
CONNEXIONS SERVICE IN DARLINGTON

Responsible Cabinet Member(s) - Councillor Chris McEwan, Children's Services Portfolio

Responsible Director(s) - Margaret Asquith, Director of Children's Services

Purpose of the Report

1. To inform Members of proposals to disaggregate the Tees Valley Connexions Company and delegate activity to Local Authorities.

Information and Analysis

2. Connexions Tees Valley was established in September 2002. It is a company limited by guarantee and is wholly owned by the five Tees Valley Local Authorities. The company replaced (was transmuted from) the careers company known as Future Steps which was owned by the four Authorities comprising the former Cleveland County Council.
3. Connexions is a nationwide service for young people aged 13-19. The core business of Connexions is to provide information, advice and guidance to young people as they make the transition from leaving school into training and work. The current Connexions service is funded from the DfES via Government Office North East (GONE) to the Tees Valley Connexions Company.
4. An essential aspect of the Connexions Service is the entitlement for every young person aged 14-19 to have a Personal Adviser (PA) who assists them in their personal development and transition into further education, employment or training. PAs work in schools, colleges and other appropriate venues. Some young people clearly need more intensive support during this key transitional period than others and this is reflected in the way PA time is allocated across the broad range of young people in Darlington.
5. The headline performance indicator for Connexions is the reduction of young people aged 16-19 who are Not in Education, Employment or Training (NEET). A secondary target is a reduction in the number of young people aged 16-19 whose education, employment or training destination after leaving school is identified as "not known".
6. Tees Valley Connexions has been very successful in reaching its targets and was rated well in a recent Ofsted Inspection. The company has done well in meeting its overall objectives in the relatively short time since its inception.

Driver for change 1: The Children Act 2004.

7. However, the Children Act 2004 that required Local Authorities to form Children's Trusts, bringing together all services in support of children and young people into an integrated whole, is now driving change in the way Connexions is delivered in the Tees

Valley, requiring the planning and delivery of Connexions services to be undertaken at local level rather than, as a present, at sub regional level.

8. Within the Tees Valley, each of the Local Authorities are at different stages of progression in respect of establishing Children's Trusts, though all five are making progress in establishing 'trust type arrangements' for the planning and delivery of children and young people's services.

Driver for change 2: the VAT issue.

9. Unlike a Local Authority, the Connexions Company is liable to pay VAT on supplies and services. The loss of a significant sum of money in VAT repayments has provided a further incentive to seek ways to maximise the funding available for delivering front line services in the five boroughs.

Driver for change 3: Local Area Agreement – Stockton Borough Council.

10. Stockton Council was invited, as a consequence of its participation in a Local Area Agreement (LAA), to be part of a Migration pilot in 2005/06 for the local delivery of the Connexions Service in Stockton, which would have involved aligning and pooling the Connexions budget at local level to avoid duplication of planning and commissioning services for young people. Whilst declining to participate in the pilot for 2005/06, Stockton Local Authority identified in its LAA its intention to plan from 1.4.06 to commission its own Connexions Service and to integrate it as part of its Children's Trust. Its vision is of seamless provision, bringing together all services to support young people (including Council services, the Voluntary Sector, the Youth Offending Service, Connexions, schools and colleges) delivered in an integrated way across geographical areas of the Borough.
11. Naturally, this development in Stockton had significant implications for the other four Boroughs in the Tees Valley in respect of Connexions, and therefore this became a further driver for change in respect of the delivery of Connexions services across Tees Valley and the future of the Connexions Tees Valley Company.
12. The significant change in the funding route via Local Authorities from 2008 make it impossible for the current mechanism to be maintained.

Driver for change 4: The Youth Green Paper.

13. In July 2005 the Government published a Green Paper called 'Youth Matters'. This Green Paper continued to develop the theme of Local Authority based services that "Every Child Matters" explored and The Children Act 2004 confirmed.
14. In addition, the significant change in the route for Connexions funding via Local Authorities from 2008 makes it impossible for the current Tees Valley model to be continued.

Driver for change 5: Decision of the owners of the Company.

15. The Tees Valley Chief Executives met with Members and Elected Mayors and resolved that the Local Authorities should make preparations to disaggregate the company in a co-ordinated and united way.

Driver for change 6: Changes to Funding.

16. The significant change in the funding route via Local Authorities from 2008 makes it impossible for the current mechanism to be maintained.

Connexions Board Meeting – 27th July 2005.

17. The Connexions Tees Valley has a board of Directors. As well as the five elected member representatives on the board and their respective Director of Children's Services (or their representative), other partners such as the Youth Offending Service; the Learning and Skills Council etc are represented on the board. Darlington is represented on the Board by the Cabinet Member for Children's Services and a representative of the Director of Children's Services.
18. At the Connexions Board meeting on 27 July, an options paper prepared by representatives of the Connexions Company, the five Local Authorities and GONE was presented which set out:
 - (a) A five way disaggregation
 - (b) A less than five way disaggregation
 - (c) A confederation model
 - (d) An outsourcing model
 - (e) A Host Authority model

and also identified a time-scale for disaggregation.

