

Executive

20 April 2004

Joint Report of the Chief Executive & the Director of Education & Leisure

Connexions Partnerships Funding 2004/05

Summary

1. This report advises Members of the detrimental changes made to available funding for Connexions Partnerships and the actions required to be taken locally to minimise the impact. The report includes a detailed paper (Annex 1) produced by the Chief Executive of Connexions York and North Yorkshire which has also been shared with North Yorkshire County Council.

Background

2. Connexions is the branding of the government support strategy for young people aged 13-19. The strategy includes the statutory information, advice and guidance work, measures aimed at reducing the numbers of unemployed 16-19 year olds and targeted work with vulnerable young people. Connexions Partnerships were established by the Learning and Skills Act 2000. There are 47 Connexions Partnerships across England which are co-terminus with Learning and Skills Council boundaries. The City of York shares a Connexions Partnership with North Yorkshire County Council. The value of the government grant received in this region is over £5m annually.
3. There are three types of Connexions Partnerships nationally. The most common is a direct delivery company, usually delivered by a careers service or company that won the contract. A second model is the lead body model where a local authority agrees to act as the lead contracting body for a consortium of local authorities and careers companies. The third model – the one in place in York and North Yorkshire - is the sub-contracting model, where a small company is set up to receive the grant and then all services are sub-contracted to local authority, careers service and other providers.
4. The sub-contracting model was set up locally on the advice of the Government Office for the region. A company, owned jointly by City of York Council, North Yorkshire County Council and Guidance Enterprises Group, a private careers firm, has established a Partnership Board of a widely representative group to provide strategic direction for the work of Connexions locally.

5. In January 2004 the government announced that it was withdrawing some transition funding from Connexions; 30% of the total required for VAT payments will be kept by the national unit. Nationally, this meant that Connexions had to identify £35m from all available Connexions funding. The service must either reduce its programme of support services or reduce its VAT liabilities to make the required saving.
6. This was not a cut in Connexions core budgets but rather a reduction in the additional funding made available to compensate Partnerships for a change in VAT status from April 2004.
7. The change in VAT status is a Customs and Excise ruling that Connexions funding from April is "outside the scope". This brings it in line with other services offered through the DfES such as adult Information Advice and Guidance. Outside the scope means that the VAT that Partnerships previously reclaimed from Customs and Excise will now have to be met from other funds.
8. The reduction is part of a package of funding changes agreed to enable the new Children and Families Directorate to establish a budget that enables the most urgent commitments to be met and make a start on the reform programme set out in the Government's Green Paper "Every Child Matters".
9. VAT payments are only made by sub-contracting models, the one used locally. A lead body arrangement, using a local authority as the lead body, would make the Partnership exempt from VAT payments or able to reclaim VAT. In York and North Yorkshire the VAT bill annually, not covered by any other funding source, is £630,000. This would be the value of services needed to be cut if the full VAT bill were paid.
10. The national Connexions Unit, a part of the Supporting Children and Young People Group, has already reduced its central costs by £10m. The remaining £25m will have to be found by reducing the VAT liability and becoming more tax efficient. They believe that VAT is the obvious choice because alternatives would be a reduction of the grant locally and a guarantee of carrying over unspent funding from this year.

What each Partnership has been asked to do

11. Each Partnership with a VAT liability was asked to assess the impact of the change and to submit their views to Margaret Hodge, Minister of State for Children, by 25 February 2004. Locally, the Partnership Board members met to consider the impact and to determine their response. The Chief Executive of Connexions York and North Yorkshire produced an options paper and the Partnership Board members agreed to pursue the lead body option.

12. The Board met in March to confirm the decision to explore the lead body option, to inform Government Office of this intention and to seek the urgent support of the two local authorities. Connexions staff have met with the Chief Executives of each of the local authorities and have briefed senior officers and Board Members. Councillor Potter and Councillor Kirk are full Partnership Board members representing City of York Council.
13. Each partnership was also required to make an assessment of their capacity to make any structural changes needed to make the Partnership more tax efficient, and how the Board would manage these implications and changes. Anne Weinstock, the national Connexions Chief Executive wrote in January to local Partnerships, saying 'I would urge you to explore the potential for a local authority to act as lead body for receipt of grant as in the case of Central London'.
14. The Connexions Board agreed to pursue the lead body option and to authorise its Finance and Audit Sub-committee to identify the requirements to be met for the transfer of assets and liabilities to a lead body. The local Board has funding available to make VAT payments until 30 June 2004 without impacting on service delivery, although the sooner VAT payments can be legitimately avoided before that date the more money will be available for Connexions services. If the lead body is not established by 30 June, then the Board would have to begin to cut service delivery in the region.

