

tackling worklessness

a series of 'how to' guides
for councils and their partners

responding to redundancy



1. why do you need to respond?

The effects of the economic downturn have been felt across the UK, with large job losses in all parts of the country. Well-qualified workers and graduates are being made redundant, not just unskilled and semi-skilled workers. Micro and small businesses are also affected, not just larger employers.

- it is estimated that, in the long run, an average saving of £16,450 per employee can be made by preserving jobs, and keeping skilled workforces intact, rather than creating new jobs from scratch (see CIPD in further resources)
- redundancy hits the most vulnerable the hardest: lone parents, young people, people from ethnic minority groups, and those with any kind of disability
- it can also affect their families: child poverty, domestic violence, homelessness, drug and substance abuse and crime may increase.

2. how should councils respond?

Councils need to get involved at three stages:

trying to preserve jobs ahead of a formal declaration of administration, receivership or redundancies

Councils often pick up intelligence about possible closures or redundancies before they happen. If they intervene quickly they may be able to save all or some of the jobs, or lessen the impact.

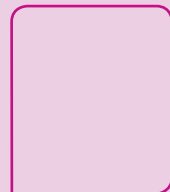
But this is not just a matter for the council. If the council picks up concerns, it will need to agree a joint strategy for managing relations with its partners and the employer. Several organisations may already be in touch with the employer:

- business Link handles government financial support for small and medium enterprises, and will offer a health check and help, both in trying to save a sound company and in spinning off new businesses from parts of it

- the local Chamber of Commerce (or other employer organisations, see further resources below) is often a source of skilled expertise quickly available to advise managers or owners trying to find a future for their companies
- for major redundancies, the Regional Development Agency may be able to assist, within EU guidelines, with investments in land and infrastructure, as well as supporting inward investment
- Jobcentre Plus has a Rapid Response Service with a co-ordinator in every district and access to funding. The Learning and Skills Council is also a key partner and can work with the company to carry out a skills assessment and design retraining and up-skilling solutions.

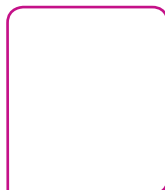
Councils can often bring something special to the table:

- they can move quickly, sometimes more quickly than other agencies
- they can take a holistic view of a site, and the people who live nearby
- they can provide leadership with the leader of the council playing a key role, and look for imaginative solutions to what may seem daunting.



threat of redundancy checklist

- Have you liaised with the partner agencies: Business Link, Jobcentre Plus, Learning and Skills Council, the government (especially the Department for Business, Enterprise and Regulatory Reform), and the Chamber of Commerce? And are they prepared to move quickly if the worst happens? Have you agreed a key contact?
- Have you identified the key decision-makers in the company (who may be in another city or country) whom you need to influence to save jobs, namely owners, key managers, key directors, suppliers or customers, pension fund trustees? Have you briefed the person in the council best equipped to meet them (the leader, senior officer or economic development officer)?
- Have you talked to trade unions or workers' representatives?
- Do all concerned know how the public sector, including the council, may be able to assist? Have you been in touch with local employer organisations?
- Are Business Link advisers ready to offer assistance both to businesses and to individuals interested in starting new businesses?
- Is the council itself prepared to offer radical interventions?



radical interventions

Here are examples of what councils can do:

- land deals: the council, or others, may be able to purchase all or part of the land owned by the company, and either rent parts back to the company or find other smaller premises for the company to continue
- changes of planning use class in part of a site: subject to approval by the Development Control Committee or the development of an Area Action Plan, changes can be made from manufacturing to housing, for example, which will increase the value of part of the land, and enable the company to offer more in security to banks. Care needs to be taken, however, not to encourage the sale of the whole site for non-employment uses.

case study

Siemens and Lincolnshire County Council

When Siemens was looking to relocate its gas turbine production from Lincoln, Lincolnshire County Council acted fast. Through partnership working with others, including two districts, it persuaded the company that a site in nearby North Hykeham would meet its needs. A state-of-the-art factory and offices are now under construction.



