLSB had been positive, they wanted to take on the Worksteps responsibility. This was likely to happen in December, subject to jobcentre plus agreement. This would improve the situation for RLSB employees as RLSB would be responsible for their training and development as with all their other employees.
- 3.8.10 The staff were concerned about the impact of ceasing funding from 2008 which could result in their losing their jobs and they would have financial difficulties. Officers explained if this happened Brent would work with RLSB to provide support for alternative employment to be sought. Community care assessments would also be offered should ceasing of funding be agreed. Advice on financing and Social Security benefits would be given. Staff were also concerned about the viability of the whole business and officers confirmed that RLSB had stated reduction of sponsorship of 7 employees at one time would threaten viability of whole factory. It was for this reason that the consultant proposed recommending the tapering.
- 3.8.11 Officers stressed that the consultants option of tapering funding had been proposed by RLSB so that they could maintain employees jobs. There would be no tapering until 2008, as 2 employees would have retired by April 2007 there would be a reduction in sponsorship anyway.
- 3.8.12 Following the above meetings, all Carlyon and RLSB staff have had individual interviews by the Head of Service with HR support to discuss the impact and how to assist them and to determine whether any might have community care needs. The same process has been undertaken with RLSB employees.
- 3.8.13 GMB and Unison have been informed of the situation in 2005 and have been updated on progress. The GMB have no members employed at Carlyon Print. Unison have members employed at Carlyon Print in management roles. They are concerned about closure and to ensure that staff have every support possible in the process and to seek alternative employment. Many of the Worksteps employees belong to the National League of the Blind and Disabled section of the "Community" trade union. The Community trade union has recently sent in a letter expressing concerns about the impact of closure on their members and querying the status of the building. This letter is attached as Appendix 4. The Community trade union also contacted us regarding RLSB employees in 2005 and informed us they would consider

judicial review should sponsorship be withdrawn from the then 9 employees. These issues are addressed in the legal implications section. Concerning the other comment in Community's recent letter where they state they understand the current management have put some "very positive proposals and we would urge the Council to adopt them" it is assumed that as Carlyon is managed through Shaw Trust this means the current manager based at Carlyon. Staff had consultation meetings with the independent consultant and the manager of Carlyon was on the steering group discussing options with the consultant. The managers raised the issue of alignment with the Council's print copy shop. These issues are addressed in the options paragraphs. At one meeting the possibility of a 'management buy out' was floated by management staff but were not formulated as an option to be considered with the consultant.

- 3.8.14 Consultation with staff is ongoing and members will be updated at the Executive meeting.

The Consultant's recommendations

- 3.9.1 The recommendations from the Consultant's review are set in the summary at Appendix 1. The whole report is available in Democratic Services and will also be available at the Executive meeting. The figures quoted in the consultant's report may differ from those given by officers because of updating of the figures and transfer of RLSB Worksteps funding.

- 3.9.2 The Shaw Trust Agreement

The only option considered in the consultant's report in respect of the Shaw Trust agreement is to agree to the termination of the agreement.

- 3.9.3 Shaw Trust since 2005 have consistently stated they are unable to meet the Council's expectations for Carlyon. There is no advantage to having a reluctant partner. In the event that Carlyon is closed then officers recommend releasing Shaw Trust from the agreement in a timescale to be determined by officers in consultation with legal services. If Carlyon remains open, then either additional staff will be needed by the council to run and manage the business using the fee paid previously to Shaw Trust or the council will need to seek another organisation to develop an alternative business model to the current operation. There is little prospect of identifying such an organisation and in any event the council would continue to bear the cost and risks of the business while this was undertaken. For the council to resume direct management would be to revert back to the position before the contract with Shaw Trust when Carlyon was considered as non- viable

- 3.9.4 Worksteps contract options.

There are three Workstep options considered in the consultant's report, which are set out below as they appear in the report, although some of the figures are now slightly out of date as explained above:

A1 – maintain the status quo. This costs Brent Council a total of £522k per annum for the running of Carlyon, and RLSB sponsorship and Worksteps.

Officers do not consider that the status quo is viable because of the need to invest in Carlyon business to maintain a viable business to continue with Worksteps employees. In terms of Worksteps funding the future as detailed above is unclear and any future Worksteps contract will have to be tendered for. Local authorities have not generally been seen as good providers of Worksteps and Brent is no exception. Retaining Worksteps funding with a business running at a loss and with no way of moving permanent staff on is not viable.

A2 – the transfer of the nine employees at RLSB to RLSB, with Brent Council's continued subsidy of their wages tapering over no longer than the four years 2007 to 2011. Brent's commitment would cease by April 2011. This option would result in a net decrease in costs of £35k per annum and an overall cost by 2011 of £394k.

This recommendation has already been implemented by officers. In relation to the subsidy, although one option would be continue funding at the current level, officers are of the view that this would perpetuate an outmoded system of funding a few individuals. This is costly, requiring an ongoing subsidy of £395k p.a., and is not in line with current national and local policy on employment. Officers therefore recommend that the Council should begin to taper the funding such that it would end after a final payment in April 2010. RLSB have confirmed they are willing to accept this and that they are able to absorb the cost and full responsibility for funding the employees from 2011. This will also ensure the long term viability of their business.

A3 – option A2 re the RLSB transfer with the sub-contracting or novation of the remaining 24 places to another provider. This option would result in a net increase/decrease in costs compared to option A1 of £11.6k.

This option A3 would be the same as option A2 but with the additional element of transferring (via a novation of the Worksteps contract or a subcontract) of the 24 Worksteps places. The figure of £11.6k is the decrease in cost comparing A2 to A3 rather than A1 as stated in the report. This is the option recommended by the consultant). The costs are similar to the status quo (A1), but the service is likely to be significantly enhanced. Given other Worksteps providers experience with a number of other local authorities across the country in this regard, and their expertise in supporting people with disability into employment, it is further recommended by the consultant that negotiations could commence with them in the first instance (subject to any exemption required under Standing Orders).

The consultant in July was unaware of what the government's review of Worksteps contracts might conclude. As detailed in para 3.1.5. this is still not decided but clearly fundamental changes to Worksteps are anticipated as tenders which should have been advertised in September and let for April 2007 have not been advertised. This proposal for the current Worksteps contract to be sub-contracted or 'novated' to another Worksteps provider is not now relevant if the closure option is taken. If closure is not agreed, transferring responsibility for the Worksteps contract to another organisation does not change the issue of Carlyon's business viability or the permanent status of employees who do not want to move on discussed above.

As the Worksteps contract also specifically requires posts for disabled staff to undertake training in, novation depends on the option taken for Carlyon's future as if Carlyon closes those posts will go. Creating other posts in the Council for Worksteps specifically is not consistent with current HR and employment practice.

3.9.5 Options for the Carlyon Business

In respect of the Carlyon business the consultants report considers 5 options. The options numbering below reflects that used in the consultant's report. The report states 'the future for Carlyon is less clear-cut and there are advantages and disadvantages to each of the alternatives' and no specific choice between the options is recommended.

