Options Paper

Future arrangements for the management and delivery of the Staffordshire Integrated Youth Support Service in relation to the Connexions (Staffordshire) Ltd Contract

1 Integrated Youth Support Service (IYSS)

Youth Matters (2005)\(^1\) outlined a strategy for the reform of services for young people. Youth Matters: Next Steps (2006)\(^2\) consolidated the proposed challenges and responses following a period of consultation. Youth Matters emulates the principles of Every Child Matters: Next Steps places emphasis on young people across an age range of 13-19 years taking into account the relevance of those just below and above this age range. The outcome of the Youth Matters reforms is a reshaping of current support services for young people. It requires Local Authorities through Children's Trust arrangements to create a more responsive and Integrated Youth Support Service (IYSS).

Four key challenges are identified in Youth Matters which then form the basis of four key delivery strands of an IYSS:

a) How to engage more young people in positive activities and empower them to shape the services they receive
   (Empowering Young People: Things to do and Places to go)

b) How to encourage more young people to volunteer and become involved in their communities
   (Young People as Citizens: Making a Contribution)

c) How to provide better information, advice and guidance to young people to help them make informed choices about their lives
   (Supporting Choices: Information, Advice and Guidance)

d) How to provide better and more personalised intensive support for each young person who has serious problems or gets into trouble
   (All Young People Achieving: Reforming Targeted Support)

2 Staffordshire Integrated Youth Support Service

A considerable amount of work has been undertaken to date to establish a vision and strategy for an Integrated Youth Support Service within Staffordshire. An IYSS governance board has been created as the single body accountable for overseeing the delivery of activities and support to young people. Staffordshire IYSS is firmly embedded within the County’s

---


Children’s Trust arrangements and features as a strategic objective of the Staffordshire Children and Young People’s Plan.

It is intended that all services and organisations which contribute to the four workstreams noted above are included in the development of IYSS delivery planning in the future from universal activities through to more specialist and targeted support. Existing services currently at the centre of the Staffordshire IYSS are:

- Youth Service
- Youth Offending Service
- Teenage Pregnancy Service
- Connexions (Staffordshire) Ltd
- Staffordshire Consortium of Voluntary Youth Services (SCVYS)

An integrated management structure has been proposed and accepted by the IYSS Board at its November meeting (see Appendix 1). The Board has also accepted the principle of co-located and integrated front line delivery across services. It is envisaged over time further services will collaborate, integrate and join up delivery within the IYSS to achieve fully integrated and multi-agency provision. Efficiency savings of £300,000 have been identified for 2009/10 with £200,000 of these savings set against the Connexions (Staffordshire) Ltd contract.

Staffordshire County Council had proposed to achieve the above structure through offering secondment opportunities to Connexions (Staffordshire) Ltd staff and managers. Despite protracted negotiations Connexions concerns in relation to its responsibility to oversee performance management against contract, concerns in relation to TUPE and the perceived threat to their professional integrity have proved an insurmountable barrier to this option being taken forward.

3 Connexions (Staffordshire) Ltd

In 2006 the Government confirmed new arrangements for Connexions/careers / IAG services in England. The responsibility for universal and generic ‘information, advice and guidance’ (IAG) services was allocated to local authorities in collaboration with children’s trusts. These new arrangements were to be in place by 1 April 2008. Local authorities were to take up full budgetary and management responsibility via the new Area Based Grant, with local authorities now responsible for delivery. A letter to Directors of Children’s Services set out the most important features of the service which local authorities are required to adhere to in the way that they provide for Connexions services:

3 DCSF letter to Lead Members 2008

4 DCSF letter to Directors of Children’s Services 2008
• Access to advisors – for young people (13-19yrs and 20-25yrs for those with learning difficulties)
• Minimum qualifications for advisors – NVQ 4 or equivalent in relevant discipline
• The Connexions Brand – ensure services are presented through the brand (although this statement is clearly at odds with the drive to integration via IYSS)
• Specified contact with, and support for, particular target groups of young persons and relevant young adults – those young people who are NEET or at risk of becoming NEET and the offer of tailored packages of support.
• Connexions relationship with Connexions Direct (the national arm of Connexions that will remain in its current format) – maintain the relationship and ensure Connexions Direct accurately reflect the IAG delivered within the Local Authority.
• Information systems: Maintenance of a Client Management System – that meets the Client Caseload Information System (CCS) specification.

