

Report of the Director of Learning, Culture and Children's Services

Establishing an Integrated Youth Service for York

Summary

1. This report summarises the progress towards establishing an integrated service for young people in York, since the decision in principle at the Executive meeting on 27 February 2007 to adopt a directly-managed model when responsibility for the Connexions service transfers to Local Authorities in April 2008.
2. The report is largely the same as one considered on 21 January 2008 at the meeting of Executive Members for Children's Services and Advisory Panel, who will have been able to scrutinise it in detail. This should enable the Executive, acting on the recommendations from that meeting (which will be reported orally), to focus on the principles involved. The Executive is asked to confirm the decision to proceed with the transfer of staff.
3. The report analyses the financial, HR and other risks associated with the transfer, and advises the Executive of the steps taken to minimise these. Certain details of the negotiations with the current contractor are contained in an "exempt" Annex.
4. The report also outlines some of the detailed planning work that has taken place, including a structure for the new service that will be used as the basis for making progress with the appointment of a new Head of Service and other senior manager positions. It covers other HR, IT and property implications, and the plans that have been drawn up to achieve a smooth transfer. Finally, the report also covers three minor contracts with third parties that are currently the responsibility of the Connexions Service. All of these issues will have been scrutinised in detail by the Advisory Panel, and the Executive is asked to note their conclusions.

Background

5. As the Executive was advised in February, a number of statutory duties that are currently the responsibility of the Connexions partnership will transfer to the Local Authority from 1 April 2008. The main functions include the provision

of careers information, advice and guidance for young people, as well as more specialist services to promote participation in education and training post 16. LAs will become responsible for targeted reductions in the number of young people who are not in employment, education or training (NEET).

6. Connexions York and North Yorkshire operates on a sub-contracted basis. The lead body is North Yorkshire County Council, which employs the staff in the central Connexions team. This team then contracts with Vosper Thorneycroft/Guidance Services (VT/GS) to provide the core services such as careers education, and with a range of other smaller providers of more specialist services.
7. In February 2007, the Executive considered the choices available from next April, including rolling over existing contracts, putting some or all of the functions out to tender, or bringing the majority of the services in-house. They opted for the latter option as being consistent with our vision for a wholly integrated, locality-based youth service, incorporating all the elements of information, advice, guidance, support and positive activities for young people aged 13-19. This vision is also consistent with the new service arm within Learning, Culture and Children's Services that incorporates all aspects of our preventative and early intervention activities.

Consultation

8. Consultation has taken place with a wide range of partners and other stakeholders. This has informed our detailed work on the scope and structure of the new service. Consultation has also taken place with young people, who now inform our service planning on a regular basis.
9. Negotiations have taken place with the current service provider, VT/GS, and these are continuing. Through VT/GS, we have also begun to communicate with the staff who will be involved in the transfer, all of whom received a personal letter from me before Christmas setting out the present position. We have also had a preliminary and informal meeting with Unison; further negotiations will take place in the New Year.
10. Detailed planning has been overseen by the Integrated Youth Service Project Board, on which sit the two Executive Members with responsibilities in this area, as well as representatives of the LCS, Voluntary Sector and Learning Partnership.

Options

11. The key options were considered by the Executive in February 2007 when the decision was taken in principle to bring these functions in-house; there is no need to rehearse these arguments again.

Analysis

12. It may, though, be worth re-articulating the vision for the new service in a little more detail. We would certainly subscribe to the Government's view that the main objective of the newly integrated services is about *empowering young people, giving them somewhere to go, something to do and someone to talk to*. In other words:

- *Young people will have more choice and influence over services and facilities that are available to them. Young people will be encouraged to volunteer and contribute to their local community.*
- *Information, advice and guidance services for young people will be more flexible and accessible. For young people experiencing difficulties there will be better-targeted support, coordinated by a lead professional.*
- *We will develop new and innovative ways of delivering services to young people and will share these new ways of working with others to bring about real and positive change for young people.*
- *We will aim to ensure that young people have access to a wide range of positive activities, and secure for young people an appropriate offer of "places to go and things to do" that reflects the Government's ambition for youth opportunities set out in the national standards.*

13. We believe our detailed planning will enable us to move closer to these goals in the months and years ahead. The new drop-in centre at Castlegate is an exemplar of the kind of quality of service that we would eventually like to extend city-wide. The introduction of services based on locality "hubs" will enable us to explore new synergies with other parts of the service, and with external partners.

14. Our work since February has involved detailed planning for the new service, and action to reduce the risks inherent in such a move. This is covered in the following sections.

Corporate Objectives

15. As Members were advised when first considering this issue last February, the vision for the new service is consistent with a number of Council priorities including: increasing skills and knowledge, improving health and lifestyles, and improving the life chances of the most disadvantaged and disaffected young people.

Financial implications

16. The financial, HR and legal implications of this exercise are intertwined. On the financial front, we are seeking to fund most of the *one-off* costs associated with the transfer (mainly accommodation and IT costs) from funds laid aside for this purpose from within the Youth Services and Connexions budgets. The

details are at Annex A. We have asked the Executive Member for Children's Services to approve this expenditure in principle, subject to a reasonable degree of officer discretion over the detailed programme of works and the priorities within it.

