



DERBY CITY COUNCIL

COUNCIL CABINET
24 FEBRUARY 2004

Report of the Director of Education

Connexions Derbyshire

RECOMMENDATION

1. To support the proposed governance structure for the merger of the Derbyshire Connexions Partnership and Derbyshire Connexions Service Ltd from April 2004.

REASONS FOR RECOMMENDATION

- 2.1 In summer 2003, the Boards of the Derbyshire Connexions Partnership and Derbyshire Connexions Service Ltd agreed on the need to investigate a merger of the two companies. This was due to organisational changes and financial considerations. The merger has progressed through a number of stages and has been agreed.
- 2.2 The Cabinet Member for Lifelong Learning and the Director of Education, as representatives on the Boards of the two companies, have been involved in and given support to the merger, subject to appropriate membership of the new company. Work has been carried out to address the various implications of the merger and a structure has now been proposed for governance.

SUPPORTING INFORMATION

- 3.1 The Connexions service is now successfully established in Derbyshire. Partnership working is particularly strong, as is the involvement of young people, and both are reflected in the city's strong Local Connexions Partnership.
- 3.2 When Connexions was established, the predecessor careers services across the county had been provided by two companies. One of these, Lifetime Careers Ltd, was a part of a publicly quoted company and this prevented the establishment of a single company and a 'direct delivery' model. Instead, a sub-contracting model was adopted with the Derbyshire Connexions Partnership, a limited company in its own right, sub-contracting services to other companies and organisations, in particular the Derbyshire Connexions Service (DCS) Ltd, covering most of the county, including Derby.
- 3.3 Since July 2003, DCS Ltd took over the services previously provided by Lifetime Careers Ltd. This, and the likelihood that VAT would be incurred as a sub-contracting organisation from April 2004, with a severe impact on the budget, has led to proposals to merge the two companies, the Derbyshire Connexions Partnership and the Derbyshire Connexions Service, into a single company.

- 3.4 As in the previous structure, and relating to national Connexions guidance, it is proposed that there should be four owners of the company. These are:
- Derby City Council
 - Derbyshire County Council
 - Derbyshire Chamber of Commerce
 - University of Derby
- 3.5 The University of Derby would be new as a member, as the two Chambers of Commerce in the County were previous members, but those organisations have merged. Four members are needed in order to avoid the difficulties that can occur where more than 50% of the membership rests with local authorities.
- 3.6 There are then two arms to the governance structure of a single new company – a Partnership and a Management Board.
- 3.7 Responsibility for the management of the company and liabilities rest with the Management Board. Each member of this Board will have limited liability. As this Board will have responsibility for the operational management of the company, it may be appropriate for the Director of Education, or his nominee, to represent the City Council. The Management Board will be a company limited by guarantee and non-profit making.
- 3.8 Whilst the Management Board holds such responsibility, it will work within the overall strategy for Connexions in the city and county set by a wider Partnership representing the large number of agencies who are stakeholders in the Connexions service. As this body sets the strategic direction for the service, it may be appropriate that the Cabinet Member for Lifelong Learning represents the City Council (the Director of Education would also be on this Partnership as Chair of the Local Connexions Partnership).
- 3.9 The question has arisen as to what would happen if the Management Board, holding liability and accountability for the work of the company, acted in a way which did not represent the wishes of the wider Partnership, to which it reports in relation to overall strategy. Given the network of relationships between the various agencies represented on that Partnership and their involvement in the delivery or receipt of Connexions services, it is expected that this would only happen where a clear rationale could be given relating to the interests of the company or its legal duties. The Management Board has the duty to consult the Partnership and the Partnership has a duty to advise the Management Board
- 3.10 Fundamentally, there will be no changes to service delivery or to Derby City Council's involvement in the service.
- 3.11 The proposed structure is set out more fully in Appendix 2.

OTHER OPTIONS CONSIDERED

4. The Boards of the two companies considered maintaining the present arrangements. This was ruled out because of duplication of roles and financial consequences.

