

Cabinet – 15 July 2009

Links-to-Work work Preparation and Supported Employment Service. Update on the future of the Service

Portfolio: Councillor McCracken, Social care, health and housing

Service: Links-to-Work
Adults Social Care & Inclusion
Disability Services

Wards: All

Key decision: Yes

Forward plan: Yes

1. Summary of report

- 1.1 Links to Work is a work preparation and supported employment service for people who have a disability or are disadvantaged by society.
- 1.2 The service has run at a substantial loss of around £0.400m per annum since it absorbed part of the workforce of Walsall Windows in 2004. This deficit is currently contributing to the Social Care and Inclusion overspend position.
- 1.3 In October 2008 a range of options were considered to address this budget shortfall and support was given to a restructuring of the service that maintained a sustainable service that could grow and could be eventually externalised.
- 1.4 This report identifies that the budget deficit is predicted to increase substantially due to the current national economic downturn requiring substantial cost reductions to achieve an income and expenditure balance.

2. Recommendations

- 2.1 That Cabinet approves the recommendation that the staffing complement at Links to Work be reduced by 9 posts in order to address the historic budget deficit.
- 2.2 That in order to address the significant loss of income due to the economic downturn, action be taken to reduce the staffing complement by a further 6 posts.
- 2.3 That opportunities available to the Council and its partners to provide sustainable employment opportunities to people with disabilities and for this to include a review of the future role of the Links to Work service be explored.

3. Background information

- 3.1 Links to Work is a work preparation and supported employment service for people who have a disability or are disadvantaged by society
- 3.2 The 150 service users who attend Links to Work do not count as 'people in employment'. Links to Work should be considered as a sheltered workshop/employment provision. Service users are supported in an employment environment engaging in various activities / tasks rather than attending traditional day services

4. Progress subsequent to October

- 4.1 The budget deficit at Links to Work has increased from £0.284m as at November 2008 to a projected £0.448m for 2009/2010. The major influencing factor has been the general economic downturn which has reduced income.

- 4.2 Specifically, this relates to:

Recycling plastics – income reduction	£32k
Assembling window vents etc., - income reduction	£59k
Packing locks – income reduction	£47k

Attempts to gain replacement contracts have been unsuccessful largely due to the overall downturn in the national and international economy.

- 4.3 In October 2008 it was envisaged that Links to Work needed to reduce numbers of staff employed by 9 posts and maintain its income streams to achieve the required balanced budget in 2009/2010.
- 4.4 Since October income levels have declined as indicated in 4.1. A report to Scrutiny and Performance Panel indicated that a further 6 posts (15 in total) were at risk to achieve the balanced budget.
- 4.5 Scrutiny and Performance Panel asked the Chief Executive to identify whether the 'at risk' employees at Links to Work could be accommodated in jobs elsewhere within the Council to obviate the need to make disabled employees redundant.
- 4.6 Discussions at Executive Director level have indicated a need for a whole system review of the strategic approach to the issues of employment of people with disabilities and whilst there may be scope to extend the current 'recruitability scheme' and explore new options these discussions have also recognised that there is no immediate or short term alternatives to obviate the need to reduce staffing levels to address the increasing budget shortfall and potential impact on the overall Social Care & Inclusion budget.
- 4.7 Due to the issues raised by Scrutiny the declaration of the number of employees 'at risk' was suspended however this has meant that action to reduce the budget deficit has also been suspended placing considerable pressures on the overall Social Care & Inclusion budget position and in particular the Disability Service which hosts the Links to Work function.

- 4.8 In addition to the financial issues the reports submitted regarding Links to Work have identified that the historical model is no longer sustainable in the current economic context and will not meet the definitions of 'employment' or the future need to support the employment of people with disabilities.
- 4.9 An overview of the service indicates the need to review the activity set against a strategy which could include more radical commissioning options for the future. This will be the subject of a further submission to Cabinet at a later date.

5. Resource considerations

5.1 Financial:

- 5.1.1 The preferred route to address the underlying financial issues at Links to Work still led to an overspend of £0.339m in 2008/09 which was funded from underspends elsewhere within learning disabilities. At this time it was predicted that an overspend of £0.096m in 2009/10 and £0.025m in 2010/11 would occur based on historical income assumptions.
- 5.1.2 The suspension of progress on the 9 'at risk' posts following Scrutiny concerns also means that the anticipated reduction in budget deficit has not been achieved which places further pressure on the directorates overall budget position and anticipated outturn for 2009/10. As at June 2009, it is predicted that Links to Work will overspend by £0.448m.
- 5.1.3 The forecast overspend is based on Links to Work's current staff structure, expenditure trends and income forecasts. The staffing budget is not sufficient to cover all current fixed posts and budget shortfall of 0.268m is expected on staffing alone. Income targets are £0.138m lower than budget for this year due to the current economic climate, loss of grant funding and reduced sales. Other overspends are expected for premises costs including leasing and energy bills.

