

**Report To:** Cabinet Report  
**Date of Meeting:** 25 June 2013  
**Lead Member / Officer:** Cllr Bobby Feeley/Phil Gilroy  
**Report Author:** Deborah Holmes-Langstone  
**Title:** The Future of Cefndy Healthcare

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**1. What is the report about?**

This report is about Cefndy's past performance and explains why Cefndy's future rests heavily on much needed investment. Although financial & service performance has been good, the fact that Cefndy has delivered ongoing efficiencies has inhibited the service from investing in its factory infrastructure.

**2. What is the reason for making this report?**

Denbighshire County Council made a commitment (in the Corporate Plan) to support Cefndy's future existence by approving capital investment; this report explains why investment is needed. The report gives detail and justification for capital investment and provides options for new plant that will enable the service to move forward and become sustainable without the need for ongoing revenue support from Denbighshire County Council

**3. What are the Recommendations?**

1. That Members consider Cefndy's Business Case for investment and support the proposal for investment (option C), subject to agreement from the Strategic Investment Group.

2. That Members support an approach to Welsh Government for a Capital Investment Grant to cover the full costs in recognition that the impact of the removal of the business's DWP funding would create a far greater pressure on the benefit system without this investment.

**4. Report details.**

4.1 Cefndy Healthcare is a Denbighshire County Council supported business that exists to provide meaningful employment and training to 60+ people, of whom 45 have a disability. Cefndy's contribution to local employment and training breaks down as follows:

- In employment – 60
- Disabled in employment – 45
- Work Opportunities people with Learning Disabilities attending – 2
- School placement – 1

Cefndy has been in existence since 1976 and was historically underpinned by a budget contribution from the Council. In the last 5 years Cefndy has reversed the trend of increasing dependency on Denbighshire's financial underpinning, by

delivering commercial growth and financial efficiencies (see Appendix 1 – Business Plan).

4.2 Over the last 5 years Cefndy has:

- Increased sales performance by +£1m (now £3.8m)
- Reduced financial dependency on DCC by over £200k

4.3 However, the challenges that now face the organisation compromise the sustainability of the business/service and at worst, could even threaten Cefndy's viability of existence if not addressed.

4.4 Options:

- a. Carry on with the existing plan and remove DCC subsidy, accepting that this may result in likely job losses and reduce business development activity. This in turn would be likely to reduce the social ethos impact ie, the support for disabled people being in employment within Denbighshire.
- b. Maintain a level of subsidy for an extended period, recognising that Cefndy will still not be able to invest, but will allow it to maintain its social ethos and disabled employment provision, whilst consolidating its business so that over time it will be able to support its own investment needs.
- c. Capital Investment as per the Corporate Plan, so allowing Cefndy to address the risks faced and become more efficient and able to cope with the loss of DWP funding.

**The Recommendation is for Option C – by allowing investment that will lead to financial sustainability without DCC budget**

**5. How does the decision contribute to the Corporate Priorities?**

Cefndy, supports the following Council Priorities:

- Developing the local economy and our communities
- Protecting vulnerable people and ensuring they are able to live as independently as possible

Furthermore, investment in Cefndy is included as a specific priority within the Corporate Plan

**6. What will it cost and how will it affect other services?**

It will cost £500k from Adult Services Reserves. There is no impact on other Services either within Social Services or any other Council Department.

**7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.**

The conclusion of the EqIA is that this proposal, if approved, protects jobs for disabled people who are otherwise restricted in finding employment. The gap between disabled people's employment rates and those of non disabled people is greater in Wales than in the UK as a whole.

## **8. What consultations have been carried out with Scrutiny and others?**

This proposal has been prepared by the Board, which includes 3 elected Members, and assessed by the Head of Adult & Business Services and the Chief Finance Officer. It has been discussed by Performance Scrutiny, who wholeheartedly supported Option C as a means to continue providing much needed employment to disabled adults in Denbighshire. The Strategic Investment Group are to consider the detail of the financial proposal in their meeting in July.

## **9. Chief Finance Officer Statement**

An allocation of £500k has been earmarked for investment in Cefndy in the council's Corporate Plan. A detailed business case is to be presented to the Strategic Investment Group for consideration before being approved by Council. The capital investment should mitigate against the potential loss of grant funding and help facilitate the removal of direct council budgetary support. Cefndy's sales and costs should be kept under review in future to ensure continued compliance with local authority trading restrictions.

## **10. What risks are there and is there anything we can do to reduce them?**

The main risk is that monies will not be available to Cefndy to invest and address the other risks. Such investment is critical in addressing the risks faced, namely:

- Potential redundancy situation for disabled people working at Cefndy, in light of the withdrawal of DWP funding (£225k per annum from October 2015)
- Escalating costs (employment and operational) through machinery breaking down regularly (30 yrs old). Viability under threat.
- The safe working environment being jeopardised by lack of investment (DCC's Fire Risk Assessment in 2012 identified several areas for improvement including, heating/lighting and compartmentation).

## **11. Power to make the Decision**

Council Constitution/Part 2 Articles of the Constitution/para 6.3.4(ch), "In exercise of their scrutiny functions, Scrutiny Committees may: make recommendations to the Cabinet and/or Council arising from the outcome of the scrutiny process"