



### **REPORT TO THE CITY FOR CHILDREN AND YOUNG PEOPLE'S EXECUTIVE**

**Date of Meeting**                      **28<sup>th</sup> January 2007**

**Title of Report**                      **Connexions Services: Evaluation of Future Options**

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### **SUMMARY OF REPORT**

- 1.1 Derby City Council is a part owner of Connexions Derbyshire Ltd, along with Derbyshire CC, the University of Derby and the Derbyshire Chamber. Connexions Derbyshire Ltd has voluntarily pooled its Connexions grant into the Local Area Agreements in Derby and Derbyshire.
- 1.2 The statutory duties and funding for all Connexions services pass from April 2008 to **all** local authorities (working through Children's Trusts) and as a result, from that time onwards, local authority (LA) procurement rules are applicable.
- 1.3 At the meeting in March 2007, the Executive accepted the recommendation to establish a transitional arrangement with Connexions Derbyshire for services up to March 2009, subject to decisions under the Local Area Agreement and in consideration of any future financial implications. The Government now expects every LA will have determined future arrangements for Connexions by the end of March 2008.
- 1.4 This report covers recent work to assess the options for the future delivery of Connexions services, leading to decisions by the two LAs by 31 March 2008.
- 1.5 In this report, 'Connexions services' is shorthand in general for information, advice and guidance services for 13-19 year-olds and specifically for the three Connexions statutory duties. 'Connexions Derbyshire Ltd' is the company that provides these services in the city and county areas.

### **SUPPORTING INFORMATION**

- 2.1 This paper provides evidence and insight to help Derby City Council answer the following question:  
  
    'In light of the involvement of Connexions Derbyshire at the heart of our strategic partnership working and integrated developments, and the performance against statutory (and wider) indicators, is a minimum change option the most sensible, or are there any compelling arguments for proposing significant change?'

- 2.2 The Government's vision is for all young people to enjoy happy, healthy and safe teenage years and prepare them well for adult life and enable them to reach their full potential. In response to this, the City for Children and Young People intends to develop a number of multi-agency Integrated Youth Support Teams which will operate with a locality focus and provide services to young people aged 11 – 19, alongside similar teams for younger children.
- 2.3 Youth Support Teams will include staff from a wide range of services including Connexions, Youth Service, Education Welfare, Social Care, School Nursing, Youth Offending, Drugs Support teams and the Voluntary sector. These teams will form effective links with other service providers who support young people. A range of objectives have been identified for the Integrated Youth Service and these are attached as Appendix 1.
- 2.4 In Area 1 of the city an integrated co-located multi-agency youth support team is currently being trialled. The team has been operating as a virtual team for the past twelve months and is currently in the process of becoming co-located. Members of the YOS and Drugs service will link into the teams but will not be co-located. Key lessons from the team operating virtually are that there is a much better understanding of the various services within the team and that service delivery is much better communicated and co-ordinated.
- 2.5 Whilst lessons are being learned about the co-located delivery model in Area 1, in principle the rest of the city will start to operate virtual Youth Support teams from April 2008. Further work is currently being undertaken around the structure for how these teams will operate.
- 2.6 Four options for future organisational arrangements for Connexions services have been evaluated. Options 1 to 3 were originally described in an Options Analysis paper produced for Derbyshire's Children's Trust Board in October 2007. Option 4 is a different delivery mechanism with a similar outcome to Option 3.

Option	Description
1	Both LAs to commission Connexions arrangements externally following a competitive tendering exercise.
2	Both LAs to commission Connexions – and possibly wider - arrangements from Connexions Derbyshire Ltd as a "local authority controlled" company
3	Break up the Connexions service and TUPE staff separately into the City and the County Councils
4	Move the Connexions service into either the County or the City Council who would then buy/sell the service from/to each other. For the purposes of evaluating the impact on Critical Success Factors, it was assumed that the service transferred to the County.