Implications for City of York Council

15. In principle, there is no pressing reason for the lead body role to be taken by one local authority rather than the other. The partnership agreement would be the same and the Board setting the overall strategic direction for Connexions would also remain the same. Annex 1, the detailed report from Barry Hitchen, Chief Executive of Connexions York and North Yorkshire, describes the legal framework and processes involved in setting up the lead body. This paper has been shared with officers in Resources, who have considered its financial and legal implications. They are satisfied that there is no additional risk to the authority involved in the setting up of the lead body arrangement.

Recommendations

16. In order to ensure that there is no loss of service delivery in the City of York, the Executive is asked to:
 - i. approve in principle the setting up of a lead body arrangement as soon as practicable to receive the grant for Connexions York and North Yorkshire;

- ii. to be brought before it as a matter of urgency to approve the details of a lead body arrangements. authorise the Chief Executive to seek agreement with the Chief Executive of North Yorkshire County Council on which of the two local authorities should take on the role of lead body (subject to confirmation by the Executive);
- iii. seek a further report

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Legal	X
Financial	X
Human Resources	X
Crime and Disorder	
Sustainability	
Equalities	X
Other	



YORK & NORTH YORKSHIRE

**REPORT ON THE IMPLICATIONS
OF THE CHANGE
OF
CONNEXIONS YORK AND
NORTH YORKSHIRE LTD
TO
LEAD BODY STATUS**

**Barry Hitchen
Chief Executive
Connexions York and North Yorkshire Ltd**

CONTENTS

	Page Number
1.0 Introduction	1
2.0 Background	1
3.0 Personnel and Pension Issues	2
4.0 Financial Issues	3
5.0 Liabilities and Current Contracts	4
6.0 Lead Body Option	5
7.0 Functions and Responsibilities of the Lead Body	5
8.0 Governance	7
9.0 Ways Forward	8
10.0 Timescales and Action Plan	8 and 9
 Appendices	
1. Financial Memorandum for Connexions Partnerships 2004/05	
2. Connexions York and North Yorkshire Budget 2004/05	
3. Outsourced Finance Tender Document	
4. Current Contracts – Central	
5. Current Contracts – Services to young people	
6. Authorisation Schedule	
7. Page 3 of Connexions Financial Guidance 2004/05	
8. List of Connexions York and North Yorkshire Board Members	
9. Transmuted Structure	

**REPORT ON THE IMPLICATIONS OF THE CHANGE OF
CONNEXIONS YORK AND NORTH YORKSHIRE LTD
TO LEAD BODY STATUS**

1.0 Introduction

- 1.1 The Learning and Skills Act 2000 (sections 114 to 122) created the statutory base for the creation of the Connexions Service.
- 1.2 In accordance with DfES guidance on the establishment of the Connexions Service and with the agreement of the Connexions Service National Unit, Connexions York and North Yorkshire Ltd was founded in 2001 (Company no 4329881).
- 1.3 The three Founding Members are the City of York Council, North Yorkshire County Council and Guidance Enterprise Group.
- 1.4 A Partnership Board was formed reflecting the DfES guidance with 16 Directors appointed to direct the Connexions Partnership, including an Independent Chair.
- 1.5 The Connexions York and North Yorkshire model is a sub-contracting approach whereby partners deliver the services to young people on the basis of a funded contract.
- 1.6 A small central team comprising of the Chief Executive, four managers and three administrative staff manage the development of Connexions, monitor the contracts and directly oversee training, involving young people, quarterly assurance and voluntary sector development.
- 1.7 The Connexions Service was formally launched in York and North Yorkshire on the 1 September 2002 and in the 19 months since its creation it has been formally graded by the Government Office (January 2004) as a 'good partnership', which has progressively developed to meet the ambitious Connexions agenda. Connexions York and North Yorkshire have a primary target of reducing the number of numbers of young people not in education, employment and training by 10% by November 2004 from a November 2002 benchmark. The Partnership is currently exceeding this target by 5%.