B4a Status quo. Carlyon remains within adult social care and B4b transfers to corporate centre without links with copy shop.

B4a - The status quo is not viable as Shaw Trust have stated they wish to withdraw from the agreement as they cannot make the current business financially viable. Even if use of the Carlyon print shop increased across the Council, this does not address the fundamental problem of the need for ongoing investment in equipment and the high cost of the business subsidy. Nor does it address what work the majority of employees should undertake.

B4b – As above. The report does not identify specific benefits of Carlyon being located outside adult social care which would change the analysis above.

B5a&b – Carlyon to transfer to the print shop.

The Head of Communications has been consulted on this option.

This is not a considered viable option. The print shop currently operates with two staff members (reduced from three). The bulk of its work is copying committee papers with only a small amount of printing being undertaken. The demand for both has declined over recent years and meeting budgets has got progressively more difficult.

The printing industry has moved forward significantly in the last ten years or so and is extremely competitive. The Council has not been able to invest in the print side of the operation as the cost of equipment is prohibitive.

The print shop is housed in the former council mortuary and is made up of a number of smallish linked rooms so is unsuitable for large numbers of people. To alter the layout would require demolition because of the way it was constructed.

Proximity to committee services and speed of response is vital so relocating to the Carlyon site is not considered viable or cost effective. It does not, as an option, address the fundamental issue that the minority of Carlyon staff undertake printing and equipment requires further investment, or Workstep issues.

In addition this does not address the fundamental problems detailed above, of the high cost of subsidising staff or ongoing capital investment. Nor does it address what work the majority of employees should undertake, who do not do print work.

Option B6 - Carlyon becomes a social enterprise

B6 (the social enterprise option) is untested and might prove unsustainable on its own (B6a). Equally though, a partnership with an existing social enterprise might prove unachievable (B6b). However, there are a number of national initiatives underway, particularly in relation to alternative ways of delivering statutory health and social care functions, around the development of social enterprises and this might well prove a growth area for the future – particularly in the context of the choice and diversity agenda for individuals, and within the framework of commissioners specifying the outcomes required, but with a variety of providers determining how these are delivered on the basis of their particular expertise .

The social enterprise model might conceivably turn out to be very successful for Carlyon, but could prove risky on the way. One way of mitigating the risk for the Council would be to set a trial period during which any subsidy was capped at the current level. This route might also link well with the modernisation of day services for adults with learning disabilities, as indeed could options 4 and 5.

Officers have set out above the fundamental problems with perpetuating an outdated sheltered workshop run by the council. In 2001 a ‘rescue’ package was agreed through the partnership arrangement with Shaw Trust to develop Carlyon as a social enterprise and reduce the subsidy and losses to the Council. This has sadly failed. The report is ambiguous about this option. On the one hand it states that Carlyon could be a resource centre for the wider community (work direct, room letting, job trials) and a business that, while never making a profit, could have a sustained future. Links with the learning

disability day centre modernisation, where the emphasis will be promoting direct payments and work opportunities with other employees do not fit here. On the other hand it states the “social enterprise might turn out to be very successful for Carlyon, but could prove risky on the way”. The above is similar to the route taken to develop the partnership approach with Shaw Trust which has failed to deliver joint objectives.

The report does not go into what a social enterprise ‘business’ would involve and no costings have been done, other than suggesting Carlyon as a social enterprise business might be further enhanced if both disabled and non-disabled were working together. This would require significant investment to create an as yet unidentified business, or continuation of printing, in addition to revenue for posts. The 2 workshops referred to rely on a higher proportion of non-disabled staff with disabled people working alongside, whilst a large external Worksteps provider stated it would not wish to be involved in a printing operation because it is not seen as viable long term, at a meeting with officers.

Option B 7 – Carlyon closes with supernumerary positions created in the Council for current employees

Option B8 Carlyon closes and no supernumerary posts created.

B7 and B8 are variants of the closure route. These reduce or eliminate Brent’s financial exposure for the future, but option B8 in particular might have reputational consequences for the authority. The Consultant felt that it would fetter the Council’s ability to build a modernised support network for adults in social care to return to employment, or to engage as fully as it might in all aspects of Pathways to Work from April 2008 for the residents of Brent and that option B8 might also have significant consequences for the well-being of some of the current employees, consequences that might require additional and currently uncoded support and care costs in both the short- and longer term. There will also be redundancy costs and an impact on the overall pensions/benefit bill from public funding.

The suggestion that supernumerary posts (i.e. posts which are surplus to those identified by a service as required to deliver its service plan) be developed is problematic. This would entail jobs being created specifically for Carlyon employees. This is not in accordance with existing corporate and HR practice and is not considered viable. Service Units consider their requirement for staff as part of the service planning process and it is hard to see how planning for supernumerary posts would be built into this process. Those who occupied any such posts, or worked with those in such posts, would be likely to feel that they had no real role in the organisation and this would clearly be a difficult position managerially. Creating artificial jobs does not appear to officers to be a very effective use of resources. All employees would be offered training and support for redeployment should closure be agreed. Support for people going into employment is also provided through job centre plus. If any staff had social care needs in learning disability or

mental health services; there are job projects to help people into work that might be appropriate.

Regrettably there is no obvious solution to maintaining Carlyon as a business or to changing the nature of its 'business' or reducing the loss to the Council. Whilst the consultant considers improved use of the training room, becoming a resource, linking with day care strategies, none of these will improve income sufficiently to reduce the subsidy and loss made on printing and hand finishing work. In addition the likely changes to Worksteps contracts and the fundamental policy shift away from sheltered workshops means Carlyon is no longer 'fit for purpose'. The council has already attempted to 'rescue' Carlyon, and the Shaw Trust partnership has failed to bring benefits that are sustainable.

A decision to close Carlyon would have significant impact on all staff but staff would be given training and other support and in line with HR policy be considered for redeployment and failing that redundancy. It is not likely that many staff would be suitable for other jobs, because of limited numeracy and literacy skills, although training has been ongoing. Where community care assessments are required these will be undertaken, and where services are needed, these will be provided. A decision to close will however ensure that the overspend affecting the community care budget will reduce by £132k at Dec 06. (Offset by the final redundancy or early retirement agreement for 1st year saving)

Officer overall assessment of viability of options

- 3.10.1 The overall conclusion of the Consultant's report is that the current way in which Carlyon functions as a sheltered workshop is out of step with current legislation and policy trends to enable access to mainstream opportunities. Workstep employees are not being provided with the type of 21st century employment support to enable move on to mainstream work. Officers agree with this and do not consider that the model of providing a sheltered workshop is an appropriate way to assist people with disabilities. It concentrates a high level of resources for few individuals, and fails to meet worksteps requirements for moving on.
- 3.10.2 As regards the social enterprise model, officers consider that this was done 5 years ago, with the Shaw Trust involvement and it has not succeeded. This option would take time, continue the length of time the business fails to achieve sales, and require a fundamental review and possible change as to what business should Carlyon be in. This also needs considering in the light that Shaw Trust wish to be released from the management agreement with the Council as they no longer can fulfil the requirement of the agreement. Officers are of the view that as a result of Shaw Trust's wish to be released from the management agreement and concern that their work is not as effective as it should be, steps should be taken to allow the release of Shaw Trust from the agreement.

