



CONNEXIONS DERBYSHIRE: TRANSITIONAL ARRANGEMENTS

SUMMARY

- 1.1 The Council is a part owner of Connexions Derbyshire Ltd, along with Derbyshire County Council, the University of Derby and the Derbyshire Chamber. For the period April 2005 to March 2008, Connexions Derbyshire Ltd has voluntarily pooled its Connexions grant into the Local Area Agreements in Derby and Derbyshire.
- 1.2 Ministers have decided to pass the statutory duties and funding for all Connexions services 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 This report proposes transitional arrangements leading to contracting procedures for longer term arrangements.
- 1.4 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.
- 1.5 Subject to any issues raised at the meeting, I support the following recommendation.

RECOMMENDATION

- 2.1 To establish a transitional arrangement with Connexions Derbyshire Ltd for services up to March 2009, subject to decisions under the Local Area Agreement.

OTHER OPTIONS CONSIDERED

- 3.1 Some areas have absorbed Connexions services into Local Authority structures or are planning to do so in future. This has not been thought to be appropriate in the Derby/Derbyshire context. It runs the risk of significant loss of skilled staff during an uncertain period as well as substantial redundancy and potential pension deficit costs, which will impact on the Council as part-owner. If a full commissioning process is run, there remains this risk, but other options can still be explored during that process.
- 3.2 Different periods of transition could be considered, but the proposal takes account of the need for continuity of effective services and the need to scope complex commissioning arrangements for the future.

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SUPPORTING INFORMATION

- 4.1 The Council is a part owner of Connexions Derbyshire Ltd, along with Derbyshire County Council, the University of Derby and the Derbyshire Chamber.
- 4.2 For the period April 2005 to March 2008, Connexions Derbyshire Ltd has voluntarily pooled its Connexions grant into the Local Area Agreements (LAA) in Derby and Derbyshire. The statutory duties of Connexions services have correspondingly transferred to the Council, which are met through contracting with the company alongside the passporting of grant. In effect, it has been an 'in-out' arrangement. A new LAA will come into effect from April 2008, coinciding with changes for Connexions, but it is difficult to predict the impact of this at present.
- 4.3 This decision to pool grant was undertaken on the implicit understanding with both LAs that Connexions Derbyshire Ltd would remain as a discrete entity and be commissioned under contract to deliver the statutory duties, but no written agreements were considered necessary or appropriate in this regard, with LAs sharing 50% ownership of the company.
- 4.4 Subsequently, Ministers have decided to pass the statutory duties and funding for all Connexions services from April 2008 to all LAs (working through Children's Trusts) and as a result, from that time onwards, LA procurement rules are applicable.
- 4.5 Such a set of proposed arrangements is entirely consistent with the Government's stated preference for LAs to fulfil a commissioning role rather than that of direct service delivery.

Future Arrangements

- 4.6 Connexions Derbyshire Ltd was the only Connexions partnership willing to pool their grant as opposed to alignment. The service has again met very challenging NEET targets and decisions about the future can be taken in the knowledge that our 13-19 year olds benefit from a successful service, working in positive and close partnership with all other agencies.

- 4.7 By April 2008 across Derby and Derbyshire, Connexions services will be a core part of the integrated youth support services arrangements, as part of integrating Children and Young People's (CYP) Services. It is important to maintain continuity of effective services to children and young people and keep disruption to a minimum, especially in relation to challenging 'not in education, employment or training' (NEET) reduction targets to 2010 and in the light of other CYP stretching targets and associated Government expectations.
- 4.8 Equally, the City for Children and Young People Executive (as the Children's Trust for the city) is developing partnership commissioning arrangements and it is important that decisions about providers are transparent and objective, as well as meeting contracting procedure rules.
- 4.9 There appears to be no obvious or immediate reason why the Council should not continue with the current arrangements with Connexions Derbyshire Ltd – indeed, the contribution and performance of the service argues strongly for continuity. The company provides much of its service to and through schools and collectively they have an increasing influence on who provides that service. Their views will feed into future commissioning arrangements, but they appear to be quite satisfied with the current service provision.
- 4.10 The City for Children and Young People Executive has been consulted as the management group for the LAA and supports the proposed approach.
- 4.11 Whilst the transition arrangements will not come into effect until April 2008, it is important to determine our approach by April 2007, to give the Company some surety, in order to fulfil its fiduciary responsibilities in relation to the solvency of the Company from April 2008 onwards, as well as avoiding disruption to service through staff uncertainty and turnover.
- 4.12 During this period, the commissioning process for integrated youth support services, including current 'Connexions' services post-April 2009, will then need to be determined.
- 4.13 Some Local Authorities and partners have now decided to pursue the option of a 'LA-controlled company' for the future delivery of Connexions/integrated youth support service arrangements. Such a company could be legally regarded as 'in house', precluding the need for the procurement exercise and the associated redundancy and pension deficit costs outlined above. The commissioning of the actual services within the integrated youth support framework would still be carried out by the partnership in a similar way to other services. This option can be explored under the transitional arrangement.
- 4.14 There are two further considerations in this matter.
- First, given that Connexions Derbyshire Ltd works across the city and county, with structures that recognise the different authority areas and needs, it will be important to ensure cohesion between the two authorities' positions on this in terms of transition and longer-term arrangements.
 - The second relates to the pursuit of efficiencies, on which the Company will commit itself to working with us in future.

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Background papers:	<ul style="list-style-type: none">- Govt guidance re transfer of Connexions services and duties.- Connexions Derbyshire Ltd Board papers.	
List of appendices:		

IMPLICATIONS

Financial

- 1.1 The government grant to Connexions is £2.350m in 2007/08. This is pooled with other grant funding within the Local Area Agreement. As a result, the statutory functions relating to Connexions passed to the Council and were then passed back to Connexions through a funding agreement. From 2008, funding nationally for Connexions will pass to local authorities. The mechanism for this has not yet been confirmed, but it is likely to be through a grant which is pooled in Local Area Agreements. In Derby, therefore, there is likely to be little change in the process.
- 1.2 Grants have been made available to the LAs and Connexions Derbyshire Ltd to support work on transition.
- 1.3 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 Council.
- 1.4 It should also be noted that Connexions Derbyshire Ltd provides services beyond those supported by the Connexions grant, and those contracts also affect the Board's decisions about future strategy

Legal

- 2.1 The Council is a part owner of Connexions Derbyshire Ltd, along with Derbyshire County Council, the University of Derby and the Derbyshire Chamber. Accountability for delivering services funded by the Connexions grant will transfer to each LA no later than 1st April 2008. Currently in Derby, the Connexions Grant is pooled in the LAA and accountability already rests with the Council – both are transferred to Connexions Derbyshire Ltd under the LAA.

Personnel

- 3.1 The proposals for transition would not have personnel implications. Any such implications relating to longer term decisions would be handled through the company's own procedures.

Equalities impact

- 4.1 A major objective of Connexions is to reduce the number of young people who are not in education, employment or training. This involves a range of services to vulnerable groups in the 13-19 age range. As such, this makes a vital contribution to the 14-19 strategy and improving opportunities and achievement.

Corporate objectives and priorities for change

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