2.0 Background

- 2.1 Prior to 1 April 2004, Connexions Partnerships Grants were deemed to be Standard Rated for Value Added Tax. All VAT incurred was recoverable. However, due to a ruling from Customs and Excise this status changed on 1 April 2004 and Connexions Partnerships are now liable for their VAT. There are some ongoing challenges to this ruling.

31 March 04 Connexions York & North Yorkshire

- 2.2 For Connexions York and North Yorkshire Ltd this produces a VAT liability of approximately £900,000 which is non recoverable.
- 2.3 The DfES confirmed in August 2003 that they would provide additional funding (at least 95%) to meet this VAT liability for at least two years from 1 April 2004.
- 2.4 On 13 February 2004 the DfES informed all Connexions Partnerships that they were now unable to provide this additional funding and would only contribute approximately 30%. This meant Connexions York and North Yorkshire would have to find £630,000.
- 2.5 To address this issue, advice was taken from VAT experts and a whole range of options were considered by the Board and Members. It was agreed at the 9 March 2004 Board meeting that an enabling Lead or Host Body Model would be the best option since it would remove all the VAT liability. This also reflected the views of the Members.
- 2.6 The Connexions York and North Yorkshire Ltd Finance and Audit Committee were asked to consider the detail at their meeting on 24 March 2004 it was agreed that a summary paper be produced outlining the details and issues to provide greater clarification for the Members, Directors and the two Local Authorities who may wish to act as the Lead/Host body.

3.0 Personnel and Pension Issues

3.1 Staffing

Connexions York and North Yorkshire currently employs four staff.

- Chief Executive
- Assistant to Chief Executive and Office Manager
- Training Administrator
- Modern Apprentice

- 3.2 From 1 April 2003 three seconded managers are due to transfer into the Central Team.
 - Development Manager
 - Manager for the City of York
 - Manager for North Yorkshire
- 3.3 Additionally there is a further seconded manager who still has 18 months left on her secondment.
- 3.4 All other staff of Connexions are employed through contracting partners.

31 March 04 Connexions York & North Yorkshire

3.5 Pension Issues

Of the four directly employed staff, the Chief Executive is in the North Yorkshire Local Government Pension Fund, the Assistant to the Chief Executive has a portable pension arrangement with contributions from the Company. The other two staff currently have no arrangements.

- 3.6 Arrangements for the Development Manager to move from secondment to permanent staff have been agreed and the one off pension costs (she is in the 'Transfer Club') of £24,000 have been budgeted for in 2004/05 budget.
- 3.7 The other two seconded managers due to move into the Company would not require any additional costs but they would have to start afresh in the North Yorkshire Local Government Pension Fund.

3.8 Partnership Unit

In the Lead Body arrangement the current central Team for the Partnership would become the Partnership Unit of the Lead Body accountable to the Partnership Board and responsible for contract management and developing Connexions across York and North Yorkshire.

- 3.9 The formal transfer of secondments should be effective from the same date as the Lead Body arrangement is in place.

4.0 Financial Issues

- 4.1 The Company operates in accordance with the Financial Memorandum for Connexions Partnerships together with the Financial Guidance for Connexions Partnerships and is audited in this respect by Government Office.

A copy of the Financial Memorandum is attached at Appendix 1. A copy of the Financial Guidance has been forwarded to the City of York and North Yorkshire County Council. It is vital that the lead body are cognisant of their contents.

- 4.2 The main source of income for the Company is from the Connexions Services Grant which for the forthcoming year will be in the region of £5.3 million, this grant is used to fund the provision of the Connexions service. Other monies will be received in respect of Millennium Volunteers, PAYP (Positive Activities for Young People) and the Selby Coalfield project. These monies are allocated for the provision of those specific projects. Total income for the company in the year to 31 March 2005 will be in excess of £5.8 million with a corresponding spend.
- 4.3 The budgets for the year to 31 March 2005 are included at Appendix 2.
- 4.4 The whole of the finance function is outsourced.