- 2.7 The impact of each of these options on the critical success factors for delivering the vision outlined above has been assessed as follows:

Positive = the current situation is expected to improve

Neutral = no change expected

Negative = deterioration expected

Unknown = the situation could improve, worsen or stay the same

Critical Success Factor In approximate order of importance	Option			
	1	2	3	4
Maintain quality of service	unknown	neutral	neutral	neutral
Stability of arrangements for current trials	negative	neutral	delayed	unknown
Security and certainty for Connexions staff	negative	positive	negative	negative
Continuity of staff and day-to-day working relationships	negative	positive	negative	negative
Maintain KPIs	negative	neutral	negative	negative
Satisfy key stakeholders	negative	neutral	negative	negative
Continuity of strategic relationship	negative	neutral	positive	negative
Flexible partnership to enable rapid service redesign	negative	neutral	neutral	negative
Maintain focus on service delivery, not reorganisation	negative	neutral	negative	negative
Predictability of the resourcing process	negative	neutral	positive	negative
Connexions are involved in planning the service	neutral	neutral	positive	negative
Low unit cost	Initially positive, but could be negative over the life of the contract	neutral	negative	unknown

- 2.8 None of the options above would prevent Derby City Council delivering its vision. The difference between the options is mainly the business risk involved and the speed at which the authority would be able to achieve its vision.

### Experience of other Local Authorities

#### 2.9 Option 1

In areas where the option of competitive tendering has been followed eg Gloucestershire & Northumberland, the outcome has led to an external bidder being appointed which may be beneficial in the longer term, but has led to severe disruption in the short term. Accordingly, one would perhaps pose the question of whether the current arrangements are not meeting current needs before deciding that such an option is worthwhile.

#### **2.10 Option 2**

In areas where the option of an LA controlled company has been followed eg Nottingham/Notts & Leicester/Leics, the transfer to the new arrangements has gone smoothly – building upon the current strengths of the Connexions company and current integrated youth support arrangements, while reflecting the new statutory duty of the local authorities.

#### **2.11 Option 3**

In a number of areas where Connexions companies have been closed down and taken in-house, there has been a negative impact on service delivery to clients and stakeholders due to a short term loss of key management expertise, both in professional leadership and core corporate services e.g. accountancy/HR. Such a situation would have a major impact in relation to Connexions Derbyshire Limited as the loss of expertise would have an adverse effect not only on Connexions delivery, but across the range of other contracts (50) held by the company e.g. Education Business Partnership.

- 2.12 The analysis above suggests that option 2 would best meet the service requirements and duties within the context of developing locality services in the city. Further work is, however, in hand on the detail of the options and in liaison with the County Council, given their major interest.

### **FINANCIAL IMPLICATIONS**

- 3.1 The government grant to Connexions is £2.364m in 2008/09. This is pooled with other grant funding within the Local Area Agreement. As a result, the statutory functions relating to Connexions have passed to the Council and have been passed back to Connexions through a funding agreement. From 2008, funding nationally for Connexions will pass to local authorities.
- 3.2 As part-owner of the company, the costs of any personnel implications relating to a downscaling or complete winding up of the business due to longer term decisions could have financial implications for the City Council.
- 3.3 Connexions maintain their own HR, Finance and IT functions. The latter is largely focussed on operational duties, but some support activity may be more efficiently delivered in other ways. Options 2, 3 and 4 could all provide an opportunity to reduce overhead costs by sharing support services. Option 1 would give the opportunity of making those savings to the successful bidder.

### **LEGAL IMPLICATIONS**

- 4.1 Each option has different legal implications (including the application of procurement requirements and Personnel matters) and contact is being made with other authorities to gain further insight which will inform the decision and help with the development of an implementation plan for the preferred option.

## **RECOMMENDATIONS**

- 5.1 To note and comment on the options for the future delivery of Connexions services.

## **CONTACT DETAILS**

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## **BACKGROUND PAPERS/APPENDICES**

- 6.1 Govt guidance re transfer of Connexions services and duties.
- 6.2 Connexions Derbyshire Ltd Board papers