- 3.10.3 The report still leaves open consideration of whether Carlyon as such could be maintained as a business, whether the Council should seek another partner, or whether there should be closure. All options in the report require some short and/or long term additional investment, and do not address the loss to the Council per annum if Carlyon does not close. Closure would incur redundancy costs in the short term but would enable annual losses to be stopped.
- 3.10.4 The report discusses possibilities of the Council's print unit being transferred/merged with Carlyon. This is unlikely to reduce overall costs and does nothing to address what to do with the light assembly employees. This has been discussed with Director of Communications and it does not meet with the corporate need to review its own print/photocopying functions. It does not address the issues of the majority of workers doing hand finishing packaging. The other option, should the Council wish to retain the Worksteps contract and specific posts for disabled people is to close Carlyon, but retain the posts as supernumerary ring fenced Worksteps posts in the Council. This is contrary to accepted good HR practice is not provided for in the council's managing change policy and sets a potentially dangerous precedent for any future reorganisations in which jobs are at risk.
- 3.10.5 The consultant's report does not consider the wider budget issues within community care with increasing demand and any savings could be seen as a reinvestment by community care to support the most highly disabled people requiring a care package or direct payment. The original setting up of the funding for Carlyon was well before the necessity for social care to focus on growing numbers of vulnerable people requiring intensive care and services, which have to be limited through the Council's overall resources providing for people under 'Fair Access to Care' with critical or substantial needs.
- 3.10.6 There has been significant investment of time and resources by the Council since 2004 when it was realised that Carlyon as an operation needed to be modernised and radically change. Despite this the partnership with Shaw Trust, whilst bringing benefits early on has not been sustainable. The position is therefore worse than in 2001 as there is now no obvious 'rescue' package or recovery plan that could provide a sustainable business. The fundamental change in national and local policy to support people in existing jobs and enable disabled people to have a range of work skills is the way to best maximise opportunities for people with disabilities. This is of course, very difficult for the Carlyon staff who have been committed and hard working. Every effort will be made to give maximum support to try to find alternative employment or where this isn't available offer the most appropriate redundancy or retirement package. It is therefore recommended that Members agree to release Shaw Trust from the agreement and to the closure of Carlyon, within 5 months. This will maximise the time available to ensure staff will have appropriate community care services in place, and will have received benefit advice and entitlements.

- 3.10.7 RLSB have stated they have a sustainable business and have proposed the decrease in sponsorship until 2011. This will continue the Council's commitment to sponsor employment for disabled people and avoid redundancies. It is therefore recommended Members agree to continue sponsoring the 7 places at RLSB for the existing staff, but withdrawing only if a staff member leaves/retires until March 2011.
- 3.10.8 The consultant proposed an option for the Council to retain the Worksteps contract, but as the future of Worksteps is uncertain, and there are no posts identified for such training/development except at Carlyon, it is not recommended to pursue this option, or the option to novate the contract to another Worksteps provider. Jobcentre Plus will however allocate the funding to another provider. The Workstep contract for Carlyon staff was due to end on 21 March 2007 but Jobcentre Plus have indicated that they will extend Workstep contracts in all regions to 31 March 2008. The Council has not yet agreed to such an extension of its contract. Jobcentre Plus have confirmed therefore that no notice period applies to the ending of the contract in March 2007. If Carlyon Print is closed then the Council will need to inform Jobcentre Plus of the requirement to terminate the contract immediately the closure plan is implemented. This will enable the Worksteps co-ordinator to give as much training and support to individuals wishing to seek alternative employment.
- 3.15.1 Following the individual interviews with Carlyon staff and representatives (many brought along family members) it has been identified that 13 should have community care assessments as they may be in need of community care services. Whether this is the case will be determined by application of the council's Fair Access to Care criteria for services. Individuals need to have critical or substantial needs to meet the criteria. All staff who meet the FACS eligibility criteria will be offered services. This could range from assistance back into employment through projects, attendance at a day centre, or use of direct payment, or assistance with carer relief or respite. Where staff do not meet FACS criteria support and advice will be given as to alternatives and linked in with advice and support from the Carlyon or RLSB Worksteps co-ordinator to minimise any impact or difficulties, such as financial concerns.
- 3.15.2 The RLSB staff have also had interviews and 2 may have community care needs if total sponsorship is withdrawn and job losses occur in 2007. 1 is not a Brent resident and would need to be referred to their own local authority for assessment. If the decision in principle on the closure of Carlyon is made by Members, this will be subject to the final approval of the Director of Housing and Community Care who will take into account the care needs assessments before making a final decision on whether to close and, if so, when. If any reduction in funding to RLSB is tapered as recommended in this report RLSB have indicated that they expect to be able to maintain the employment at their factory of the Brent sponsored employees.

4.0 Financial Implications

4.1 The 2006/07 estimated expenditure and income is set out below:

	Print and Packing Works Budget £000	Projected Outturn 2006/07 £000	Variance £000
Expenditure	634	672	39
Less Sales Income	242	118	124
Worksteps Grant	122	151	-29
Total	269	403	132

4.1.1 The budgeted figure for income reflects the substantial improvements achieved by the Shaw Trust in recent years. Prior to the arrival of the Shaw Trust annual losses were much higher. Given Shaw Trust's reputation as one of the best managers of this type of service it would be prudent to assume that there will be an increase in losses due to some fall in income and lack of cost controls after the departure of the Shaw Trust. Outline costings for a number of options were included within the Consultants report.

The 2 main options for the Carlyon Print and Packing Works are set out below.

4.2 Option 1 - Continue current operations at Carlyon without the Shaw Trust.

4.2.1 The Shaw Trust wish to be released from the agreement and officers agree this proposal for the reasons set out in the detail of the report. However this leaves a problem as to how to run and manage Carlyon in 2007/08. There will be a saving of the management fee of around £88k but there is a need to bring in additional management, receptionist and training which will mitigate most of this saving.

4.2.2 Implementation of the single status agreement anticipated from 1st April 2007 is estimated to add a further £80k to the cost of the service and increase the loss.

4.2.3 In order for the print side to maintain effectiveness it is estimated around £180k is needed to upgrade equipment, 50% of which may be claimable Cost but ongoing investment needed to keep equipment up to date). Jobcentre Plus have run a capital grant scheme for 2007/08 applications are now closed. There is no commitment from Jobcentre Plus to run such a scheme for 2008/09 and subsequent years and there is a risk that any capital equipment would have to be met wholly from council resources. Costs of maintaining current operations are summarised in the table below.