31 March 04 Connexions York & North Yorkshire

4.5 Matters to be considered on Cessation of the Company:

- 4.5.1 If the company ceases to trade prior to 28 September 2004 in theory it could be struck off informally without having an audit – whilst this is the strict legal position it is unlikely this would concur with the wishes of the Members and therefore it is envisaged an audit would be carried out to 31 March 2004 and then to cessation or if not having the company struck off for the year to 31 March 2005 even though the major part of the activities would be in the time until the activities transferred to the lead body.
- 4.5.2 The Members would have to decide whether to have the company struck off (either formally – by a liquidator, or informally) or to retain the Company as dormant.

4.6 Matters to be considered on transfer of the activities of the Company:

- 4.6.1 Is the “trade” going to be transferred as a going concern for VAT purposes directly to the lead body? If not VAT will become liable on the assets on the Company Balance Sheet on the assumption that the Company will have to de-register for VAT and “trade” will not be continued. VAT advice should be taken prior to any transfer of activities.
- 4.6.2 On transfer of the activities presumably the balance sheet at the date of the transfer will effectively be transferred to the lead body (including accruals and prepayments together with outstanding creditors and debtors). Dealing with the termination of trade in this manner will enable the reporting requirements under the Financial Memorandum to be satisfied.
- 4.6.3 Whilst the “trade” will cease in the Company it will continue under the auspices of the lead body and annual accounts to 31 March 2005 and thereon will have to be furnished to meet the requirements of the Financial Memorandum.
- 4.6.4 The current budget includes a contingency of up to £50,000 to be allotted to the ongoing costs of implementing the proposed restructure following the change in VAT legislation.
- 4.6.5 Consideration has to be given to the outsourced finance function and how the current record keeping will fit in with that of the lead body. Appropriate extracts of the tender document are included at Appendix 3 to demonstrate the specialist nature of the record keeping.

5.0 Liabilities and Current Contracts

- 5.1 The lead body, in taking over the activities of the Company, would have to take over all existing contracts (please see Appendices 4 and 5 for detailed list) and therefore the liabilities under those contracts.

31 March 04 Connexions York & North Yorkshire

- 5.2 Legal advice will have to be sought for some of these transfers e.g. the lease.
- 5.3 The key contracts are those relating to the provision of the service plus that related to the out sourced finance function.
- 5.4 Currently new contracts are awarded in accordance with a Board approved authorisation schedule (please see Appendix 6). Priorities as identified through Local Management Committees and all key contracts are agreed at Board Level. The Board has recently agreed to establish a contracting sub-committee in preparation for a new contracting round. All key contracts cease on 31 March 2005.

6.0 Lead Body Option

6.1 There are currently seven Lead/Host Body Connexions Partnerships, four being direct delivery and three sub-contracting partnerships.

6.2 The Financial Guidance for Connexions Partnerships (April 2004-March 2005) page 3 outlined appropriate arrangements for legal entities, financial accountability and structures (attached at Appendix 7)

There are also references within the Financial Memorandum for Connexions Partnerships 2004/05 on page 4.

6.3 All of these Connexions Partnerships have a Partnership or Consortium broadly reflecting the membership recommended in the Connexions Service guidance from the DfES to ensure a broad based support and commitment to Connexions. A Partnership Board to provide strategic direction is appointed by this membership.

6.4 A Lead or Host Body agreement underpins the legal status of the Partnership and is signed as a deed.

6.5 The Partnership or Consortium through the Partnership Board agrees who will act as a Lead or Host Body on behalf of the Connexions Partnership and these arrangements are specified in the Partnership Agreements

7.0 Functions and Responsibilities of the Lead Body

7.1 At the 9 March 2004 Board meeting Connexions York and North Yorkshire Partnership Board agreed that future arrangements should ensure:

7.1.1 Agreement with a Lead Body that is an enabling body.

7.1.2 That a new representative Partnership Body is constituted as soon as possible underpinned by a formal Partnership Agreement.

7.1.3 That the Connexions Central Team become the Partnership Unit of the Lead Body under a TUPE arrangement.

31 March 04 **Connexions York & North Yorkshire**

7.1.4 That existing sub-contracts are honoured up to March 2005.

7.2 In all the Lead/Host Body Connexions Partnerships;

7.2.1 The **legally responsible** entity is the nominated Lead/Host Body.

7.2.2 The Lead/Host Body receives the Connexions grant on behalf of the Connexions Partnership and is **financially accountable** to the Government Office for the spend of the grant.

