

REMPLOY BRIEFING

Remploy was founded in 1945 to help disabled ex-servicemen/women in to work after the Second World War. Remploy is a Non-Departmental Public Body, which reports to the Secretary of State for Work and Pensions (DWP) and receives annual funding from the DWP of around £140m a year. It has a network of 83 sheltered factories across the country and employs 5,000 disabled people.

Since 1988 Remploy's focus has increasingly moved from providing sheltered employment towards finding jobs for disabled people in mainstream employment through its employment services operation. Last year it secured employment for 5,200 disabled people in mainstream employment with companies such as BT, Asda and the NHS and as a result now places more disabled people in mainstream employment every year than are employed in its factories.

Remploy is proposing to shift its activity away from its ageing network of factories towards its highly successful employment services operation, which will help many more people into work. It is anticipated that by diverting funding into the employment services operation they will quadruple the number of disabled people accessing mainstream employment.

A National Audit Office report in 2005 stated that:

“Many of the Remploy businesses are not currently sustainable and are unlikely to be so in the future. The average cost per person in a Remploy business is disproportionate to the average salary and there is little scope for improvement in the traditional manufacturing businesses”.

Following this report, the Secretary of State for Work and Pensions commissioned PricewaterhouseCoopers to review the strategy for Remploy. Ministers asked Remploy to produce a plan to find significantly more jobs for disabled people while keeping within a spending limit of £555m over the next five years and to avoid compulsory redundancy of disabled employees.

It is proposing to close 31 factories and merge a further 11 with a nearby Remploy factory. Every time a disabled person is placed in a job with another company there is a one-off cost of just over £5,000, while each job in the factories costs on average £20,000 every year.

Remploy have made the unprecedented offer that no disabled employee will be made compulsorily redundant and that they will be able to remain on their current Remploy terms and conditions, including final salary pension scheme, working for another local employer, for as long as they wish.

As a result Remploy is proposing to close operations at its Stockton site, which loses more than £700,000 per year. It currently employs 40 people, 38 of which have a health condition.

Remploy are currently undergoing a 90-day consultation process, which has now been extended into October. Remploy must then submit proposals to Government by the end of October.

Remploy's press office advise delaying any presentation/witness statement until after a decision is made by Government.