Item	Projected Cost at 2006/07 Prices £'000
Net cost of the works	395
Saving from Shaw Trust management fee	-88
Additional staff (manager and receptionist)	75
Training for staff	15
Depreciation of new capital equipment over 8 years (assuming no Jobcentre Plus grant)	28
Cost of implementing single status agreement for workforce	80
Estimated decline in income	50
Projected net cost of the service	555

4.2.4 The implication of this projection is that to continue the workshop on as close to a current basis as possible is likely to require contributions from the council of around £550k in a full year.

4.3 Option 2. Closure of Carlyon during 2007/08 date. See para 3.10.6 above.

4.3.1 This could achieve maximum savings in a full year estimated at around £550k based on the figures above.

4.3.2 In 2007/08 if all staff were made redundant. There would be the following estimated costs based on current salaries and redundancy policy.

	£000
Redundancy and Severance Payments	175
Capital cost of redundancy	190
Total	365

These one-off costs would need to be paid in 2007/08.

4.3.3 Additionally, any net saving would be reduced if any of the workers required care services from the Council. This cannot currently be quantified until a full assessment is undertaken.

4.4 RLSB

4.4.1 The current budget provides sponsorship for 9 employees. Two Retirements will reduce this from April 2007. Transferring part of the Worksteps grant to RLSB has further reduced costs and has a neutral impact on the Budget and this has been implemented from December 2006. RLSB have proposed a phased reduction in the remaining Brent sponsorship at the rate of 25% per year

starting in 2008/09. At 2006/07 prices this would mean payments to RLSB as follows (after allowing for the Worksteps grant they now receive):

	RLSB Sheltered Workshop 2006/07 Budget (with 9 employees) £'000	Budget adjusted for 7 employees (following retirements) £'000
Expenditure	179	132
Grant income	43	33
Net cost of the service	136	99

2007/08	£99,000
2008/09	£74,000
2009/10	£50,000
2010/11	£25,000
2011/12	£Nil

4.5 Capital

The above financial analysis makes no assumption about a possible sale of the future of the Carlyon premises in the event of closure or reduced activity in the site. The estimated value is £650,000 for current industrial use. If part of a residential development it could be up to £900,000 less any S106 and demolition cost. This would be subject to planning considerations. Carlyon was set up with the partial support of a government grant and there may be 'claw back'. The factory was acquired in 1976 for £145,000, funding was based on 25% from the Council and 75% from the DoE. If a decision is taken to close then this will need to be pursued further, Jobcentre Plus have confirmed they have no records relating to this grant.

In summary a capital receipt may be available to the Council from the future sale of the site, although this is by no means certain. Based on sale price of £650,000 this could be as follows:

	Available to the Council £000
The Best Scenario There is no claw back from DoE	650
The Next Best Scenario There is claw back by DoE based original grant	542
The Worst Case Scenario There is claw back based on current market valuation	163

5.0 Legal Implications

- 5.1 The Carlyon premises are owned by the Council but are currently leased to Shaw Trust. The lease is linked with the management agreement that the Council has with Shaw Trust. The lease to Shaw Trust is for a period of 10 years from 1 April 2002 and is a non-secure tenancy and provides for termination of the tenancy on 14 days notice if the management agreement is determined, surrendered, frustrated, forfeited or suspended. There is additional information concerning the premises in Appendix 5.
- 5.2 The Council entered into a management agreement with Shaw Trust from 1 April 2002. All the principal terms of the agreement were agreed at the outset but it has not been possible to agree all terms. Despite this, provisions with regard to the duration of the contract and provisions for notice are certain. The duration of the management agreement is 10 years but the agreement provides that either party may give notice to the other to terminate the agreement at the end of the third, sixth or ninth year on one party giving to the other three months notice before the relevant anniversary. Despite provisions regarding notice, Shaw Trust has indicated to officers that it wishes to terminate the agreement at the earliest possible time. Whilst the management agreement contains provisions regarding notice provisions and termination, the agreement does allow the parties to vary the agreement and agree other terms. Shaw Trust and the Council could therefore agree the early termination of the agreement at such time and on such notice as they wish.
- 5.3 The Council entered into a Workstep contract with the Secretary of State for Work and Pensions (acting through Jobcentre Plus) in respect of disabled workers at both Carlyon and RLSB. The contract commenced on 1 April 2004 and is for a period of 3 years with a further possible extension of 2 years. The contract has been extended to 31 March 2008. The Workstep contract provides funding to the Council to enable it to provide a training programme to 9 disabled workers at RLSB and 24 disabled workers at Carlyon. For the reasons detailed above the Council entered into discussions with the RLSB and with Jobcentre Plus with a view to varying the existing contract to remove the requirement for the Council to provide Workstep Services to workers at RLSB as from 1 December 2006. Jobcentre Plus have subsequently contracted directly with RLSB for the provision of Workstep Services for 7 of the 9 persons originally from Brent (2 of the persons in respect of which Workstep funding was received were retiring by February 2007 and it was not felt appropriate to transfer funding for these).
- 5.4 The Council entered into a service agreement with RLSB on 1 April 2001 under which it sponsored individuals placed originating from Brent. The sponsorship funded the wages. This agreement was expressed to be of one year duration but it would appear that the parties have continued to contract

on the same basis in subsequent years. The agreement specifies that either party may terminate the agreement on giving the other party not less than 6 months notice in writing. Discussions with RLSB about ceasing sponsorship on giving notice have however disclosed practical difficulties for RLSB and the future of their whole operation. Officers have therefore had initial discussions with RLSB regarding the possibility of a phased withdrawal of funding, with funding decreasing by 25% annually and ceasing altogether in March 2011. Further, if the current employees originating from Brent retire or otherwise cease to be employed by RLSB, the element of funding in respect of that employees employment costs would cease immediately. The service agreement permits the parties to vary the agreement and the Council would be able to agree such phased withdrawal of funding.

- 5.5 Whilst RLSB have indicated that it is prepared to assume full funding responsibility for the wages of workers originating from Brent from March 2011, it should be noted that Brent will retain community care responsibilities for such workers.
- 5.6 The Council has the power to make arrangements for employment in special conditions (“Sheltered Workshops”) for those with disabilities under the Disabled Persons (Employment) Acts 1944 and 1958.
- 5.7 The contract between the Council and the RLSB states this is the legal basis on which the funds are provided by the Local Authority to the RLSB. There are no available records setting out the legal history for the Carlyon Print arrangements but in view of the options it is reasonable to assume that the powers under the Disabled Persons (Employment) Act 1944 and 1958 were applied.
- 5.8 The Council has exercised this power in relation to both the RLSB and Carlyon Print for in excess of 20 years. In reaching a decision as to whether to continue to do so or what other steps to take in relation to the future of each arrangement the Council must comply with the principles of administrative law. Namely the Council must take into account all relevant information, disregard irrelevant factors, not act unreasonably in the sense no reasonable authority would act in such a manner, and must act fairly.
- 5.9 In the circumstances members must therefore consider all the facts and circumstances including the PFA Consultant’s report and recommendations, the views of Carlyon employees and the RLSB funded persons and their Union, and the potential impact upon such individuals, the effect upon the service providers, the opinions of officers, the council’s finances, and the demands of other service users.
- 5.10 Details of the consultation process and outcomes are set out in the report.
- 5.11 When a public body is making decisions it must have regard to the Human Rights Act 1990 and consider whether in reaching a decision such rights are engaged, and if so whether they are interfered with and lastly whether such

interference is justified and proportionate. The case law makes it plain that the Court is slow to interfere with decisions which involve a balance of competing claims on the public purse and the allocation of economic resources.