The Services currently delivered by Connexions (Staffordshire) Ltd are critical to the development of IYSS in Staffordshire, not only within the IAG delivery strand, but also in the provision of targeted youth support (TYS) for the most vulnerable, and is seen as critical to delivering upon our commitment to ‘Narrowing the Gap’ within Staffordshire. Its Aspire database is widely recognised as the single most important source of up to date information on young people within Staffordshire and needs to be maintained. At all stages, Connexions has been considered a full partner in discussions relating to the development of an IYSS in Staffordshire and has a place at the IYSS Governance Board, Project Board and Team meetings.

Connexions (Staffordshire) Ltd is currently contracted to supply services until 31 March 2010 in accordance with the Local Authority’s responsibilities under Every Child Matters, Youth Matters, and the Employment and Training Act 1973 (as amended), Learning and Skills Act 2000, and the relevant quality standards.

It should be noted that Connexions (Staffordshire) Ltd also has arrangements with Stoke-on-Trent City Council to deliver services to young people, as well as for adults within both authorities. In addition, Connexions holds contracts in its own right for the delivery of adult and young people’s services. Preliminary discussions have taken place with Stoke-on-Trent City Council as any decision taken in relation to this matter would impact upon Connexions ability to deliver against its other contracts. Within SCC communication is also taking place between C&LL, CXO, DSD and SCH on the cross-cutting issues.

---

5 Connexions Service Specifications for Local Authorities from 1 April 2008
http://www.everychildmatters.gov.uk/youthmatters/connexions/
4 Options Appraisal

A recent survey published by CfBT (2009) outlines that Local Authorities across England are currently immersed in similar discussions to those taking place within Staffordshire at present. It indicates that approximately one third of Local Authorities are seeking to maintain the status quo and continuing with the existing contract with Connexions, one third have commissioned out the work to a new provider and a further third have taken the work in house.6

Within Staffordshire a number of options have been explored. Whilst the option of commissioning out the whole or parts of IYSS to an external provider(s) is accepted in principle, there is insufficient information currently available to the Local Authority for it to develop a detailed specification at this moment in time. This will remain an option for consideration in the future.

Three possible options remain for discussion by Cabinet and each represents a differing level of benefit and risk.

a) Option One (Wait until Expiry of Existing Contract)

For the year 2009/2010 Connexions (Staffordshire) Ltd would continue to operate as they do currently but aligned to the IYSS developments to achieve a level of shared aims, objectives and accountability. The contract between Connexions (Staffordshire) Ltd and the County Council would expire naturally at the end of March 2010.

At that point the relevant sections of Connexions (Staffordshire) Ltd could be subsumed into IYSS and the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) would apply. Staffordshire County Council would then employ, manage and directly deliver the statutory elements of IYSS for Staffordshire.

Benefits of such a model:

- This would deliver a fully integrated management and operational model in line with our strategic vision all working to a single employer
- This model would provide the Local Authority with the opportunity to gain a full understanding of the nature of the business

Risks of such a model:

- By waiting until March 2010 to effect change the proposed timescale to develop and deliver the integrated youth service is likely to be affected and the status quo would prevail for another year
- Any further delay would increase the level of anxiety amongst Local

---

6 CfBT Education Trust New arrangements for Connexions/Careers Services for young people in England 2009
Authority personnel who have been expecting consultation on the preferred model for almost a year. This could result in an increased number of personnel leaving the organisation.

- The viability of the remaining Connexions (Staffordshire) Ltd company and implications for adult services and Stoke City Council would be placed at risk.
- Technical, legal and financial transfer issues have yet to be fully considered and addressed.
- There is potential for disruption to service and performance whilst TUPE process is underway.
- Possible negative publicity especially in relation to SCC commitment to contracting out its services would require support from Communications Team.

**Cost Implications:**

As noted above detailed information has not been provided by Connexions (Staffordshire) Ltd in relation to staffing, expenditure and performance in order that we may fully consider the implications for SCC. It is understood however that any additional costs would have to be met from the overall IYSS budget.

