



DERBY CITY COUNCIL

COUNCIL CABINET
18 March 2008

ITEM 13

Report of the Cabinet Members for Children
and Young People and Adult Services

CONNEXIONS SERVICE TRANSITION

SUMMARY

- 1.1 Derby City Council is a part owner of Connexions Derbyshire Ltd, along with Derbyshire County Council, the University of Derby and the Derbyshire/Nottinghamshire Chamber of Commerce. 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. The three statutory duties associated with the Connexions arrangements are Information, Advice and Guidance (IAG) in relation to careers, encouraging participation in education and training and providing assessments to young people with learning difficulties or disabilities.
- 1.3 At the meeting on 20 March 2007, Cabinet agreed a transitional arrangement with Connexions Derbyshire for services up to March 2009, subject to decisions under the Local Area Agreement. The Government now expects every LA will have determined future arrangements for Connexions by the end of March 2008.
- 1.4 In recent months, officers from the two authorities have analysed the options for future delivery in the context of developing integrated youth support services as part of the 'Every Child Matters' agenda. In practice, the proposals for delivery of Connexions services will need to be similar for each authority.
- 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.
- 1.6 Subject to any issues raised at the meeting, we support the following recommendations.

RECOMMENDATIONS

- 2.1 To authorise the Corporate Directors for Children and Young People and Corporate and Adult Services in consultation with the respective Cabinet Members, to take steps to ensure that Connexions Derbyshire Ltd becomes a company wholly owned and controlled by the Council jointly with Derbyshire County Council.
- 2.2 To waive contract procedure rules to permit the award of the contract for Connexions services to Connexions Derbyshire Ltd in accordance with the arrangements described in the report.
- 2.3 To note that the arrangements for providing Connexions services will be closely monitored and that further reports will be presented to Cabinet.

REASON FOR RECOMMENDATIONS

- 3.1 Having examined the options it is believed that, on balance, transferring the existing Connexions company to one wholly owned by the local authorities provides the best way forward in our local circumstances



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Report of the Corporate Director for Children
and Young People

ITEM XX

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SUPPORTING INFORMATION

- 1.1 From 1 April 2008 the responsibility for the delivery of the functions undertaken by Connexions becomes the responsibility of the local authority. The Council has a number of options as to how it could discharge these functions. The options considered have been:
- a. Delivery by 'in-house' services with staff from Connexions transferring to the City and County Councils.
 - b. Delivery by the current Connexions company restructured to be a company under the control of the relevant local authorities (Derby City and Derbyshire County Councils).
 - c. Transferring the current Connexions company functions as above but to separate companies for each Council.
 - d. Undertaking the necessary tendering processes for delivery by a third party contractor.
- 1.2 The primary factors used for the evaluation of the options have been:
- Fitting into the wider vision of how the range of services for young people might be delivered, and the clarity of access.
 - Quality of services.
 - Cost.
 - Maintaining the good performance of the current service.
- 1.3 A detailed analysis was undertaken, including issues such as legal matters, personnel, property, etc. The results are attached as Appendix 2. Given that Connexions Derbyshire currently covers both the City and County, the decision by either of these two parties will significantly affect the other. Therefore, the analysis has been conducted jointly.

- 1.4 There is a range of statutory duties that will fall to the local authorities and these are attached at Appendix 3. Connexions has voluntarily pooled its funding into the LAA in the last two years and already therefore delivers these statutory duties on behalf of the Council.
- 1.5 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 strategy is 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.
- 1.6 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.
- 1.7 In the Chaddesden/ Derwent/Oakwood/Spondon area 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 Youth Offending Service and Drugs service will link into the teams but will not be co-located. Key lessons from operations so far 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.
- 1.8 Whilst lessons are being learned about the co-located delivery model in that area, 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.
- 1.9 In this context it is vital that Connexions' work should be integrated into these services, processes and access for the public and the service has been actively involved in strategic and operational developments to this end in Derby. The positive outcomes of this are now beginning to be reflected in more coherent joint working and outcomes for young people.
- 1.10 In terms of quality of service, Connexions Derbyshire delivers a good service against the national NEET (not in education, employment or training) indicator, an indicator that is increasingly regarded as one of the most important markers of our work and which has been acknowledged more widely by the Derby City Partnership (DCP). It will be important to retain the momentum of service improvement and stability, amongst other things to address the issue of delivering the 'September guarantee' of a work or training placement for all young people at 16 years of age, more demanding Information, Advice and Guidance standards in schools and the whole question of aspiration and achievement adopted as a theme for 2008 by DCP.