- short-term loans or loan guarantees: working capital is often the key, giving a business time to restructure
- procurement support: for example, gaining time by procuring orders from councils subject to ensuring compliance with legal processes, or speeding up payments. See the IDeA diagnostic tool on pages 80 to 82
<http://www.idea.gov.uk/idk/core/page.do?pagelid=9325114>
- advising on management or other buy-outs. This is not to be undertaken lightly. It involves creation of appropriate teams and preparation of business plans. Some economic development officers have the necessary skills, as do Business Links. Or the council may assist by paying for external advice
- advising on and/or supporting social enterprises set up by former workers. A few Business Links have specialist expertise on the creation of social enterprises, and a few enterprise agencies such as Aston Reinvestment Trust specialise in this work

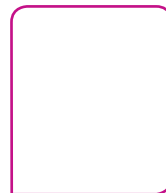
Further resources: IDeA diagnostic p.75 to 78, or the IDeA publication Social enterprise and local government.

case study

Source Derbyshire

The county council, in partnership with Northcliffe Electronic Publishing, has created an internet database which advertises the contracts being let by all the councils in the county, including Derby City Council. It lists new opportunities, and highlights recurring contracts which firms can bid for in the future.

www.sourcederbyshire.co.uk/Default.aspx

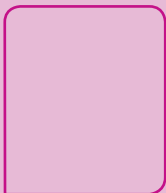


case study

Centre for Cities

The Centre for Cities has published a study of Leeds, Brighton and Bristol which suggests strategies to help them through the recession. The strategy for Leeds involves consolidating its base in financial services, in particular by persuading firms that are downsizing and looking for smaller office premises, to move to the city.

www.centreforcities.org/index.php?id=710



In intervening like this, councils will be able to use the research and strategy development set out in the IDeA diagnostic, work previously done and contacts made, to understand their local economy and how this business fits into it. This will help them form judgments, and identify relevant contacts, who will advise them over the kind of interventions that may be of assistance.

2. responding to the immediate aftermath of a closure announcement

If redundancies, or closures, are announced, then even more urgent action is needed. The key to success is to be involved sooner rather than later.

A council will need to work with all the partners identified above. They will need to respond in two complementary ways:

A. through economic development initiatives designed to save as many jobs as possible;

B. ensuring that services are in place to meet the immediate needs of employees who are or may be affected.

In each case, the key is speed. There is no time to waste.

A. economic development initiatives

All the points in the checklist above remain relevant, with added urgency, because the clock is ticking. Other businesses in the supply chain may be affected and you will need details of suppliers and a proactive partnership programme to ensure that they remain viable.

Buy-outs, new social enterprises, and land deals will now involve the receiver or administrator. Positively, where a business is dragged down by its borrowings or let down by customers or suppliers, but the underlying business is viable, administration or receivership may be the only way to proceed, with the viable parts of the business sold on to new owners.

The danger is that the receiver or administrator wants to complete the job quickly and does so, on the basis of a fire sale with little thought about the pre-requisites for preserving a viable business or businesses. Political leadership is important to ensure that the community's needs are represented.

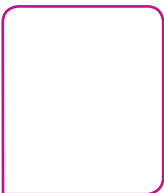
B. getting in quickly to meet the immediate needs of employees

Workers may have had an inkling that all is not well, but many will feel disillusioned and wish that they had taken opportunities to get out earlier. There can be a need for individual counselling and many firms will employ outplacement companies. Partnerships can be built with such companies and many general issues can usefully be dealt with in question and answer sessions with all the support partners.

One example may be dealing with the situation of a company pension fund, car loans, unpaid wages, and some housing issues, such as how to prevent banks or building societies rushing into repossession when payments on mortgages become difficult.

Those affected need help to prevent themselves from getting into irresolvable debt problems, and may need help in claiming benefits. They may also need help to keep in touch with each other, and to maintain social contacts and activities.