It is expected that redundancy costs for Connexions would be significant as staffing levels will need to be rationalised due to differentials in terms and conditions between them and SCC.

The opportunity for efficiency savings to be made through rationalisation of business systems and processes would be lost in 2009/10 and would have to be achieved instead by imposed budgetary reductions.

**b) Option Two (Alter Control of Connexions (Staffordshire) Ltd)**

Staffordshire County Council takes ownership of Connexions (Staffordshire) Ltd jointly with Stoke-on-Trent City Council. Connexions (Staffordshire) Ltd continue to operate as a business limited by guarantee but under full control of the County and City Councils. This model has been trialled by Derby City and Derbyshire County Councils with some success.

There would need to be a change to the present company’s articles and memorandum in particular to facilitate the change of members and trustees/directors to those of the Local Authority. This would need to be achieved by agreement with the present members of the company. An agreement would need to be formalised with Stoke City Council.

**Benefits of such a model:**

- The contractual arrangements between Connexions (Staffordshire) Ltd and the Local Authority can remain the same as there would be two distinct legal entities, but the practical effect of being able to deal with any new arrangements for the integration of services is facilitated
• This would provide space and time to fully understand the operation of the company in order to reach a decision in due course on the future of the contract and the likelihood of tendering for an IYSS service.
• TUPE issues would not be an immediate consequence, as rather than transfer staff there is a change to the control of the company thus legally/practically facilitating ease of decision making for the eventual integration of services.

Risks of such a model:

• Such a move would have to be supported by the Connexions (Staffordshire) Ltd Board, as well as Stoke City Council and Staffordshire is in dialogue with Stoke regarding their position.
• Maintaining charitable status could be an issue and may be seen as contrary to the commitment to develop a flourishing third sector (NI 7).
• The whole company would be a responsibility for the new ownership, which includes activities beyond statutory youth services

Cost implications:

In addition to the points noted above, not having charitable status can have implications for tax relief on rates, the payment of Corporation Tax and the ability to have the opportunity to seek funding which Local Authorities cannot. However, this removes the potential for substantial costs of TUPE as staff would remain the employees of Connexions (Staffordshire) Ltd.

c) Option Three (Creation of Two Companies)

Connexions (Staffordshire) Ltd is supportive of a variant of the above model which proposes that Connexions become in effect, smaller by the transference of the statutory youth functions to the Local Authority, which forms a new company. This new company continues to operate as a business limited by guarantee but under full control of the County and City Councils. The original Connexions (Staffordshire) Ltd company remains under separate control.

Benefits of such a model (in addition to those stated in Option Two):

• Charitable status is likely to be maintained by the original Connexions (Staffordshire) Ltd whose board members and objects would not change
• The Local Authority as owner of the company would not be responsible for services other that those for which it has a statutory obligation to ensure provision

Risks of such a model (in addition to those stated in Option Two):

• Whilst Connexions (Staffordshire) Ltd are proposing that its existing infrastructure continues to serve both companies this would frustrate
plans for integration of business functions
  • The governance and linkages to any provision of services which Connexions (Staffordshire) Ltd continue to provide would have to be addressed in particular transitional arrangements for young adults including those with disabilities
  • The risks and practicalities arising from the contract between Connexions (Staffordshire) Ltd and the County Council would have to be dealt with, for example in relation to existing contracts for non-statutory services for adults and young people.

Cost implications:

See above.

6 Conclusion

As stated above, maintenance of the status quo is not considered to be a viable option for Staffordshire as it would not provide the mechanism by which the Local Authority can achieve its objectives.

Staffordshire Children’s Trust is underway with its development of a Children and Young People’s Joint Commissioning Unit where a clearly defined commissioning framework will be established. The IYSS will be considered a major provider of services and will benefit from the guidance, structure and intelligence offered by the framework in any future decision concerning commissioning of IYSS services as a whole or in part.

A period of direct delivery of all aspects of an IYSS by the County Council will provide intelligence valuable to the future commissioning of an IYSS. Opportunities would arise to fully understand and define both the requirements of a service and examples of good practice. This intelligence would enable the Local Authority to establish a benchmark in order to develop and/or commission services in the future.

Sharon Moore
Assistant Director
Integrated Youth Support Services

5 March 2009