

REPORT TO: Cabinet

DATE: 14th April 2011

SUBJECT: Future Arrangements for the Delivery of Connexions Services in Sefton

WARDS AFFECTED: All

REPORT OF: Margaret Carney, Chief Executive

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**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:

1. To inform Cabinet of the need to either serve notice on the termination of contract with the Greater Merseyside Connexions service by 31st March 2012, or subject to any changes in commissioning responsibility, extend a revised version of the contract until 2014.
2. To seek the approval of the Cabinet for officers to continue negotiations with the service, in conjunction with the other Liverpool City Region local authority areas, to obtain a reduction in service and therefore maximise savings in the final year of contract (2011/12).

REASON WHY DECISION REQUIRED:

1. To agree to propose a reduction in the core budget delivery for 2011/2012 based on a reduction in specific areas of activity, protecting front line delivery as far as possible. This reduction is currently being negotiated at around 13% in total. 11% (£240,000) of the potential 13% reduction was reported to the Cabinet of 3 March 2011 to include in the Council's Budget for 2011/12
2. To inform cabinet of the implications of the revised negotiations of contract, particularly the risks involved should the contract collapse mid term due to budgetary pressures

RECOMMENDATION(S):

1. Note that negotiations will continue with connexions to reach agreement on the wording of the conditions.
2. Note the current position in respect of the Connexions Service contract, including contract deadlines.
3. Authorise officers on behalf of the Council to continue to negotiate with Greater Merseyside Connexions Partnership in respect of the contract and service specification for future years, together with the other five Local Authority areas in the Liverpool City Region (LCR).

KEY DECISION: No

FORWARD PLAN: No

IMPLEMENTATION DATE: After the expiry of "Call in Period" period following the publication of the minutes of the Cabinet Meeting

ALTERNATIVE OPTIONS:

IMPLICATIONS:

Budget/Policy Framework: None

Financial:

The payment to Connexions in 2011/12 for the core service has been treated as a contractual commitment during the budget preparation exercise which means that this budget has been protected from potential cuts. The full payment to Connexions is therefore currently provided for. Any negotiated savings for 2011/12 would result in equivalent savings to the Council's budget.

<u>CAPITAL EXPENDITURE</u>	2011/ 2012 £	2012/ 2013 £	2013/ 2014 £	2014/ 2015 £
Gross Increase in Capital Expenditure	0	0	0	0
Funded by:				
Sefton Capital Resources	0	0	0	0
Specific Capital Resources	0	0	0	0
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure	0	0	0	0
Funded by:				
Sefton funded Resources	0	0	0	0
Funded from External Resources				
Does the External Funding have an expiry date? YES	When, 31 st March 2012			
How will the service be funded post expiry?	Provision will cease or transpose into a new service (see notes under background below)			

Legal: It is assumed that the specific statutory responsibilities of the Local Authority for Information Advice and \Guidance services will remain in place for the foreseeable future.
The view of the Halton Borough Council solicitor (confirmed by all the authorities' legal representation) is that the LCR authorities are

contractually committed to maintaining the level of spend on core services during the period ending at 31st March 2012. This is regardless of the fact that neither the main contract (Halton BC and GMCP) nor the Collaboration Agreements (HBC and each of five other LAs) have been signed. However the contract may be varied by agreement.

LD50/11 LD78/11

Risk Assessment: The key risk relates to the potential for a successful outcome of negotiations with GMCP in relation to a reduction in core contract delivery. In the event that the contract breaks down during the negotiation period, the council could become liable for certain significant costs associated with the staffing of the service

There are also risks associated with the Local Authority's statutory duties for Information Advice and Guidance and the ability to continue to deliver on this.

Asset Management: NA

CONSULTATIONS

Finance – FD706

The Head of Corporate Finance & ICT has been consulted and her comments have been incorporated in the report.

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	/		
2	Creating Safe Communities		/	
3	Jobs and Prosperity	/		
4	Improving Health and Well-Being		/	
5	Environmental Sustainability		/	
6	Creating Inclusive Communities		/	
7	Improving the Quality of Council Services and Strengthening local Democracy		/	
8	Children and Young People	/		

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Report to Cabinet Member for Children's Services and to Cabinet (September 2009)