5.12 The Council also has duties to make arrangements for promoting the welfare of persons with disabilities which includes making arrangements for suitable work and recreational facilities under Section 29 of the National Assistance Act 1948. The powers under the Disabled Persons (Employment) Acts 1944 and 1958 for the arrangements of sheltered workshops are in lieu of similar powers in the National Assistance Act 1948. Section 29 of the National Assistance Act 1948 is a target duty and as such does not afford individuals rights, but places a general duty on the Local Authority to make suitable arrangements in its area. This duty can be satisfied in a variety of ways including making arrangements with voluntary organisations, assistance in accessing other public services etc.

5.13 Under Section 47 of the National Health Service and Community Care Act 1990 the Council is under a duty to assess individuals who may have a need for community care services. Where such a person is assessed as in need, that need must be met by a service. Individuals involved at the Carlyon Print who require a community care assessment (or a review where they are already existing clients) will be assessed and where needs arise, services will be provided. Assessments will be carried out before a final decision on the future of Carlyon Print is made by the Director of Housing and Community Care.

5.14 The powers and duties under the Acts relate to those persons who are ordinarily resident in the Borough. The legislation provides that where an individual is engaged in a sheltered workshop or pensioned from that sheltered workshop he/she is deemed to be ordinarily resident in the Borough he/she was living when first engaged. If the arrangement ceases, he/she becomes potentially entitled to services in the Borough where he/she is ordinarily resident at the time.

5.15 It is likely that the proposed options in this report which involve the closure of Carlyon Print trigger a duty on the Council under section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992 to consult with the trade unions recognised by the Council in respect of the Carlyon staff for collective bargaining purposes. In order to avoid a successful claim by one or more of the trade unions for breach of section 188 consultation as required by section 188 needs to have been carried out prior to any decision being reached to close Carlyon.

6.0 Diversity Implications

6.1 A diversity screening has been undertaken.

There are both general and specific implications which will be mitigated for individuals as far as is reasonably possible.

6.2 Carlyon

In terms of general policy there is a corporate strategy to increase the number of people with disabilities in jobs across the Council. There is also as detailed in para 3 above, co-ordinated work with a range of agencies to provide supported employment for disabled people in line with national policy. It is no longer national policy, as it was in 1976, to create long term jobs/work specifically for people because they are disabled in a sheltered setting. The policy is to assist disabled people to undertake training and be supported in open employment. If closure occurs staff will be offered redeployment or redundancy as part of the corporate HR policy. Carlyon would reduce the numbers of people with disabilities employed by the Council. This has to be balanced with the overall difficulty of subsidizing a business that is not a core Council function.

The ethnicity, age and gender range of individual staff is detailed in para 7.0.

6.3 RLSB

The RLSB employees will not be affected if the tapering option is agreed. This would be a positive way of maintaining disabled people in employment. Removing the funding from April 2007 would impact on the individuals employed by RLSB they are likely to be made redundant as set out below and according to RLSB the viability of their factory, will be threatened.

7.0 Staffing/Accommodation Implications (if appropriate)

7.1 The option to close would result in redeployment or redundancies in line with the council's managing change policy and as with any staff, be seen as a significant loss. In addition as the majority of the staff employed at Carlyon are likely to face substantial difficulties in finding other employment the council should consider its discretions in enhancing the redundancy payments to staff that cannot be redeployed.

7.2 A particular loss for the disabled staff would be the sense of being part of a family, for those with a learning or mental disability being a key support. Every possible support will be given to staff made redundant with input from Jobcentre Plus to seek alternative training or work placements

7.3 Detailed analysis of staff profiles are set out at Appendix 6.

7.4 RLSB staff

Detailed analysis of the profile of RLSB staff sponsored by Brent is attached at Appendix 6. Six of the 7 staff were interviewed. 4 of the RLSB employees are Brent residents (and a further one is temporarily out of borough awaiting rehousing by a Brent housing association). Of the 6 staff interviewed 2 staff may have community care needs if employment at RLSB ceases One

member of staff was very concerned as his partner is employed by Carlyon and also faces redundancy and they have significant financial pressures.

Background Papers

Peter Fletcher Associates report 2006
Valuing People DoH 2001
DoH Our Health, Our Care, Our Say 2005

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MARTIN CHEESEMAN
Director of Housing and Community Care

London Borough of Brent
Social Services Deciding Committee – 13th March 2002
Report No. 8 from the Director of Social Services
Carlyon Centre – Management with the Shaw Trust

For Action Name of Wards Affected

1.0 SUMMARY

1.1 The report gives Members information about the work undertaken to date with the Shaw Trust to extend employment opportunities and redevelop the Carlyon Centre in line with the Government's supported employment programme. The report recommends formalising the future relationship with the Shaw Trust through the award of a management contract and lease to occupy the building.

2.0 RECOMMENDATIONS

2.1 That Committee NOTE the progress on developing Carlyon in the light of the Government's supported employment programme.

2.2 That Committee AGREE the general principle that the Shaw Trust become responsible for the future management of the Centre and delegate to Officers the detailed negotiations and letting of a management contract.

2.3 That the Committee AGREE that the contract is of "special character" and therefore tenders need not be invited in accordance with Contract Management Guideline appendix B Contract Standing Orders paragraph 5.2.2.

Financial Regulations 6.1.9 and 6.1.10 also allow for contracts not to be put to competitive tender in exceptional circumstances or in cases of urgency or other compelling reasons.

2.4 That Committee AUTHORISE officers to finalise terms of a lease granting Shaw Trust occupation of the Carlyon Centre for a ten year period, and thereby secure government ERDF funding.

3.0 FINANCIAL IMPLICATIONS

The Shaw Trust will manage Carlyon Centre within current budget levels. Additional funding and income, including a capital sum of £114,000 ERDF from funding, will be reinvested in the Centre to bring about the desired improvements to the centre and changes. In year three of the proposed management agreement it is the intention to review budgets and lower the management fee payable by the Council and share the longer term savings.

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4.0 LEGAL IMPLICATIONS

The local authority has powers to provide a wide variety of services to promote the welfare of disabled persons. By virtue of section 29 of the

National Assistance Act 1948 a local authority may make arrangements for promoting the welfare of adults with a physical disability, or a learning disability or a mental disorder of any description. Section 29 also enables a local authority to provide workshops or provide suitable work for such persons and to make arrangements to help dispose of the produce of such work.

5.0 STAFFING IMPLICATIONS

There are no immediate staffing implications from the report and the proposed granting of a management contract and lease to the Shaw Trust.