7.2.3 The Lead/Host Body **employs** the Partnership Unit staff to manage the delivery of the Connexions Service.

7.2.4 The Lead/Host Body **contracts** with the Serving Children's and Young People's Group of the DfES for the provision of the Connexions Service via the Government Office.

7.2.5 The Lead/Host Body is responsible for Health and Safety and ensuring that contractors have appropriate systems in place.

7.2.6 The Lead/Host Body will act as the Data controller.

7.2.7 The Lead/Host Body is a **member** of the Connexions Partnership and has representation on the Partnership Board.

7.2.8 The Lead/Host Body **must ensure** that the Connexions Partnership Grant is spent on delivering the Connexions service.

7.2.9 The Lead/Host Body **acts in accordance** with the policies and direction of the Partnership Board.

7.3 Local Differences

7.3.1 Local arrangements and responsibilities of Lead/Host Bodies differ in some respects and this particularly relates to whether they are direct delivery services (employ and are responsible for all staff, buildings, assets and liabilities) or a sub-contracting partnership where the major responsibility lies with the sub-contractor. Connexions York and North Yorkshire is a sub contracting partnership.

7.3.2 Additionally some lead bodies provide support and expertise to the Connexions Partnership (such as personnel, legal, contracting, management information, finance and purchasing) for which they may or may not charge. In some cases, Service Level agreements are in place and in others the arrangement is more informal and is seen as a Partnership Contribution of the Lead Body.

31 March 04 **Connexions York & North Yorkshire**

8.0 Governance

8.1 The establishment of a Partnership whereby member organisations come together through a formal agreement is an essential feature of all Lead/Host Body arrangements.

8.2 Some are unincorporated associations with a relatively small number of member organisations and a broader Partnership Board, which is responsible for the strategic direction of the Connexions Service.

This does **not** create a **legal partnership or legal entity** but the Partnership Agreement may be executed as a deed with a Memorandum of Participation signed by each participating member. It is considered to be both a moral and legal agreement.

8.3 Other lead bodies have developed Consortiums, which are also underpinned by a Deed of Adherence signed by the members. Essentially they are the same as an unincorporated association. This approach appears to be the choice when the area covered by the Connexions Service (the Learning and Skills Council area) only has one local authority, which can act as the Lead/Host Body.

The Consortium appoints a Consortium Board to oversee the strategic development of delivery of Connexions.

8.4 A third approach is the 'Host Authority Agreement' whereby one local authority becomes the 'legal vehicle for implementing Partnership Board decisions and being accountable for the Connexions grant.

This agreement is signed by the local authority and relates to a direct delivery service.

8.5 In summary the **key features** are:

1. A partnership underpinned by a Deed.
2. A Partnership Board which is responsible for the strategic development of Connexions.
3. A Lead/Host Body which is the legal entity, receives the grant and enables the Partnership to function.

8.6 The key issues relating to Governance are:

1. Who constitutes the 'Partnership'?
2. What are the powers of the 'Partnership'?
3. How are conflicts of interest managed?
4. In a sub-contracted Partnership how is competition and best value promoted within the Governance Agreement?
5. Are the roles and responsibilities of all parties clear?
6. How are a broad range of stakeholders involved at the Partnership level?

31 March 04 Connexions York & North Yorkshire

9.0 Ways Forward

- 9.1 Connexions York and North Yorkshire Ltd has the advantage of a broad based Partnership Board of 16 which meet the guidelines for the Connexions Service and includes 6 representatives of the 3 Founding Members.
- 9.2 This Board could continue to provide the strategic direction for the Connexions Service and appropriate member organisations of this Board asked to sign up to a Partnership Deed/Agreement which would provide the legal basis for the Partnership and a broader range of members than the current Company arrangements. A list of Board Members is attached at Appendix 8. Such an arrangement meets with the Government Office preferences.
- 9.3 The Partnership Deed/Agreement would need to be drawn up and clearly specify the roles and responsibilities of all partners including a constitution for the Partnership Board. Existing examples of Agreements where the Partnership is a sub-contracting Connexions Partnership may be used as a basis and tailored to the York and North Yorkshire context. Legal advice will be required.
- 9.4 In essence the existing structure could be 'transmuted' as outlined in Appendix 9.
- 9.5 The Members and Directors of Connexions York and North Yorkshire Ltd are also being consulted on all the issues and the aim is that by 23 April 2004 (the next Board meeting) a Lead Body will have been agreed by all parties concerned.
- 9.6 Following agreement on the Lead Body and a new Partnership Deed Financial, Contracting and Staffing arrangements will need to be quickly implemented with the Lead Body.
- 9.7 There will undoubtedly be a transitional phase in which arrangements are reviewed with the Lead Body throughout 2004/05 due to the complexities and detail which needs to be resolved.