1. Background

- 1.1 Any reductions in Connexions facilities in LA Under the previous Government, the Department for Children, Schools and Families transferred grant funding for Information Advice and Guidance (Connexions) Services from Government Office North West to the Local Authority, as part of the Area Based Grant. From that point it was for each Local Authority to commission 'Connexions' activity in line with statutory requirements, national specifications and local priorities.
- 1.2 A set of national standards for Information, Advice and Guidance (IAG) was established, and the Local Authority became statutorily responsible for (a) ensuring the implementation of the IAG standards and (b) ensuring that schools and colleges were delivering to those standards. The then Secretary of State also transferred to LAs the following statutory duties:-
 - Obligations to ensure careers services are provided for schools and college students;
 - Obligations to ensure the assessment of young people with learning difficulties and disabilities;
 - Obligations to ensure young people aged 13-19 are offered support to enable their effective participation in learning.
- 1.3 The six Liverpool City Region Authorities agreed in 2007/2008 to jointly commission a pan-Merseyside Connexions Service, with an interim transition arrangement led by Wirral Council. A procurement process under EU legislation was undertaken, and following competitive tendering the contract was offered to Greater Merseyside Connexions Partnership (GMCP). The new contract took effect on 1st January 2010.
- 1.4 Halton Borough Council acted as the lead authority on procurement, and holds the main contract with GMCP Ltd**. The six Liverpool City Region Authorities have agreed a Collaboration Agreement that specifies ways of working between them when working within the framework contract. A contractual monitoring process is in place between them, led by Halton Council. Regular local monitoring meetings are held.

2. Current position

- 2.1 The current contract with GMCP runs to March 2012, with an optional extension to March 2014, subject to government policy announcements. All authorities have paid in full for core delivery in 2010/2011. The total Liverpool City Region core contract value in 2011/2012 is £15.5 million. The proposed renegotiation would put the city region contract at circa £13,000,000.
- 2.2 For Sefton the original total annual contract value for 2011/12 is circa £2,444,065 , with the proposed new cost of the service in Sefton to be £2,118,563. This would represent a saving to the borough of 13.32% (circa £335,502). The final reductions will be finalised after completion of the negotiations. At the Cabinet of 3 March 2011, the initial agreed savings of £240,000 (11% of the potential 13%) were reported to include in the Councils Budget for 2011/12
- 2.3 Discussion is currently underway with GMCP regarding this potential reduction to the core service specification for 2011/12. Any changes would have to be agreed by all six authorities and by GMCP.

- 2.4 LAs will have to give notice to GMCP by 31st March 2011 as to whether they wish to extend the contract to 31 March 2014 or not.
- 2.5 The connexions service are complying with the request for a budget reduction, but to date have suggested the following conditions:
(these conditions are purely operational and are very likely to change before negotiations are finalised).
- There is no further reduction during the term of the contract, to April 2012;
 - The framework contract value and service offer is binding on all 6 LAs and the contract management arrangements are managed in such a way as to reduce unnecessary bureaucracy and optimise economies of scale across the City region;
 - Local Authorities acknowledge and come to an agreement with GMCP about the costs of transition to the new contract value and service offer, estimated to be at least £500k (e.g. redundancy and related costs of areas). GMCP will guarantee the deployment of £13,017,200 in service delivery to clients if LAs underwrite the costs of transition. If transition costs are included in the contract price it will further reduce the level of service that can be offered in 2011/12 beyond £13,017,200;
 - Local Authorities, within the provisions of the existing Connexions contract, agree to guarantee an extension of the contract for a further 2 years from April 2012 as it applies to those services which remain the responsibility of LAs as determined by Government policy; this relates to the duty on LAs to provide careers and other support services to NEET young people and vulnerable young people in transition. This guarantee will be made in line with the Contract notice period of 12 months and agreed prior to any variation to the contract in line with these negotiations;
 - The changes outlined in an agreement will require consultation with a range of key stakeholders, including young people, schools, colleges and work based learning providers; this will require an agreed plan for the timing of and the way in which they will be implemented.

3. Policy information supporting the proposed decision

- 3.1 The Education Bill identifies some policy on future IAG services for young people.
- 3.2 Local authorities will no longer have a duty to provide a universal careers guidance offer. They will retain the duty to support NEET young people and those who have LDD (including those up to the age of 24).
- 3.3 Schools will have duty requiring them to secure access to independent and impartial careers guidance for all pupils in the third and fourth key stages of their education. This needs to include information on all 16-18 education and training options, including apprenticeships. Many schools are likely to secure access to independent and impartial careers guidance by buying a service from the All Age Service or other providers of high quality guidance.
- 3.4 The Education Bill refers to, but does not establish, the New All Age Careers Service. The procurement model for All Age Careers Service is yet to be determined.
- 3.5 With the detail of the proposed changes being unclear, planning for next year and the discussions with Connexions need to remain as flexible as possible to work with potential further budget reductions and evolving Government policy.

4. Next Steps

- 4.1 There will be a Liverpool City Region feedback meeting in advance of March 31st 2011 to discuss initial negotiation outcomes, at which a decision will be made about revision of the contract by each Liverpool City Region Council.
- 4.2 Through the LCR partnership, work will begin with GMCP and other partners, (including schools/colleges/providers), to develop a local transition plan.
- 4.3 The LCR framework contract manager will hold further meetings to work through the detail of the negotiations on the contract from April 2011 to ensure a framework for local discussions is in place