In the longer term, some people will realise that redundancy represented an opportunity that led to new a career, including self-employment and business start up, but others will remain disillusioned and frustrated. To address this, guidance is needed for case-workers and advisors who will have to deal with anger management alongside providing constructive practical advice.



case study Manchester

The Manchester Economic Development, Employment and Skills Commission has produced a paper for the ten Manchester councils, advising how they might wish to spend their money to support a Jobcentre Plus, Learning and Skills Council and Business Link response to the recession.

Two years ago the City Strategy group set up a redundancy protocol, and this has been followed on a few major redundancies since.

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case study

Birmingham council and Rover

More than 6,000 workers lost their jobs when MG Rover closed at Longbridge, Birmingham in 2005. Over the weekend following the announcement, Birmingham council put in place a telephone hotline, staffed by a dedicated team, to provide advice to worried workers. The other agencies quickly came on board to provide a seamless service, which, over the next three years, led to a majority of the displaced workers finding work.

A web-page – MG Rover Community Information – was set up, with links to many other relevant websites. The council has subsequently worked with the regional development agency, Advantage West Midlands, to create as many jobs as possible on the site.

www.birmingham.gov.uk/GenerateContent?CONTENT_ITEM_ID=58438&CONTENT_ITEM_TYPE=0&MENU_ID=127

checklist:

- Is there a one-stop-shop, or a single point of contact, with a website, where advice can be given on benefits, pensions, training and re-training, jobsearch, self-employment and business start-up, money advice, and health and family issues?
- Have you drawn on the strengths and experience of Jobcentre Plus, and co-ordinated their work with your own benefits service and voluntary agencies like the Citizens Advice Bureau? Jobcentre Plus has committed to making direct contact with employers, utilising Rapid Response support, where there are 20 or more employees being made redundant. They can offer a wide range of support from job brokerage to carrying out a skills analysis to help identify transferable skills and training needs relevant to the local labour market. And they can provide access to an action fund to overcome individual, short-term barriers to taking up a specific job offer, for example travel to work expenses.
- What kinds of training and retraining programmes exist, and what can quickly be created? How are the Learning and Skills Council, and local colleges and universities,

involved? Has a skills assessment of the individuals and the company been undertaken? The government has made available significant additional funding from European Social Fund (ESF) and Train to Gain through the Learning Skills Council to enable individuals facing redundancy to be able to access training to provide them with the economically valuable skills they need to re-enter the labour market.

- Are efforts being made to keep as many social activities open as possible, for example sports and social clubs, and trade union branches?



case study

Greenwich Local Labour and Business

This is a local labour initiative funded by the London Development Agency and the European Social Fund. It works with employers and other organisations to maximise job opportunities for local people and secure business opportunities for local companies.

This has led to service improvements in job brokering services, employment and skills assessments and rapid referrals to employment support services, including:

- talent bank for fast tracking job-ready customers into suitable employment
- employability support for skilled customers
- improved access to GLLaB Advisory Discretionary Fund, to pay for items which remove barriers to work
- offering better-off calculations to job-ready customers during the transition back to work, including a range of in-work benefits
- one-to-one support in dealing with complex benefit claims
- improved online recruitment services
- one-to-one job coaches.

www.greenwich.gov.uk/Greenwich/Working/GLLaB/

3. the longer term

A company or organisational closure is likely to lead to short or long-term unemployment for a number of former employees. IDeA advice on dealing with worklessness will be relevant.

Those who will find it hardest in the current climate will be those in difficult-to-place groups, and any guidance should take care not to imply easy solutions for these groups in this climate. The important experiences of the coalfields show that there can be a future after closures, as a recent Audit Commission report makes clear (see further resources).

Each worker is an individual, with different needs and aspirations. But there are special issues for women who may have been able to work shifts that fitted in with childcare or other caring responsibilities, workers from ethnic minorities, and older workers who often feel that their chances of getting back into the labour market are very poor.

In January 2009, the government announced a package of support which starts from April 2009 for

those still unemployed after six months on Jobseekers Allowance. This includes an employment subsidy, a training subsidy, help with starting self-employment and wider use of volunteering to improve employability. Councils should maintain communications with Jobcentre Plus about this package and any subsequent developments.