Officers and the Shaw Trust will examine future employment options and determine in full consultation with staff and unions whether there are any further operational and staff benefits for the future employment of new or existing staff to be with the Shaw Trust. Should there become strong reasons why this appears desirable a further report will be brought to Committee.

The Shaw Trust has developed similar successful management arrangements in a number of other local authorities. In those, staff have ultimately been transferred from the local authority under TUPE arrangements.

Staff have already been consulted on the proposed wider involvement of the Shaw Trust in the management of Carlyon and view the plans positively.

6.0 DETAIL

6.1 For many years the Council has been concerned at the levels of financial support required to maintain the operations of the Carlyon Centre. Closure has at various times been considered but declined as the importance of providing employment opportunities for those with disabilities has been recognised.

6.2 The Shaw Trust was commissioned by Social Services in January 2001 to undertake a review of Carlyon Print and produce recommendations for its future development. The report identified much potential for the Carlyon Site, including greater employment diversity and employment opportunity, potential access to European and other funds, some of which would not be available to a local authority, and the potential for a future transfer of Carlyon's operations and employees to the Shaw Trust.

6.3 In order to maintain the momentum from this initial work an agreement was

entered into with the Shaw Trust to manage Workstep provision at Carlyon and to manage (in the interim) its transition to becoming an integrated training, employment and enterprise centre. This agreement runs to 31

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March 2002, after which the requirements of the Council's financial regulations will require a Committee decision to enter into a longer term management contract and to consider whether it is appropriate negotiate exclusively with the Shaw Trust. This interim arrangement enabled Social Services to ascertain (amongst other things) whether the Shaw Trust would be able to secure the external funding it envisaged which were a key part of the Management Plan.

6.4 There are several advantages to working with the Shaw Trust.

The Shaw Trust are currently at the forefront of the Government's supported

employment programme. They have good local knowledge, having written the local employment joint investment plan and having worked with Brent Health Action Zone and within an adjacent London Borough (Ealing). They also run a number of local facilities which will link to Carlyon and offer other training and employment opportunities to Brent residents. All these factors indicate good reasons for using the Shaw Trust to manage the centre. It is difficult to identify alternative suppliers. There are a number of charities running sheltered employment workshops but none are known to operate locally or be as leading edge as Shaw in developing the Government's vision for mainstream work opportunities for those with disabilities.

6.5 The Shaw Trust is a registered charity and not for profit organisation. They will be able to attract government funds that the Council cannot and have already secured subject to the Council entering into a suitable management and lease agreement £114,000 for infrastructure improvements (buildings and equipment) under an ERDF bid. They have also successfully obtained European Social Funding for training, supported placements and job brokerage. All of these funds are being reinvested at Carlyon to widen employment opportunities, upgrade equipment and make better use of the existing premises.

6.6 Carlyon's poor sales performance (against budget target) will be addressed

through new management, new investment and a new emphasis on marketing and new product lines. A marketing manager has recently been appointed. The printing business will be established as a social firm but will become one of a number of activities within the new centre.

6.7 The new Carlyon centre will contain other social enterprises, intermediate labour market places, a series of training programmes and an employment agency dedicated to finding employment for local disabled and disadvantaged people. This will mean a much improved service to clients and enable many more people to move into mainstream employment and enhance their skills and employment opportunities.

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6.8 Other key elements of a future management plan will include the following:

- Utilise Shaw Trust's expertise in general management and training and employment. Carlyon Centre to become an integrated training, employment and enterprise centre.
- Shaw Trust to manage all Brent's Workstep places and undertake an intensive programme of work with current Workstep employees. The aim will be to reduce numbers on Workstep at Carlyon from 27 currently to 11 by April 2004, with 16 moving to other mainstream and Workstep employment during that period. Workstep places released as a result of this process will support disabled people in other external employment.
- Develop Carlyon centre to contain other social enterprises, intermediate labour market places, a series of training programmes and an employment agency dedicated to finding employment for local disabled and disadvantaged people.
- Identify new funding streams to enable development and transition to take place. Key potential funders are ESF, SRB, New Deal and training

funders.

- Form a high level project group to foster corporate commitment, generate further Council print business and examine future staff employment options.

6.9 Officers believe that we have a unique opportunity to work with the Shaw Trust to improve facilities and opportunities and to acquire much needed external investment. Improved efficiency and wider employment opportunities will directly result from this. The Shaw Trust has both expertise in this specialist area, local connections and access to funding opportunities that the Council do not. There are no obvious alternative suppliers, the Shaw Trust has already demonstrated that there is substance and funding behind their plans, an ability to deliver beneficial and cost effective change and therefore there are compelling reasons to enter into a longer term contract and lease. As the Shaw Trust a registered charity there are significant differences between this working partnership and a commercial contract. For all these reasons Committee is asked to agree that tenders need not be invited in accordance with Contract Management Guideline Appendix B Contract Standing Orders paragraph 5.2.2

“Tenders need not be invited where the appropriate Committee or Sub-Committee is of the opinion that the goods or materials or works required are of a proprietary or special character for which it is not possible or desirable to obtain competitive prices”.

We are not contracting out at this stage the whole of Carlyon’s operations or staff although a further phase of the management contract will examine the pros and cons of an even closer working relationship and any potential for such structural change.

Legal services have advised in terms of European Procurement Regulations the contract falls within Part B of Schedule 1 to the Services Regulations,

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being a mixture of categories 24 and 25, Education and vocational education services and Health and Social Services. The services are subject to minimal regulation, the only requirements being to prove:

- a) non discrimination in technical specification
 - b) notification of the contract award to the EU Publications Office (but there is no requirement to publish in the Official Journal of the European Community).
 - c) Provision of information about the contract to the DETR if requested.
- Officers believe that the Council will be able to satisfy these requirements.

7.0 BACKGROUND INFORMATION

Any person wishing to see the above documents should contact:

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Consultant's Summary From Report

IMPLICATIONS AND COSTED OPTIONS

This details out the options PFA have identified for the future into the Workstep and Carlyon issues and provides detailed costs for these options.

There are three Workstep options:

For Carlyon the business, there are five options in Appendix 5: B4 to B8, with B4a being the status quo.

The other options apart from B4a raise a series of financial, employment and policy issues for the authority. These are highlighted in Table 1 on the following pages.

They also raise a variety of issues for the Workstep employees and management/supervisory staff at Carlyon.

Unlike the clarity underpinning the preferred Workstep option, the future preference for Carlyon is less clear-cut. There are advantages and disadvantages to each of the alternatives to the status quo for Carlyon set out in B4b and B5 to B8:

- B4b (corporate management of Carlyon) is an improvement on B4a in policy and practical terms if Carlyon is to remain in Brent Council, as are both B5a (integrated with the copy shop) and B5b (corporate management and integrated with the copy shop). This would apply equally to the assembly and print functions, since both would offer opportunities for testing job trial skills (punctuality, social interaction, and so forth) and therefore could be linked as a first step to other programmes of employment support.
- B6 (the social enterprise option) is untested and might prove unsustainable on its own (B6a). Equally though, a partnership with an existing social enterprise might prove unachievable (B6b). However, there are a number of national initiatives underway, particularly in relation to alternative ways of delivering statutory health and social care functions, around the development of social enterprises and this might well prove a growth area for the future – particularly in the context of the choice and diversity agenda for individuals, and within the framework of commissioners specifying the outcomes required, but with a variety of providers determining how these are delivered on the basis of their particular expertise .

