

**BRIEFING DOCUMENT**

20 September 2007

**REMPLOY'S MODERNISATION PROPOSALS**

***Remploy's proposals mean that within five years we will quadruple the number of jobs we find for disabled people in mainstream employment - that is 20,000 jobs each and every year.***

After reports by the National Audit Office and the Prime Minister's Strategy Unit, the Secretary of State for Work and Pensions commissioned PricewaterhouseCoopers to review the strategy for Remploy. Following that report, Ministers asked us 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. We have to make sure we spend the £555m where we get the most value.

That is why we have proposed closing 31 factories and merging a further 11 with a nearby Remploy factory. Every time we place a disabled person in a job with another company there is a one-off cost of just over £5,000, while each job in our factories costs on average £20,000 every year. The equation is simple - for the cost of one job in our factories we can place four people into jobs in mainstream employment every year.

We 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.

Our proposals will allow us to transfer resources from factories into finding more jobs for disabled people in mainstream employment.

We know that, with the right training, job preparation and support, almost all of our employees can work in other companies, and we are already talking to charities and social organisations to find meaningful work, in a more supportive environment, for those who need extra support.

Every disabled employee will have the support they need for as long as they need it.

**TRADE UNIONS' CAMPAIGN**

***If the unions got their way, and Remploy did not modernise, over the next five years more than 40,000 disabled people would continue on benefit rather than enjoy the benefits of a satisfying and rewarding job.***

The unions' campaign is not about helping more disabled people into employment; nor is it about redundancies. We have given a firm commitment that none of our disabled employees will be made compulsorily redundant.

The unions' interest is in maintaining loss-making factories which cost the taxpayer millions of pounds each year. The cost of this would prevent us from helping thousands more disabled people into employment each year.

The response from the unions to our proposals has been to threaten a strike. It must be the first strike in history against a company that was trying to create thousands of jobs.

We get our funding from the Government, and Ministers have told us that Remploy has to change. The status quo is not an option.

The unions' decision to hold a ballot on industrial action is extraordinary behaviour in anyone's book.

We agreed an extension to the consultation process and, jointly with the trade unions, welcomed Roger Poole to assist in this process and we are continuing to consult with the trade unions under Roger Poole's chairmanship. The unions announced their intention to ballot before the first of the meetings chaired by Roger Poole had even been held.

The threat of industrial action will cause our customers to go elsewhere and put even more jobs at risk.

In opposing the modernisation plan, the unions are not only opposing the creation of jobs for disabled people, they are promoting segregation of disabled people and opposing their integration alongside the rest of the population. They are trying to stop Remploy moving forward in the way that the vast majority of disability organisations support.

**DISABILITY CHARITIES AND OPINION FORMERS SUPPORT FOR REMPLOY**  
***The following letter from The Guardian on 19 May 2007 clearly shows the views of the leading disability charities. Since then, the support of the wider group of organisations of and for disabled people has been confirmed in the consultation exercise which Remploy recently completed.***

*"Our organisations work with and support many thousands of disabled people, and we endorse the comments by the chief executive of Remploy (Unions vow to fight closures of factories for disabled workers, May 16). We agree that by focusing its limited resources on supporting people into mainstream employment Remploy can help larger numbers of people to get and keep jobs and can offer a wider choice of job. We believe this is a positive step forward for disabled people and should be welcomed.*

*"We appreciate that some people still think that disabled people can only work in factories staffed predominantly by other disabled people. However, we believe that, while these factories have been of real benefit in the past, disabled people are far more likely to have fulfilling lives, and to reach their potential, by working in the inclusive environment which the rest of us take for granted.*

*“Remploy has been very successful in helping disabled people into work with mainstream employers - it placed over 5,000 people in this way last year - which shows that there are few limits to what disabled people can achieve.*

*“The minute you assume someone cannot work in the outside world you will ensure they don't. Disabled people want to work in ordinary places doing ordinary jobs. It is a matter of human rights.”*