17. The *ongoing* costs of running the Connexions component of the portfolio of services for young people will be covered by a Government grant. This has now been confirmed at £1,391,800 in 2008-09, not much different from the estimate of £1,408,702 made for the Executive last February. This will rise to £1,418k in the subsequent year, and fall back to £1,396.5k the year after. We consider that this is sufficient to maintain and develop a high quality service for young people in York, consistent with the original vision.
18. Annex A sets out our best estimate of a budget for the Connexions component of the Young People's Services, including anticipated staffing costs, pensions, premises, and internal support services. It seems prudent at this stage to maintain a contingency element to allow for a negotiating margin (see below), or in case the one-off transitional monies prove insufficient to cover essential accommodation and IT costs. This has been set at £45k in 2008/09 and £39k in 2009/10. If any of this contingency remains unspent it will be invested in further enhancing the services for young people.

HR implications

19. As Members will be aware, transfers of this nature are governed by the Transfer of Undertaking (Protection of Employment) (TUPE) regulations which protect the terms and conditions of staff who transfer from one employer to another – except for pensions and pension-related benefits. The budget at Annex A can be balanced if our view of the TUPE position prevails. However, at the time of writing some elements of this remain a matter of dispute with VT/GS. Should we lose the arguments, we could potentially face additional full year costs of up to £132k, although we would take steps to minimise this. Further details are set out at Annex B, which we recommend is exempt from public disclosure. The first call for funding any additional costs would be the contingency sums set aside within the Connexions budget in Annex A and referred to at paragraph 18. In addition to this, the Children's Services budget report for 2008/09 (elsewhere on this agenda) recognises the risks inherent in the Connexions transfer and recommends that the Executive retains further resources within the Corporate Contingency budget. The Executive would only be invited to release this additional contingency in the event that arguments around the TUPE transfer are lost.
20. Annex B also refers to the consultations that will need to take place with Unison in the New Year; one informal meeting has already been held. The Annex suggests a negotiating position. In broad terms, we intend to transfer the new staff into the Council on their existing terms and conditions, apart from some minor administrative issues (such as payday). The new staff, of whom there are 37 in total, will be offered access to the North Yorkshire Pension Scheme. This has been included in the costings.

21. HR colleagues have been involved in the detailed planning for the transfer. We have sent an initial “welcoming” letter to all 37 staff (making it clear that final decisions have yet to be made by Members), and we will send them further communications as the date of transfer draws nearer. The new staff will be allocated to a restructured service arm which we have provisionally titled “Young People’s Services”; this will retain the Connexions “sub-brand” (which is a national requirement) while still achieving the vision of integrated, locality-based teams. More detail on the proposed structure, and the thinking behind it, is offered at Annex C. This structure will be used as the basis for evaluating and filling the senior positions, according to the Council’s normal HR policies.
22. No changes are envisaged to the terms and conditions of existing Youth Service frontline staff. We are sensitive to the need to manage carefully any concerns they may have. Overall, their reaction to the proposed integration has been very positive.

Legal implications

23. Colleagues from legal services have also been involved throughout the planning phase and their advice has been crucial in our negotiations with VT/GS. We have with their help examined carefully all other potential costs and liabilities associated with the transfer. We are satisfied that we have identified all potentially significant ones. The risk of unforeseen liabilities arising after the transfer date will be minimised through the signing of a carefully-worded transfer document which we will seek to agree with VT/GS containing standard indemnity clauses.

IT Implications

24. Colleagues from IT are now planning the detailed work needed to provide the new staff with equipment (PCs and – for mobile staff – laptops). The capital costs of purchasing the equipment, and the installation costs as we currently envisage them, will be funded from grants generously provided by the Connexions service.
25. The IT is essential to ensure the Connexions staff can operate the new Management Information System from day 1. As the existing system is the property of VT/GS, a decision has been made to source a new system that will be hosted by NYCC. Following a procurement exercise, a contract to build the new system has been awarded to a company called “Aspire” who have a track record in this field. Work is now in hand to ensure the successful migration of data from the old systems to the new one. Again, the costs of this have been funded by Connexions.

Property Implications

26. It is envisaged that the new service will operate from three locality-based hubs at Kingswater, Moor Lane and Fulford – in addition to the very successful city centre site at Castlegate which opened in the summer of 2007. A project has been undertaken with colleagues from Property Services to identify and cost

the works that will be need to bring these properties up to the necessary standard to accommodate the new staff and operate the service for young people. Staff have also been consulted about this.

27. Perhaps inevitably, the cost of implementing all of the desirable accommodation upgrades exceeds the funds available, as set out in Annex A. However, we are satisfied that all of the essential work can be carried out within budget and in time to ensure continuity of service. The remaining elements will be put onto a longer-term programme. Over time, we would like to see all three “hubs” operating to the same high standards as Castlegate, and in due course we will see whether there are any funds available from partners to start to achieve this.
28. The Central Team for the new Young People’s Services will need to move out of Kingswater in order to accommodate the new “hub.” We have been pursuing a number of options for re-siting the central team and will offer Members an oral update on the present position.