For more information contact: Andrew Flack / 01332 716850 / andrew.flack@derby.gov.uk

Background papers:

List of appendices: Appendix 1 – Implications
Appendix 2 – Proposed Structure

IMPLICATIONS

Financial

- 1.1 The Connexions budget is allocated separately and City Council services play their part in providing advice and guidance to young people and pursuing the service targets.
- 1.2 The financial duties of the Chief Executive of Connexions Derbyshire will continue. Should the company be dissolved, the owners would have the assets or stand the liabilities.

Legal

2. These are referred to in the report.

Personnel

3. There are none for City Council employees.

Corporate Themes and Priorities

4. The effectiveness of the Connexions Service and its partnerships with related services are vital to the priorities of Improving children's and young people's prospects and Improving the life chances for disadvantaged people and communities. The work of these services promotes equality of opportunity, through the focus on individual advice and guidance to 13-19 year-olds.

Connexions Derbyshire – Governance Arrangements

Recommendations

1. **The Connexions Derbyshire Partnership** - a formal body, duly constituted, to oversee the strategic development of the Connexions agenda in Derbyshire. It will be a free-standing body, determining its own membership. It will have designated representation on the Management Board and the operational sub-groups managing operational delivery of Connexions services.

Meeting quarterly, initial membership to include representatives of:

- Derby City Council
- Derbyshire County Council
- Derbyshire Learning and Skills Council
- Connexions Derbyshire Young People's Shadow Board
- Secondary School Headteachers
- Derbyshire FE College Principals
- Derbyshire Network of Training Providers
- Voluntary & Community Sector Groups
- Health Sector
- Black & Culturally Diverse Groups
- Youth Justice Interests
- Statutory Youth Services
- JobCentre Plus

- Chair of Derby City LCP
- Chair of Derbyshire County LCP

- Chair of Connexions Derbyshire Partnership and Connexions Derbyshire Ltd
- Vice Chair of Connexions Derbyshire Ltd
- Chief Exec of Connexions Derbyshire Ltd
- Government Office for the East Midlands (observer)

2. **Connexions Derbyshire Ltd Management Board** - reporting to the Connexions Derbyshire Partnership. Limited by guarantee and non-profit making, the Board has responsibility and accountability for the operational management of the company.

Meeting bi-monthly, representation as follows:

- Representative of Derby City Council (owner)
- Representative of Derbyshire County Council (owner)
- Representative of Derbyshire Chamber of Commerce (owner)
- Representative of the University of Derby (owner)
- Connexions Derbyshire Partnership Representatives x 2

- Chair of Derbyshire Education Business Partnership
- Chair of Derbyshire Careers for Adults
- Chair of Connexions Derbyshire Ltd
- Vice Chair of Connexions Derbyshire Ltd
- Chief Executive of Connexions Derbyshire Ltd

In addition, observers will be allowed from GOEM, LSC, Young People's Shadow Board (x 2) and Connexions Derbyshire senior management team.

3. Company Ownership. The current ownerships of DCP and DCS will continue following merger. It is also recommended that the University of Derby be invited to become a member to complete the group as follows:

- Derby City Council
- Derbyshire County Council
- Derbyshire Chamber of Commerce
- University of Derby

The owners will have the power to call Extraordinary General Meetings should they not be happy with the running of Connexions Derbyshire Ltd.

4. Connexions Derbyshire Sub Group Arrangements. It is intended that much of the work of the Partnership will be delivered via a sub group structure. Some of the sub groups will be necessarily linked directly to the Management Board e.g. Audit Committee, Finance and Remuneration Sub Group. By contrast, others will be constituted as part of the Connexions Derbyshire Partnership e.g. Equality and Diversity Sub Group, Training and Staff Development Sub Group.

Composition of the sub groups could be drawn directly from both Management Board and Connexions Partnership. In all cases they will be serviced by the Chief Executive and Senior Managers of Connexions Derbyshire Ltd.

The full range of sub groups will be determined in the near future.