10.0 Timescales and Action Plan

- 10.1 It is recognised that the overall timescale for making the changes to Lead Body status is extremely tight. In order to make the required savings it needs to be in place by 30 June 2004 at the latest.
- 10.2 It is also acknowledged that not all arrangements will be in place by the 30 June 2004 and there will be a transitional phase in which detailed issues are worked through. However, certain key arrangements will have to be in place by that date to enable the Lead body to operate. These key arrangements are outlined below in the Action Plan

31 March 04 Connexions York & North Yorkshire

10.2.1 Acton Plan

Action	Parties Involved	Timescale
Review of transfer issues relating to move to Lead Body	Members, Directors, City of York and North Yorkshire County Council	April 2004
Agreement on a Lead Body	City of York Council and North Yorkshire County Council, Members and Directors	23 April 2004
New Partnership Agreement produced.	Members and Directors, Lead Body, Government Office and solicitors	30 May 2004
Partnership Agreement signed		15 June 2004
Central Team staff transfers formalised	Lead Body and Chief Executive	May/June
Financial Arrangements in place	Garbutt & Elliott Lead Body Chief Executive	April – June
Contractual arrangements review and contracts re-issued	Lead Body, Chief Executive, Central Team, Garbutt & Elliott and solicitors	April – June
Formation of new Partnership Board	Parties to the Partnership Agreement	June
Further transaction issues identified and action plan produced	Chief Executive, Lead Body and Central Team	May – June
Connexions York and North Yorkshire Ltd ceases trading	Members and Directors	30 June 2004

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31 March 2004

Financial Memorandum for Connexions Partnerships

2004-05

FINANCIAL MEMORANDUM FOR BODY IN RECEIPT OF GRANT

BODY: CONNEXIONS YORK & NORTH YORKSHIRE

OPERATIONAL AREA: YORK & NORTH YORKSHIRE

LIST OF CONTENTS

	PARA
Introduction.....	1
Definitions.....	2
Conditions of grant.....	3
Purpose of grant.....	4
Accountability.....	5 to 7
Forecast of expenditure in the forthcoming financial yr.....	8 to 10
Grant assessment.....	11 to 12
Payment of grant.....	13 to 15
Financial management.....	16
Internal audit.....	17 to 18
Borrowing.....	19
Losses, gifts and special payments.....	20
Disposal of assets and change of use.....	21 to 23
Copyright.....	24
Fees and charges.....	25
Procurement.....	26
Insurance.....	27
Grant accounting.....	28
Accounts.....	29 to 32
Staffing.....	33
Information.....	34
Management surveys.....	35
Recovery of grant.....	36
Unsatisfactory performance.....	37
Termination.....	38
Revision.....	39
Interpretation.....	40
Transfer of responsibility on expiry or termination.....	41 to 44
Data protection.....	45 to 46
Retention of documents.....	47
Effective date.....	48

FINANCIAL MEMORANDUM: CONDITIONS ATTACHING TO GRANT

Introduction

1. This Memorandum sets out the terms and conditions for the payment by the Secretary of State for Education and Skills of a grant to **Connexions York & North Yorkshire** out of resources voted by Parliament. For the 2004 -05 financial year payments are included in RfR1, Section C of the DfES Main Supply Estimate 2004-05.

