

<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>10 SEPTEMBER 2009</b>
<b>TITLE OF REPORT:</b>	<b>CONNEXIONS TRANSFER AND NEW DELIVERY ARRANGEMENTS</b>
<b>PORTFOLIO AREA:</b>	<b>CHILDREN SERVICES</b>

**CLASSIFICATION:** Open

## **Wards Affected**

County-wide

## **Purpose**

To approve the transfer and new delivery arrangements (Appendix 1 and 2) for the Connexions range of services and functions from Herefordshire and Worcestershire Connexions Company to Herefordshire Council in April 2010.

## **Key Decision**

This is a Key Decision because it is likely to be significant in terms of its effect on communities living or working in Herefordshire in an area comprising one or more wards.

It was included in the Forward Plan.

## **Recommendations**

**THAT: the transfer and new delivery arrangements of the range of Connexions Services from the Herefordshire and Worcestershire Connexions Company to Herefordshire Council be approved.**

## **Key Points Summary**

- It is proposed that the Herefordshire elements of the Connexions service are brought into the local authority and integrated within the reorganised Children's and Young People's Directorate;
- Connexions staff will sit across three service areas:
- Strategic leadership and quality assurance and Information, Advice and Guidance (IAG) functions will come from the Improvement and Inclusion Service area with input from Community Operations;
- The IAG service area will sit within Improvement and Inclusion;

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Further information on the subject of this report is available from  
Kathy Roberts Assistant Director, Improvement and Inclusion (01432) 26 0804

- The targeted service will sit within Community Operations;
- Data and performance management requirements will be integrated in to the Planning, Performance and Development service area.

## Alternative Options

- 1 To bring the strategic lead and associated services in house and to tender for the front line delivery. This could have included greater delegation of elements of delivery to schools, colleges and work based learning providers. This option was rejected because it places us out of line with our regional partners and would reduce our ability to deliver creative service improvements.

## Reason for Recommendations

- 2 The proposed arrangements will improve both service delivery and outcomes for young people within the emerging new organisation structure for Children and Young People's Directorate and the current financial climate.
- 3 The new arrangements further develop and deliver our practices in response to government expectations.

## Introduction and Background

- 4 Strategies emerging from national, regional and local governments indicate a requirement to develop an integrated youth support policy which encompasses all aspect of business aimed at supporting young people between the ages of 11-19.
- 5 The Children's and Young People's Directorate is restructuring in order to address the range of existing, new and evolving challenges and demands placed upon it. The plans for the development of the Connexions service are set within that agenda and include the plans for the locality teams and the aims of the Herefordshire Public Services.
- 6 The Connexions Service works across Herefordshire and Worcestershire currently operates as an independent company and provides a range of support and activity for young people primarily aged 14+. Such provision is purchased by the Local Authority though grant funding.
- 7 In response to central government legislation regarding the Machinery of Government requirements for April 2010 a Task Group was established to consider the implication for Herefordshire Council. The significant changes for the Connexions service will be: the transfer of the duties and resources of the Learning and Skills Council (which currently supports and funds provision and placement for young people aged 16+) and is scheduled to become part of the Local Authority from April 2010.
- 8 This decision is required now so that timely preparations can be made for Connexions to be efficiently transferred to the local authority on 1<sup>st</sup> April 2010. Similar arrangements are being made in Worcestershire.

## Key Considerations

- 9 It is proposed that the Herefordshire elements of the Connexions service are brought into the Local Authority and integrated within the reorganised Children and Young People's Directorate. Connexions staff will sit across three service areas; strategic leadership and quality assurance and IAG functions will come from the Improvement and Inclusion Service area with input from Community Operations. The Information, Advice and Guidance (IAG)

service area will sit within Improvement and Inclusion where it can maintain independence. The targeted service will sit within Community Operations and is an excellent example of where front-line locality team support should work effectively. Finally the significant data and performance management requirements will be integrated in to the Planning, Performance and Development service area, which will improve efficiency of data collection and analysis for the Children's Trust. Staff will be managed and supervised by appropriately qualified staff.