The social enterprise model might conceivably turn out to be very successful for Carlyon, but could prove risky on the way. One way of mitigating the risk for the Council would be to set a trial period during which any subsidy was capped at the current level. This route might also link well with the modernisation of day services for adults with learning disabilities, as indeed could options 4 and 5.

- B7 and B8 are variants of the closure route. These reduce or eliminate Brent's financial exposure for the future, but option B8 in particular might have reputational consequences for the authority. It also fetters its ability to build a modernised support network for adults in social care to return to employment, or to engage as fully as it might in all aspects of Pathways to Work from April 2008 for the residents of Brent. Option B8 might also have significant consequences for the well-being of some of the current employees, consequences that might require additional and currently uncoded support and care costs in both the short- and longer term. There will also be redundancy costs and an impact on the overall pensions/benefit bill from public funding.



HOUSING & COMMUNITY CARE

BRENT WORKSTEP CONTRACT AND CARLYON PRINT: PFA REPORT ON OPTIONS FOR THE FUTURE November 2006

Peter Fletcher Associates Ltd (PFA) were asked by Brent Council to look at the future options for:

- Carlyon Print, and
- the Council's Workstep contract. This contract covers people at both Carlyon and Royal London Society for the Blind (RLSB).

This leaflet sets out the conclusions and recommendations in PFA's report.

Brent Council are now considering the report and will be deciding on the way forward. They will be consulting with employees individually.

PFA's report and this leaflet consider Brent's Workstep contract and Carlyon Print separately.

BRENT'S WORKSTEP CONTRACT

Background

Brent's Workstep contract was originally for 39 places. From 1st April 2006 JobCentre Plus reduced the contract to 33 places. The other six places have been passed to other Workstep providers in London.

24 of the 33 places are at Carlyon; the other 9 are at RLSB.

Shaw Trust have been involved in the Workstep contract at Carlyon since 2001. In April 2005 they decided to withdraw, though they are still involved at the moment.

The Adult Learning Inspectorate has carried out two inspections of the Brent contract. They were critical on both occasions of aspects of the service that people were receiving.

At the moment the Government is reviewing all Workstep contracts across the country. It is not yet clear what changes they may decide to introduce - nor when. It is likely though that the contracts will change from April 2008 with an increased focus on helping people with disabilities to improve their skills and gain permanent jobs. This has always been the purpose of Workstep.

In some parts of the country people already move on from Workstep to permanent employment. In other places, including Brent, this has rarely been the case.

All the Workstep employees are funded through Brent Council, with the assistance of a Workstep grant from JobCentre Plus.

Workstep at Carlyon

Thirteen of the people at Carlyon have been employed there for more than twenty years. Most of the others have been there for more than ten years. Thirteen of them work in the assembly section, six in print and another four on other tasks.

Only one person has progressed to open employment from Carlyon since April 2000.

Overall, there is now little movement either into or on from the Council's Workstep contract to other employment. This means that:

- some people in Brent may be missing out on the opportunity to join Workstep and so develop their skills
- some of the current workforce may be missing out on other employment opportunities. Some have skills for which there is a market, and others are capable of more stretching jobs.
- the Council is not providing the type of service it would wish for people with disabilities. This would better support them to lead independent lives, including in employment, and to have more choice.

Workstep Recommendations

The report recommends in relation to Carlyon that:

- Shaw Trust's management contract should end as soon as possible. This is what Shaw Trust have said they want.
- the 24 Workstep places at Carlyon should be transferred to a provider for whom skills development and employment support for people with disabilities is a core part of their work. This would provide a better service for all people with disabilities in Brent, regardless of whether they are Workstep employees at the moment or might become ones in the future.
(This recommendation would require the agreement of JobCentre Plus. All the indications are that they would be likely to agree to this.)

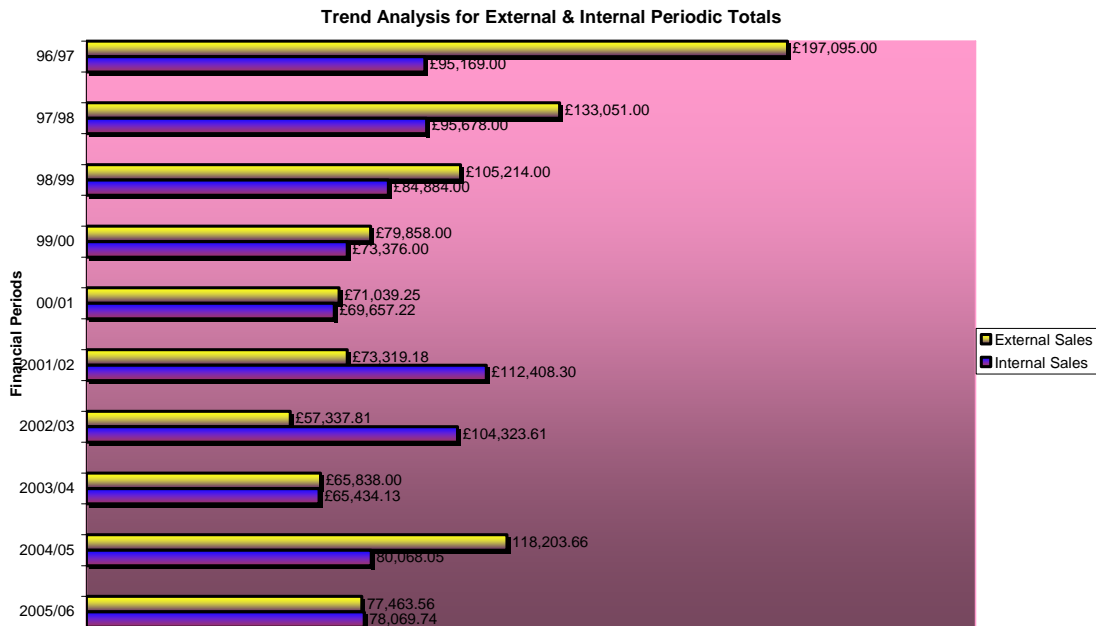
In relation to the RLSB employees the report recommends that:

- Responsibility for them under the Workstep contract should be transferred to RLSB. RLSB are in agreement with this transfer proposal in principle and it is considered that it will not disadvantage the current RLSB employees.

Carlyon Print

Carlyon Print operates as a business run by the Council's Housing and Community Care Department. It is a printer and has an assembly/packaging function.