2. For the purposes of this memorandum:

'Secretary of State' means the Secretary of State for Education and Skills;

'The Department' means the Department for Education and Skills;

'The Connexions Service' means the service provided through the power granted to the secretary of State by Section 114 of the Learning and Skills Act;

'Chief Executive' means the Chief Executive of 'the body';

'Financial year' means the 12 month period from 1 April to 31 March;

'Operational area' means the area covered by the local Learning and Skills Council;

'Grant' means resources made available by the Department;

'Month' means calendar month;

'The body' means the legal entity which receives and is accountable to the Department for the grant;

'Business Improvement and Delivery Plan' means the Plan which is produced annually by each Partnership in accordance with guidance provided on the Performance Management Framework published by the Department;

'Disrepute' means lack or decline of good reputation or a state of being held in low esteem;

'Connexions Financial Guidance' means the document which is made available to the body and updated from time to time, providing guidance on meeting the financial terms and conditions set out in this Financial Memorandum;

31 March 04 Connexions York & North Yorkshire

'Voluntary organisations' means formal non-profit distributing and non-statutory organisations, usually registered with the Charity Commission or local authority or intermediary bodies, with the aim of providing a service or meeting a need of benefit to the public;

'Community groups/organisations' means informal groups or more formal organisations, formed by people in a community of place or interest in order to pursue a common interest, meet a shared need, or campaign for a common cause. Most will be run entirely or largely by volunteers and will be controlled by their members or a committee elected from amongst them.

Conditions of grant

3. Any grant paid to the body shall be subject to the following conditions being met: -

i) Delivering a full range of services as set out in the Business Improvement and Delivery Plan and in line with any subsequent conditions required of them by the Department;

ii) Complying with the requirements in Requirements and Guidance for the Connexions Service and providing evidence upon request in respect of performance against the requirements;

iii) Consulting the Department on any changes to the legal status of the body and on any significant changes to its constitution [except where the body receiving the Connexions grant is a lead body acting through a consortium agreement with the Connexions Partners, in which case any significant change to the consortium agreement will require consultation with the Department];

iv) Ensuring that, where the body is a lead organisation operating on behalf of a Connexions Partnership, a written agreement between them exists before this Financial Memorandum is signed. The written agreement must clearly recognise the authority of the Connexions Partnership to have the final decisions on strategic direction, resource allocation and overall management of the Connexions Service in the area. The agreement must define the roles and responsibilities of each organisation and their ways of working and be available for inspection by the Department if required;

v) Ensuring that it does not use any of its funds or assets or allow any of its subsidiaries or sub-contractors to use any Connexions funds to support any organisation or activity that is likely to bring the Secretary of State or the body into disrepute. The Department to be advised in a timely manner of events where their is likelihood of the Secretary of State or body being brought into disrepute;

31 March 04 Connexions York & North Yorkshire

vi) Ensuring that, where the body is required to have them, it complies at all times with the terms of its Memorandum and Articles of Association and that they are not amended without the prior consent of the Secretary of State, such consent not to be unreasonably withheld;

vii) Maintaining sound financial controls which comply with the high standards of regularity, propriety and value for money applicable to the spending of public funds; and

viii) Applying grant solely for its intended purpose and using it effectively in maximising resources for front-line delivery to young people and seeking to minimise administration costs.

Purpose of grant

4. Any grant paid by the Secretary of State shall be paid pursuant to and subject to the conditions and requirements of sections 114 to 122 of the Learning and Skills Act 2000 and sections 8 to 10 of the Employment and Training Act 1973 (as substituted by the Trade Union Reform and Employment Rights Act 1993) and in this Memorandum and to such further conditions and requirements that the Secretary of State may from time to time specify. The Grant shall be paid only in respect of approved expenditure incurred by the body for the purpose of delivering the Business Improvement and Delivery Plan agreed by the Department to meet the Government's objectives in providing the Connexions service. A Business Improvement and Delivery Plan shall be made available to a place and at a time in accordance with Department guidance on the Performance Management Framework. The Department (through its field network) will assess the Business Improvement and Delivery Plan and may require amendments before giving its final agreement. The body shall seek the agreement of the Department before making any material changes to its Business Improvement and Delivery Plan.

The body shall be responsible for ensuring that services required in the Acts above are made available to all 13-19 year olds in their operational area, and in the case of support for decisions about jobs and the learning required for them, for all young people in full-time education other than in higher education.

The grant shall be made against the delivery of a Business Improvement and Delivery Plan submitted to and agreed with the Department.

The grant shall be used to deliver a service which makes available information and initial advice to all young people eligible to receive the service, provides more intensive guidance and support for those who are assessed as needing it and for whom the Connexions service is the most appropriate source of help, and encourages, brokers and signposts young people to access opportunities and support from other partners. The eligible purposes for which the grant may be used shall be as specified in the body's Business Improvement and Delivery Plan and agreed by the Department and shall follow the detailed requirements set out in the guidance in the Performance Management Framework.