5.2 Legal:

- 5.2.1 The report proposes the reduction of employees in this business unit to ensure that the service is delivered within budget. Any reductions in staffing levels as a result of compulsory management actions will need to comply with relevant employment (redundancy) law and local processes and procedures regarding selection and re deployment.
- 5.2.2. Subject to meeting statutory qualifying criteria employees made redundant will be entitled to redundancy pay based upon a statutory formula taking into account the length of service, the age of the employee and their average wage. Dependant upon the amount of the redundancy pay this may payable free of tax.
- 5.2.3. As with all such action there is the risk of litigation however with appropriate and timely advice this can be managed down.

5.3 Staffing:

- 5.3.1 There are implications in terms of consultation with staff, individual support, redundancy and redeployment. There are limited opportunities for redeployment due to skill levels of some of the employees.
- 5.3.2 Full consultation has taken place regarding the original 9 posts 'at Risk'. Further consultation and Cabinet approval is required for the proposed further 6 posts 'at risk'. Consultation will be necessary with affected staff and recognised trades unions.
- 5.3.3 It has been agreed that all posts should wherever possible be skills matched with vacancies within the Council in accordance with the established redeployment policy. In addition a variety of approaches, including job trials rather than formal interview, would be implemented as part of the reasonable adjustments to meet the needs of people with disabilities.
- 5.3.4 Wherever possible the Council will try to offer alternatives to people with disabilities losing their employment but the economic circumstances are such that Links to Work will need to reduce its staffing levels to address the budget deficit.

6. Citizen impact

- 6.1 There are 32 staff at Links to Work, half of these have a disability. These staff have full Council Contracts of Employment and it is this group of staff which is affected by the need to reduce expenditure. In addition 150 adults with disabilities living in Walsall attend, and are supported by Links to Work, at this stage there are no proposals to reduce the number of attendees.
- 6.2 Regarding people supported by Links to Work, if there was a need to reassess and seek alternative services this would have an impact on the resources of the social work teams. This would mean diverting resources from other citizens and delays in support for individuals. The loss of placements for trainees and additional pressures on carers could also lead to health problems and increased demand on Walsall health services.

7. Community safety

There are no direct community safety implications within this report.

8. Environmental impact

Links to Work currently collects an average of 6 tons per month of plastic; this contributes to the Council a minimum of £240 a month in avoided landfill charges and influences EU monies. The reduction in volumes has impacted on the savings the Council have previously made this has reduced from £1200 per month to just £240 per month.

9. Performance and risk management issues

9.1 Risk:

- 9.1.1 The existing issues create economic risks due to overspend and the budgetary pressures they create.

9.2 Performance management:

- 9.2.1 There are key performance indicators that are affected by the operations at Links to Work. These indicators link to the council's overall performance rating.

N1 132 – Timeliness of social care assessment (18+)

N1 133 – Timeliness of social care package (18+ from 2009/10)

N1 136 – People supported to live independently through social services.

N1 146 – Adults with learning disabilities in employment.

- 9.2.2 Links to Work offers support, tackles inequalities and encourages independence through the acquisition of skills and progression to open employment. This service is in line with key government directions outlined in 'Our health, our care, our say – a new direction for community services', 'Putting People First' and 'Valuing People Now'.

However the historical model is no longer sustainable in the current economic context as it does not offer real work as required by PSA 16 and the numbers of people progressing to open employment is very low. To meet the aspirations of the cross government strategy 'Valuing Employment Now' there is a need for a radical increase in the number of people with moderate or severe learning disabilities to be in employment. The Government wants as many as possible of these jobs to be at least 16 hours per week.

- 9.2.3 The vision for Walsall in 2021 states that people are our strength and have the skills and attitude required by employers. An appropriate whole system strategy is a key influence on the council's performance to make this vision a reality

10. Equality implications

The proposals would impact upon the number of people with a disability employed by the Council.

11. Consultation

- 11.1 Disability Services Senior Management Team, Finance and Human Resource Officers have been consulted during throughout the progress since the Cabinet view in October.
- 11.2 All staff including Unison Stewards have been made aware of the deficit, the Cabinet view and the need to change. Generally, they accept that there needs to be changes made, but there is anxiety regarding the future of their jobs.

Background papers

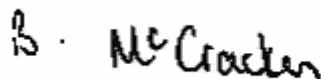
Report October 2008 – Links to Work Preparation and Supported Employment Service – Decision on the future of the Service.

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A handwritten signature in black ink, consisting of a series of loops and a long, sweeping horizontal stroke extending to the right.

Dave Martin
Executive Director
3 July 2009

A handwritten signature in black ink, written in a cursive style that reads "B. McCracken".

Councillor Barbara McCracken
Portfolio Holder
6 July 2009