- 1.11 It is, however, recognised that some replication of functions exists. Savings may be possible if the service was moved 'in-house', particularly in respect of infrastructure costs necessarily incurred in running a separate company. Connexions has made efficiencies over the last two financial years as their grant allocation did not include an inflation factor. However, further cost efficiencies could be achievable by merging the service into the local authority, providing the opportunity for allocation to 'frontline' services. Initially there may also be some offsetting costs in effecting the transfer. Efficiencies may also be achievable within a separate company by continuing exploration of the synergy of various functions, e.g. personnel, premises, management information etc. and without transitional costs. However, they cannot be fully realised given the necessary structures required to maintain a separate company.
- 1.12 In respect of the quality of service, there is clearly a risk that during the process of change, the quality of service may be more difficult to maintain, given the potential instability for staff and managers and the focus on managing the change. However, a good deal depends on how such a change was managed, which is in turn linked to capacity to effect this, and whether there is an expectation of more general uplift in quality in the longer term. A change to a LA controlled company would be the least turbulent of the options.
- 1.13 The current Connexions Board is comprised of Derby City Council, Derbyshire County Council, the University of Derby and the Derbyshire/Nottinghamshire Chamber of Commerce. A company owned by the local authorities could not give voting powers to other bodies, but could have non-voting directors. Whichever route is chosen, it is important to maintain the positive relationships with these partners.
- 1.14 Having examined the options it is believed that, on balance, restructuring the existing Connexions company to one wholly owned by the local authority provides a number of short/mid-term advantages in our local circumstances. Given that it is controlled by the local authorities, they can ensure that the direction and activities of the company continue to match the broader agenda. They could also ensure that work continues to provide appropriate efficiencies, synergy of processes and systems.
- 1.15 The company could continue to provide a service covering both the County and the City, whilst ensuring that the specific requirements of both are recognised.
- 1.16 This option would enable us to meet the new responsibilities for the Connexions services from 1 April 2008 but would not preclude pursuit of any of the other options at a future date. It would be sensible to keep the issues under regular review and moving into the local authority may in the longer term best achieve the overall goals of service integration and cost.
- 1.17 In respect of timescales for the main options, it would be possible to achieve the establishment of a joint (Derby/Derbyshire) local authority company by 1 April 2008 or shortly after. Transferring 'in-house' would have a longer timescale, given the TUPE consultations and work on disaggregation between the two authorities; and going to a European tendering process would be the significantly longest process.

- 1.18 It is a national requirement that the Connexions 'brand' continues to be used, and this should be a positive feature as the service is well recognised and provides a 'non-stigmatising' access to a range of services.

OTHER OPTIONS CONSIDERED

- 2.1 As set out in the report.

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Background papers:

List of appendices:

Appendix 2 – Evaluation Matrix

Appendix 3 – Statutory duties and DCSF requirements

IMPLICATIONS

Financial

- 1.1 The funding for Connexions Derbyshire is pooled separately in the Local Area Agreement (LAA) within each authority. For Derby City this currently amounts to £2.35 million and for Derbyshire £6.058 million, amounting to a total of £8.408 million from both authorities.
- 1.2 The financial implications of the options considered are summarised in Appendix 2.

Legal

- 2.1 With the transfer of responsibility for Connexions services to the Council from 1 April 2008 any provision of these services by an external body such as Connexions Derbyshire Ltd will be subject to EU procurement rules.
- 2.2 An exception is available where the company is wholly owned and controlled by the local authority. i.e. the council is able to control the company in much the same way as it controls its departments and the business of the company is essentially that of the local authority.
- 2.3 For Connexions Derbyshire this can be achieved by restructuring its ownership and governance so that the two councils are the sole owners with equal voting rights. To achieve this will require the non-local authority members to end their membership of the company and voting rights on the board. Other mechanisms can be considered to ensure that they continue to have some input into the company if that is required. This could be through them having non-voting representatives on the board.
- 2.4 In addition there would need to be a Members Agreement between the two councils and the company. This will set out detailed provisions as to the control of the company and in particular require the approval of both councils to key decisions as to the business and financial decisions of the company.
- 2.5 Contract Procedure Rule 15 which would otherwise require a formal tender process will need to be waived to allow the placing of Connexions services contract with Connexions Derbyshire Ltd.

Personnel

- 3.1 There are no immediate personnel issues arising from the proposals contained in this report. The staff employed by Connexions Derbyshire Limited will remain employed by the company in its new, local authority controlled, form.
- 3.2 Any future move towards fuller integration of the service with the local authorities would give rise to TUPE transfers and would be the subject of detailed consultation with staff and the trade unions.

Equalities impact

- 4.1 Major objectives of Connexions are to raise aspirations and achievement, and particularly to reduce the number of young people who are not in education, employment or training. This involves universal information, advice and guidance and a range of services to vulnerable groups in the 13-19 age range. As such, this makes a vital contribution to improving equalities in the 14-19 strategy and raising achievement.

Corporate objectives and priorities for change

- 5.1 Connexions services contribute to the Corporate Plan priority of **Supporting everyone in learning and achieving.**