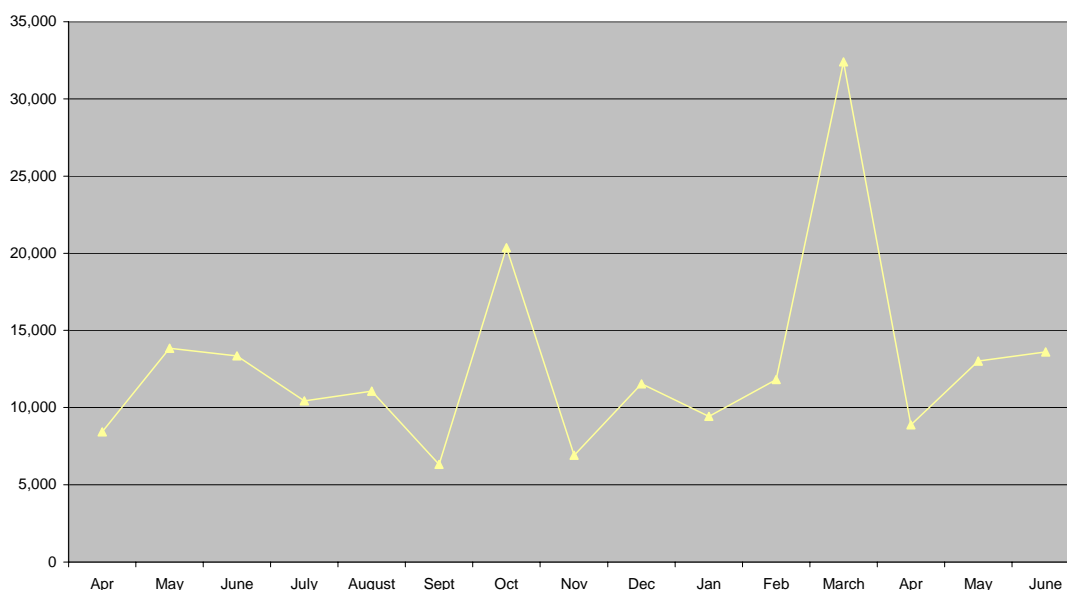
Total sales at Carlyon over the last ten years have reduced from over £290,000 in 1996/97 to £155,000 in 2005/06 – as shown in the following graph:



All the employees at Carlyon, and the independent consultant employed by Shaw Trust, have made huge efforts to increase the sales income over the last year. There is now a wider range of purchasers and more variety in the assembly/packaging tasks. Despite these efforts, though, there has been little effect on the sales income as yet in the period up to summer 2006 – as the graph on the following page shows for the fifteen months up to June 2006.

The cost to the Council of operating Carlyon Print was £356,000 in 2005/06. This was after including the Workstep grant from JobCentre Plus and sales income of £155,000. The budget for Carlyon Print assumes £240,000 of sales, or £20,000 per month. This has only been achieved in two of the last fifteen months, with most of the income coming from printing.

Overall monthly sales (£) April 2005 to June 2006



Printing is a very competitive business. Many companies have closed because they have been unable to compete. But Carlyon Print also meets a number of wider community objectives and provides other social benefits. These could be further developed.

In addition, Brent Council has a copy shop that supports its committee and other printing requirements. This is operated by its Communications and Consultation section.

Other authorities operate businesses that support people with disabilities. In some cases this is at less cost than in Brent. They recognise the positive contributions this makes both to the lives of the people employed and to their wider community.

Carlyon Print Options

The report identifies five main options for the future of Carlyon and assesses these against the current position both in terms of cost and a wide range of other issues.

There is no easy solution to the dilemma the Council finds itself in and the report does not recommend the outcome it should pursue.

Rather it suggests that Councillors will need to take a view on the basis of all the issues.

The options put forward in the report are:

- continuing as now in the Housing and Community Care Department
- moving to more central management within the Council, probably alongside the copy shop and better linked to other Brent initiatives for people who are disadvantaged
- becoming a social enterprise business (perhaps as a social firm or as part of an existing social enterprise provider), but with the subsidy from the Council capped at the existing level for an agreed period of time
- closing down, but with the existing employees moving into supernumerary positions elsewhere in the Council
- closing down, with no supernumerary positions being created for the existing employees.

If the last of these options was adopted, the Council would seek to redeploy existing employees who wished to be redeployed and would pay redundancy payments to those eligible for the payments who were not redeployed. Employees aged at least 50 who were members of the Council's pension scheme and who were made redundant would also be entitled to an immediate pension and lump sum payment.

Next Steps

All the employees at Carlyon are being briefed on the PFA report at meetings on 13th November 2006.

Following this, the Council will consult with, and seek the views of, each employee individually, and will consult with the recognised Trade Unions.

The Council intends to take its time to decide on the most appropriate way forward. This may not be until February 2007.

The Council recognises that this extends the period of uncertainty for employees. However, it makes sure that there can be a proper period of consultation on the options and their impact for

individuals. The Council recognises that this is a major issue for many people. It intends to ensure, therefore, that the decision it reaches is the most appropriate in the circumstances and the one that best meets everybody's interests.

Should you wish to discuss this further, please contact:

Clive Turner at Brent Council Tel: 020 8937 4625

Terry Bean or Ana Hough at Carlyon Tel: 8998 0067

Mike Faulkner at RLSB Tel: 020 8838 4384

Christabel Shawcross Tel: 020 8937 4230

Overall Carlyon report
10.11.06

Appendix 3

Appendix 3



National League Secretary
Joe Mann MBE

NLBD is a section of Community

Cllr Paul Lorber
Leader of the Lib Dem Group
Brent Town Hall
Forty Lane
WEMBLEY
HA9 9HD



General Secretary: Michael J. Leahy OBE

11 JAN 2007

Our ref: LC/lm/Carlyon Print

10 January 2007

Dear Cllr Lorber,

Review of Options for the Future of the Carlyon Print Centre

As a trade union representing disabled workers at the Carlyon Print Centre, we strongly feel that the best option is to keep the centre running. We understand that the current management have put some very positive proposals forward and we would urge the Council to adopt them.

The option our members prefer is to continue in their current employment. Carlyon Print employs 1/6th of the Council's entire disabled workforce. To close the workshop would effectively leave some of the most vulnerable people in society living on benefits.

A Remploy report indicated that keeping disabled people in work is 85% self funding in terms of paying tax, not claiming benefits etc. and a boost to the local economy. So we think any imagined savings in closure would be short term and largely illusory.

Having been involved with this workshop for many years we feel the present managers are on the verge of turning the business around. If they can be given the chance to implement their ideas we are confident it can be a success both for the Council and the disabled workers involved. It is, after all, their livelihood.

Also we understand that whilst the Council owns the freehold, it was originally given in a type of covenant by the Department of Employment, who effectively have a claim to 75% of the value. We would argue that in a sense this is a Central Government subsidy to help support disabled people.

Trusting you will support the option to give the Carlyon Print Centre the chance of a viable future.

If you would like to discuss the above further please do not hesitate to contact this office.

Yours sincerely,

PP *Lee Cash*
LEE CASH
Organiser, Region 8



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Formerly ISTC/KFAT

Meeting
Date

Version no.1
Date
30.1.07