- 10 Responsibility for funding for Information, Advice and Guidance (IAG) provision transferred to Local Authorities across England in April 2008 and Connexions Herefordshire and Worcestershire as the local provider has continued to provide services to date as an interim arrangement.
- 11 IAG is high profile on the government agenda, National IAG Quality Standards have been produced, a new bill is in place and new national guidelines are due in September 2009. Local Authorities need to position Connexions services within the context of:
  - The reform of 14-19 learning;
  - The 2005 Education and Skills White Paper;
  - The 2007 Children's Plan;
  - Raising Expectations White Paper;
  - 2008 Next Steps 14-19 Update Paper;
  - Post-16 funding transfer from the Learning and Skills Council (Machinery of Government);
  - The Raising of the Participation Age as set out in the Education and Skills Act 2008;
  - Building 21<sup>st</sup> Century Schools – 'Your Child, Your Schools, Our Future' White Paper June 2009.
- 12 The Connexions service must be available for all young people 13-19<sup>1</sup> and up to 25 for young people with learning difficulties and disabilities including those young people placed in county by other Local Authorities. In Herefordshire this is approx 15,600<sup>2</sup> total young people.
- 13 The current arrangements have ensured that Herefordshire is making good progress in many areas and we are proud of our current achievements:
  - The number of young people not in employment, education or training (NEET) has historically been low;
  - The number of young people whose current learning destination is unknown is low;
  - Participation in education post-16 is high and there are defined arrangements for those who drop out;
  - Targeted work is improving outcomes for more vulnerable young people.

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<sup>1</sup> Although in Herefordshire our strategy is for 11-19 year olds

<sup>2</sup> Source: Office of National Statistics

The ongoing challenges are:

- Increased emphasis and focus on impartial Information, Advice and Guidance and the importance of ensuring the best outcomes for each individual;
- Not to allow our NEET figures to 'plateau';
- To ensure best use of resources and capacity to deliver the full range of Connexions services, through an integrated approach;
- To implement the changes brought through the Machinery of Government Transfer of post-16 funding, increased responsibilities around 14-19 and the Integrated Youth Support agenda;
- The development of school curricula (which has reformed Key Stage 4 learning, and placed different requirements onto Key Stage 3) has highlighted the need for impartial advice and guidance to assist learners in year 9 and below to negotiate the options process and understand the collaborative courses and alternative pathways that are available for them to access at institutions throughout the County in key stage 4 (year 10);
- The continual need to demonstrate value for money, while maintaining current Personal Advisor time, in an arena of increasing demands on reducing funding sources.

14 Staffing - Herefordshire Connexions staff have been identified for transfer into Herefordshire Council. There are a small number of Head Office staff who have not been identified to transfer as their work is not predominantly on the Herefordshire Connexions contract, these functions will be examined and allocated to local authority staff if required. Dialogue with staff is taking place about issues to do with transfer: job roles, terms and conditions, working hours and pay, and a formal consultation period will take place with Connexions HR and Unison.

## Community Impact

- 15 Schools have indicated clearly that they want to keep their Personal Advisors (PA) roles, functions and input to remain unchanged and this should be maintained as a priority part of the holistic school community resource for young people.
- 16 Young people have clearly indicated that the Connexions brand and city centre building should be maintained. The arrangements for transfer or disposal of capital assets is being discussed with Worcestershire County Council and Connexions in line with DCSF advice,
- 17 IAG advisors must have strong links with specialist training providers who can provide occupational careers advice and have a good knowledge of local employment sectors and links with employers.

## Financial Implications

18 The service is currently funded through the Area Based Grant and we know indicative budgets between now and April 2011, although the actual amounts are to be ratified through with the Children's Trust. Detailed budget plans are being discussed with Connexions. Through economies of scale and reducing duplication of service delivery we intend to achieve the challenges, priorities and new ways of working identified at the start of the document, while maintaining frontline delivery within the available budget.

08/09	£1,548,216
09/10	£1,470,000
10/11	£1,394,000

It is clear from these figures that the funding available to the Local Authority will reduce in 2010/11. If the funding continues to fall by -5% in future years then the Connexions service will have to be downsized to continue to deliver services within a reduced budget allocation.

Connexions current budget in 2009/10 is set out below. The final column provides an estimate of the required budget for 2010/11 after adding pay inflation at 1% and adjusting for private company accounting practices that differ from the council.

	2009/10 Connexions Budget	2010/11 Herefordshire Council indicative budget	Budget Assumptions
Income from Area Based Grant	-1,469,703	-1,394,246	ABG income only
Other income	-8,038	0	
<b>Total Income</b>	<b>-1,477,741</b>	<b>-1,394,246</b>	
Personal Advisors	891,048	899,958	+1% pay inflation
Other Delivery Staff	30,684	30,991	+1% pay inflation
Other staff – managers & admin	222,300	224,523	+1% pay inflation
Premises Costs	40,964	49,277	+2.5% price inflation
Administration Costs	34,760	34,696	+2.5% price inflation
Office equipment & other assets		38,000	Treated as capital by Connexions
Travel	22,200	22,755	This may reduce in future with less need to travel to/from Worcester
Re-allocated head Office charges	251,109	77,667	Assume previous spend on ICT and data.
<b>Total Expenditure</b>	<b>1,493,065</b>	<b>1,377,868</b>	
Loss/Profit on Herefordshire contract	(15,324)	16,378	
Capital - Office Equipment	15,731	0	Incl as revenue
Capital - Other Assets	21,359	0	Incl as revenue
Other Connexions Contracts funded from income – mostly from Herefordshire Council	263,587		Different arrangements for these contracts may apply in 10/11.