19. The Connexions Board was also apprised of the general direction of travel indicated by the Youth Matters Green Paper that concentrated on issues related to young people.
20. The Board concluded unanimously that the first option made the most practical sense and agreed a timescale for disaggregation by 31.03.07.
21. As a consequence of the Connexions Board meeting of the 27th July, all five Local Authorities within the Tees Valley are now seeking the necessary authority to progress this matter within a common timescale.
22. It is anticipated that if members approve the recommendation to disaggregate Tees Valley Connexions from April 2007, then further reports seeking the approval of detailed Business Plans and contractual detailed implications with GONE would be presented in due course.
23. This report has concentrated on the main and core contract of Connexions Tees Valley to deliver a holistic service to young people. In addition to this core contract of circa £7.5million there are a range of other contracts that the company has secured that are specific to the Tees Valley Connexions Company. The future of these contracts will need to be considered as an outcome of the recommendation in this report.

Funding Arrangements

24. The current core budget of the company is circa £7.5M. It is anticipated that GONE would allocate a notional budget to each Local Authority based on a formula related to the 13-19 population, the NEET population (both volume and need) and which will

ensure the continued delivery of a viable Connexions service by each Local Authority.

Oversight of the disaggregation process

25. A planning group comprising a representative from each authority, a representative from GONE and the Acting Chief Executive of Connexions has been established to oversee the disaggregation process. This group has established sub groups of key expert personnel to focus on particular issues such as personnel, legal and financial/resources. A seminar has been planned for senior officers on the 20th October to ensure that all key players are fully informed about the process of disaggregation.

Financial implications

26. There is no additional funding from GONE to fund the disaggregation of the Connexions Company. However, as a part of its LAA, Stockton Borough Council has secured a sum of £25,000 to facilitate a migration pilot and any additional legal or other costs will be met by a combination of current Connexions resources or from the migration pilot budget where possible. Where neither of these resources can be used it will be necessary to look to local authorities for funding.

Risk assessment

27. There are clearly potential risks to Local Authorities in proceeding towards a disaggregation by 31 March 2007. The principal risks include the following:
 - a) Company Assets: The existing Connexions Company has outstanding lease arrangements in each of the five Local Authority areas. These include five Locality Offices, a Head Office in Stockton and a part of Erimus House in Middlesbrough. The Board had already taken an earlier decision to invoke a break clause at the Stockton Head Office from April 2006 and has given the necessary notice on Erimus House. Further consideration will need to be given to the appropriateness of transferring locality offices to individual Local Authorities. The Company also has two single decker buses that are used as mobile Connexions Centres.
 - b) Human resources. The principal resource of the company is its staff. If all five Local Authorities agree to a five way disaggregation, then each area would be allocated a budget and be required to devise a delivery plan for approval by the Government Office. This plan would involve a staffing complement. If all Local Authorities are to have plans approved by an agreed time, it is envisaged that draft staffing arrangements could be put into place, thus enabling the Connexions Company to manage the risk of any potential redundancies to existing staff. The current Tees Valley Connexions Company has a significant number of employees who are members of the Tees Valley Pension Fund. Clearly, discussions would need to be held with the Pension Fund managers. All employees would transfer on their existing terms and conditions of employment.
 - c) Continuity of service delivery and performance. It is important that in disaggregating the company there is no risk to the quality and quality of service currently delivered to young people, nor no detriment made in respect of the achievement of service targets. This will be a key focus for the management arrangements put in place for the disaggregation of the company.

Outcome of Consultation

28. Arrangements for ensuring that young people and other partners are aware of the decision of the Board to disaggregate the Company are in place and a joint 'script' has been developed to ensure that the same messages are relayed across the Tees Valley. Young people and other partners will be consulted about the changes to and the development of the new service following a decision of members to agree the decision of the Board.

Issues for Darlington

29. There is a risk that in disaggregating the company, Darlington will cease to benefit from additional funding which has been allocated to it to ensure that it is able to deliver the same core services as other Tees Valley authorities. To fund the new local authority based services, GONE will need to recalculate the way that the Tees Valley pot is allocated, which is currently allocated on a % basis. It will not be to Darlington's benefit if the current % split is used. A formula which would allocate a more generous % would be preferable, recognising for example that the costs of running a one stop shop in a small authority are not much smaller than in a larger one, or a funding model based on a common, core 'lump sum', with the remainder based on population and need.

Legal Implications

30. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

31. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

32. The issues contained within this report do not represent change to Council policy or the Council's policy framework

Decision Deadline

33. For the purpose of the 'call-in' procedure this does not represent an urgent matter

Key Decisions

34. This effects of this constitutes a key decision as it affects all wards.

Recommendation

35. It is recommended that: -
- (a) Members support the Connexions disaggregation proposals and agree to receive further reports on detailed plans for delivery in Darlington.
 - (b) Agree that the this decision be communicated to the Tees Valley Connexions Board

Reasons

36. The recommendations are supported by the following reasons: -
- (a) Tees Valley Authorities are working together on this disaggregation
 - (b) Disaggregation will allow flexibility in configuring local Children's Services

Background Papers

Connexions Disaggregation Information Seminar
Connexions Service Migration Pilot 2005-06
Connexions Service Potential Project Plan
Connexions Position Statement

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