Equalities and Crime and Disorder Implications

29. There are no significant equalities or crime and disorder implications – except to the extent that an expanded and integrated service for young people in York will be better positioned to work well with the Youth Offending Team and the Safer York Partnership in their crime prevention activities.

Other Implications

30. The majority of Connexions’ responsibilities are discharged through the “core” contract with VT/GS. However, Connexions also commission three well-regarded “Intensive Personal Adviser” services through small contracts with The Centre for Separated Families, CSi, and York College. Full details of these are set out at Annex D. We have recommended to the Executive Member for Children’s Services that these contracts be rolled over for a further year, pending a full impact assessment in 2008. This will provide a welcome degree of stability in these three important specialist areas of work. To achieve this, Members need to waive the LA’s financial regulations in relation to these small contracts for this interim period.

Risk Management

31. In a sense, this whole report has been about the steps we have been taking in order to minimise the risks that are inevitably associated with a transfer of this scale and nature. The financial risks are mainly around the outstanding TUPE issues and are explained in more detail at Annex B. We believe these risks are now within acceptable boundaries, and that the contingency sums laid aside (as outlined in paragraphs 18 and 19 above) provide sufficient protection for all likely scenarios. For the reasons explained more fully in Annex B, it is not sensible at this stage to spell out *exactly* what steps we would take were we to lose the remaining arguments around the TUPE issues,

but Members can be assured that we would move rapidly to rectify any potential overspend.

32. There is a clear risk to continuity of service to young people if something unforeseen happens between now and 1 April, such as failure to achieve all of the accommodation upgrades or IT installations. There also is a significant risk in migrating to a new MIS system with a new supplier – but no realistic alternative to the steps we have taken. Both of these risks can be minimised with the continued goodwill of the staff concerned (both within the Youth Service and the Connexions team). Good communications will be essential in the weeks ahead in order to preserve this. Members should be aware that the mood is a very upbeat one.
33. To sum up, and in compliance with the Council's risk management strategy, we believe we have brought all of the risks that might arise (ie Legal and Regulatory, Financial, People, System and Technology, and Operational) below the threshold where they would require a separate Action Plan. They will, though, still need regular monitoring, in that the composite risk (in terms of likelihood times impact) should be assessed as MEDIUM. This monitoring will be carried out by the Integrated Youth Service Project Board.

Recommendations

34. The Executive is asked, having taken note of the recommendations of the Executive Members for Children's Services and Advisory Panel,

to note the detailed work that has been undertaken to plan for the new integrated service for young people in York since the decision in principle to bring the Connexions service in-house, including wide consultation with stakeholders, staff and young people, and intensive negotiations with the current service provider;

Reason: to ensure that the Council discharges its statutory obligations in the most efficient and effective manner, consistent with the vision of a professional, holistic, locality-based service for young people.

to note the financial and other risks that exist, particularly around the TUPE matters that are still a matter of dispute with the current provider, the actions taken to minimise such risks, the contingency sums laid aside within the Connexions budget and also the Corporate contingency budget, and to note the actions and remit described in the exempt Annex that have been discussed in more detail with the Executive Member for Children's Services;

Reason: to agree that while these risks cannot be eliminated altogether, our negotiations and preparations have brought them within acceptable levels.

to agree that the decision to bring the Connexions Service in-house from 1 April 2008 be confirmed, and that the necessary steps be taken to effect a smooth transfer of staff and functions from that date;

Reason: to initiate the final steps needed to effect the transfer, including confirmation to the staff affected, and the drawing up of the relevant transfer documentation.

35. The Executive is also asked to note the following issues that will have been considered in more detail by the Executive Member for Children's Services:

the proposed structure for the new service that is set out at Annex B;

Reason: to enable the new staff to be allocated to a suitable function and location, and to allow the senior posts to be graded and filled according to the Council's HR policies.

the IT and property implications, and the proposed upgrades to accommodation at Kingswater, Fulford and Moor Lane, and the one-off costs set out in Annex A that have been submitted to the Executive Member for approval, subject to reasonable officer discretion over the detailed works schedules and the priorities within them.

Reason: because these are significant elements in the transfer and the upgrades are necessary to ensure continuity of service with minimum risk.

three minor but significant contracts with third parties that are currently held by Connexions (described in detail at Annex D) that we have recommended be considered as temporarily exempt from the authority's financial regulations and rolled over for a further year pending a fuller impact assessment.

Reason: to provide continuity of service in three much-valued areas.

Contact Details

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**Report
Approved**

 Yes

Date

7 January 2008

Specialist Implications Officer(s)

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Wards Affected: *List wards or tick box to indicate all*

All Yes

For further information please contact the author of the report

Background Papers:

"Future of the Connexions Service" – Report to the Executive, 27 February 2007

Annexes

Annex A – Financial Implications

Annex B – Exempt Information

Annex C – Proposed Structure for the new service

Annex D – Details of three minor contracts