## 19 Liabilities

- 20 The Council is still waiting for final TUPE transfer list of staff and salary costs; however an indicative budget has been prepared on the basis of a 1% pay increase in line with council staff, for all current Connexions staff that transfer. The assumption is that few, if any Connexions Head Office staff are eligible for TUPE transfer. It is also important to note that existing Connexions salaries are not comparable with Herefordshire "HC" rates as the rates of pay are higher within the Connexions Service.
- 21 The existing and deferred pension liabilities will be transferred to Herefordshire Council and Worcestershire Council. The specific percentage split will be the subject of further discussion between the two bodies; however they are in agreement to act as guarantor for this element.
- 22 Compensatory Added Years are not liabilities of the Fund, but must be met £ for £ by the employer concerned. Should there be any of these payments, either already in place or arising from actions between now and the end of March 2010 then full payment will need to be made by Connexions to the fund.
- 23 Connexions employees are a part of the Worcestershire Local Government Pension Fund as are Herefordshire Council staff. Any staff moving across to the Local Authority would remain in the same pension fund. No pension deficit would capitalise at this time. Any identified share of such a deficit would transfer to Herefordshire Council and be added to any pension deficit already in place with Worcestershire LGPS.
- 24 Current Connexions Board – the company is limited by guarantee with no share capital. The members of the company have each agreed to contribute £1.00 to the assets of the company in the likelihood of its being wound up. There is no liability on Herefordshire Council for any debts of the Herefordshire and Worcestershire Connexions Company.
- 25 Accommodation – Herefordshire Council is committed to locality working across the Children's and Young People's Directorate and the accommodation that will be required is being reviewed. The Connexions Building is based in the centre of Hereford and is currently owned by the Herefordshire and Worcestershire Connexions company. It has a high footfall and is well known by learners. The future ownership of the building is not yet clear and legal advice is being sought.

## Legal Implications

- 26 The proposal is consistent with legislation and guidance terms.
- 27 TUPE transfer into the Local Authority employment is a regulated process which will be implemented in all cases.
- 28 Legal services are currently advising regarding the redistribution of assets of the Connexions Company including the lease associated with the accommodation.

## Risk Management

- a. The Connexions Service has significant data tracking, reporting and analysis requirements as part of its national specification, quality and performance management arrangements. It uses a significant amount of ICT and software to complete these functions. Full or partial loss of these services would significantly hamper service delivery, credibility and performance. Early discussion have already taken place with the corporate ICT department and the new ECM systems ICT manager within Children's Services and has been placed on the Directorate ICT plan for quarter 3

2009/10.

- b. The loss of the Connexions building in St Peters Square Hereford would hamper service delivery in the short term as it is well known and has a high footfall; we are seeking clarification on the ownership of the building as part of the winding up of the Connexions Herefordshire and Worcestershire Company.

## **Consultees**

- 29 A consultation took place between 29<sup>th</sup> June and 19<sup>th</sup> August 2009 and was aimed at stakeholders who have an interest in the Connexions and associated services. Stakeholders were divided into three groups: service users, professional groups, and the wider community. A range of different approaches have been taken to make groups aware of the proposed changes and are able to contribute to the consultation, these have included focus groups, attendance at strategic meetings, and included posting the consultation documents to all named key stakeholders as well as placing the consultation on Herefordshire Council Consultation pages of the website. (Appendix 3)
- 30 Key messages from the Consultation:
  - a. Maintain existing delivery and service
  - b. Impartiality of advice and guidance
  - c. Efficiency savings should release resources to support an extended workload as the Connexions remit is extended downwards to Year 7 and upwards to 19+.
  - d. The need to create the distinction between the functions of commissioning and provision, particularly with regard to students with LLDD (Learners with Learning Difficulties).
  - e. Maintain the current city centre building and the Connexions brand
- 31 Of 13 responses 3 expressed concern with the placement of LLDD within the Additional Needs Service of Improvement and Inclusion. The concern related to the operational delivery of services for LLDD sitting within the potential commissioners of such services. However, the Additional Needs Service will deliver strategy and quality assurance for all services and provision delivery for children and young people with additional needs. The strategy aims to pull all such providers under the one area in order to ensure consistency, quality assurance and equity of access for all. With LLDD sitting outside of this framework there is a potential for a lack of consistency and management of these issues. The recommendation is therefore to retain LLDD within the Additional Needs Service.

## **Appendices**

- 32 Appendix 1 – Herefordshire is Making Connexions April 2010 Consultation Paper
- 33 Appendix 2 – Herefordshire is Making Connexions April 2010 Supporting Information
- 34 Appendix 3 – Connexions Consultation Summary

## **Background Papers**

- 35 Consultation responses
- 36 Young People's responses to consultation