*Signed*

*Bryan Dutton, Director General, Leonard Cheshire*

*Liz Sayce, Chief Executive, Radar*

*Jo Williams, Chief Executive, Mencap*

*Paul Farmer, Chief Executive, Mind*

*John Low, Chief Executive, Royal National Institute for Deaf People*

*Jon Sparkes, Chief Executive, Scope*

## **PUBLIC PROCUREMENT**

***We agree that new public procurement regulations provide some opportunities for generating new business and have built that into our proposals. The public sector is already Remploy's largest customer, with sales last year of £35m.***

We have established a factory in Oldham manufacturing replacement windows for the public sector and social housing market. Since this business started three years ago, the number of employees has quadrupled to 100 and it has been extended into a second factory at Merthyr in South Wales.

We have for several years been supplying leading edge nuclear, chemical and biological suits to police forces and military in the UK and around the world and recently secured a new order for suits for the police worth £11m.

It is disappointing to see the unions have decided to order a ballot on national strike action as this can only have a detrimental effect on our chances of gaining new public sector business and retaining existing customers.

## **REDUNDANCY QUOTATIONS**

***The unions have claimed that we have served redundancy notices on employees. This is not true.***

We want to ensure that our employees have all the information that they need to make a considered response to the unions' calls for national strike action. Senior managers have visited every site to brief employees on the ballot and explain the consequences of a 'Yes' vote in the industrial action ballot.

As part of the process, following numerous requests from individuals at affected sites, provisional redundancy quotations (NOT notices) were prepared for all employees on affected sites. Managers were expressly instructed not to distribute these provisional quotations unless they were requested by the individual. Following the factory briefings,

during which the manager was authorised to tell employees the quotations were available on request, they were made available to those employees who requested them. Just over half the employees on the sites asked for quotations and were given them. The rest of the quotations are still with the managers.

## **SOME MISLEADING COMMENTS IN CIRCULATION**

1) The trade unions have a costed alternative business plan supported by Grant Thornton which would mean that all the factories could remain open.

The key component of the trade union plan is a huge increase in gross margin (sales less material costs). This has been just over £50m every year since 1994 and the unions say that it can be raised to £75m by 2008/9 and then £105m in 2012/13. This increase of 40 per cent in one year and then 114 per cent in five years is completely unrealistic. Grant Thornton has stated in writing that it has not expressed any opinion on the trade union plan.

2) The commitment to no compulsory redundancy cannot be met and employees will be paid to stay at home.

Remploy has over 2,300 vacancies within 12 miles of sites proposed for closure in the sort of jobs that are suitable for our employees. For people who need extra support, they may work in a local social firm or charity. They will be able to provide extra training and development which could mean the employee moving to other vacancies later. Charities such as Mencap and British Heart Foundation, which have hundreds of shops around the country are happy to work with us. Some people may be able to move into a local sheltered workshop or voluntary organisation. Whatever our employees choose, Remploy will support them in moving to a new employer, learning a new job and will stay in touch.

3) Factory employees are not capable of working in mainstream employment and will end up on benefit.

The disabled people we employ in our factories have great skills and abilities and the same range of disabilities as the 5,000 people who we placed in mainstream employment last year. We know that, with the right training, job preparation and support, almost all of them can work in other companies, and we are already talking to charities and social organisations to find meaningful work, in a more supportive environment, for those who need this. Around 40 per cent of the people we placed into mainstream employment last year had mental health issues or learning disabilities.

4) People placed by Remploy in mainstream jobs only stay in the job for six months.

On average, they remain in the job for more than three years.

5) There are no disabled people running the company.

Around a third of our managers and supervisors are disabled. It is not enough, but at least it is rising slightly rather than falling. We have tried to recruit disabled managers,

but many do not want to work for Remploy. That is why we are spending a lot of effort on developing our own shop floor employees into managers.

**For further media information contact:**

David Felton, 07803 214682  
Helen Wardle, 07984 434712