The council should also be actively promoting:

- leisure time activities of many kinds
- volunteering
- other activities in the voluntary sector, as there may be ways that skills can be passed to younger generations through mentoring and training
- youth work to ensure that young people remain positively engaged
- access routes to public sector professional and other jobs.

For more information see No council of despair: positive local leadership in a recession.

www.idea.gov.uk/idk/core/page.do?pagelId=9487771#contents-5

top tips

are you picking up intelligence about possible redundancies in your area?
.....

when you hear that jobs are threatened, do you have procedures in place to consult with key partners?
.....

do you have an officer designated to take the lead from the perspective of the council?
.....

are key elected members – the leader, the cabinet member with responsibilities for regeneration, and the chair of planning – prepared to become involved?
.....

are you geared up to work with the voluntary sector to provide advice and direct assistance to those who are most severely affected?
.....

are your community development and leisure specialists prepared to quickly become involved in trying to preserve and develop community spirit and to ensure that social and community assets are preserved?
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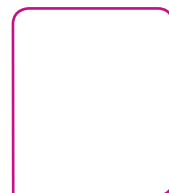
are you set up to use your procurement powers to save jobs if you can?
.....

do you know how to access advice for those who want to start social enterprises or community businesses?
.....

4. further resources

- Driving economic prosperity: benchmark and diagnostic for councils, IDeA 2009.
www.idea.gov.uk/idk/core/page.do?pagelid=9325114
- Global slowdown: local solutions - councils helping people and businesses, LGA 2008.
www.lga.gov.uk/lga/publications/publication-display.do?id=1191945
- Back to business: local solutions, LGA and British Chamber of Commerce 2009.
www.lga.gov.uk/lga/core/page.do?pagelid=1492897
- No council of despair: positive local leadership in a recession, IDeA 2009.
www.idea.gov.uk/idk/core/page.do?pagelid=9487771#contents-5
- Stand up to the downturn: a guide to supporting local communities through the downturn, SOLACE 2009.
www.solace.org.uk/news_downloads.htm
- Solutions for business: funded by government, Department for Business, Enterprise and Regulatory Reform 2009.
www.berr.gov.uk/whatwedo/enterprise/simplifyingbusinesssupport/page44804.html
- Into recession: vulnerability and resilience in Leeds, Brighton and Bristol Kieran Larkin and Malcolm Cooper:, Centre for Cities 2009.
www.centreforcities.org/index.php?id=710
- IDeA support on addressing worklessness and skills development
www.idea.gov.uk/idk/core/page.do?pagelid=8589911
- IDeA recession checklist
www.idea.gov.uk/idk/core/page.do?pagelid=9487771#contents-7
- Social enterprise and local government
www.idea.gov.uk/idk/core/page.do?pagelid=8840188

- A mine of opportunities: councils and the regeneration of the English coalfields, Audit Commission 2008.
www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=AD4449FE-0A61-42F5-AF84-85C80E722DBE
- Good practice guidance on housing and council tax benefit services
www.dwp.gov.uk/housingbenefit/performance-value-for-money/performance-guide/
- Information on Business Link and schemes of support for businesses and what is on offer for individuals wishing to become self-employed or start a business
www.businesslink.gov.uk/solutions
- Redundancy: a false economy, Chartered Institute of Personnel and Development (CIPD).
www.cipd.co.uk/pressoffice/_articles/050108Costofredundancy.htm?lsSrchRes=1
- Jobcentre Plus
www.jobcentreplus.gov.uk
- Working Ventures UK runs a national network of employer coalitions that can offer support.
www.wvuk.co.uk/
- Trade associations and the Federation of Small Businesses can also help.
www.fsb.org.uk/default.aspx?loc=general&id=0
- Also, see the other guides in this series.



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Local Government Association

The Local Government Association is the national voice for more than 450 local authorities in England and Wales. The LGA group comprises the LGA and five partner organisations which work together to support, promote and improve local government.