Accountability

5. The Permanent Secretary of the Department, as Accounting Officer for the Resource Estimate from which funds are paid to the body, is accountable to Parliament for the resources which it makes available to the body. The Accounting Officer will wish to be satisfied that the Department has established effective procedures to ensure that grant conditions are observed.

6. The body shall ensure that any grant from the Secretary of State is used only in accordance with the terms of this Memorandum. The body shall take such steps as the Secretary of State may require from time to time to satisfy himself that the systems of financial and manpower control and the management and organisation of the body are such as to enable it to fulfil its objectives under this Memorandum.

7. The body shall be expected to comply with the recommendations of the Public Accounts Committee or other Parliamentary authorities as accepted by Her Majesty's Government, and with such administrative and financial practices applicable to the expenditure of public funds as notified to it by the Secretary of State. The body shall have due regard to the Connexions Financial Guidance which accompanies this Memorandum.

Forecast of expenditure in the forthcoming financial year

8. The body shall submit to the Secretary of State each year, by a date specified by him with reasonable notice, and in such form and with such information as he may require, a costed programme of activities and estimates of income and expenditure for the financial year beginning on 1 April following. This information shall be included in the Business Improvement and Delivery Plan of the body.

9. Details of any additional income from sources other than the Secretary of State's grant that resources any of the objectives covered by said grant shall be given showing where it is to be spent.

10. The body shall provide the Secretary of State with revised forecasts of income and expenditure and with outturn figures in such form, and at such times, as he may require.

Grant assessment

11. The amount of grant to be paid to the body in any financial year shall be decided by the Secretary of State after considering other competing demands on the Department's resources.

12. The Department shall send to the body as soon as possible each year a formal statement of the amount of grant approved. The amount notified shall be subject to Parliamentary approval and shall also be subject to the agreement of Business Improvement and Delivery plans.

Payment of grant

13. The Grant shall be paid monthly in arrears on the basis of an agreed payment profile in line with the body's forecast need in working towards the partnership delivery plan. The Department shall make payment within four working days of the start of the month on receipt of the necessary payment profile and reconciliation document in a form and to a time as prescribed by the Secretary of State. Evidence of expenditure incurred shall be held at the premises of the body, ready and accessible for audit purposes.

14. The body is allowed to carry over up to 5% of its annual grant allocation as End Year Flexibility. The body may make a case to the Department to carry over grant in excess of 5% but there is no guarantee that this shall be approved. Excluding funds received for working capital grants, the body shall be prevented from generating any surpluses on the grant funds received. Any interest earned on grant funds shall be used for the delivery of the Connexions service.

15. Where the body has received part of its grant in the form of a working capital grant, repayment of this sum shall be required in the event that the body is wound up or ceases to receive its normal Connexions grant payments as a result of unsatisfactory performance.

Financial management

16. The body shall maintain a sound system of internal control, and shall require its external auditors, as part of their audit, to consider the adequacy or otherwise of that system. The body shall also take adequate measures to safeguard itself against fraud and theft. All cases of fraud or theft, whether proven or suspected must be referred to the Secretary of State.

Internal audit

17. The Chief Executive of the body is responsible for ensuring that the systems governing the grant provided by the Department are subject to independent review in order to obtain an assurance on the adequacy of the system of internal control and safeguards against fraud.

18. In deciding on the most appropriate arrangements, the Chief Executive shall have regard to the size of the body, the level of grant, the perceived risk to the public funds provided and the cost of provision of the review service. These arrangements may be reviewed by the Department who shall take account of the objectives, standards and practices set out in HM Treasury's 'Government Internal Audit Manual' and with the guidance provided in the 'Government Information Systems Audit Manual'.

Borrowing

19. The body shall not, without the prior written consent of the Secretary of State, use any assets purchased (or part purchased) with funds received from the Department as security for other borrowings. The body shall not borrow or lend money from any other source, give any guarantees, indemnities or letters of comfort, without the approval of the Secretary of State other than in the normal course of business as defined in 'Government Accounting' Chapter 26 [see annex 1].

Losses, gifts and special payments

20. The body shall not write-off any debts or liabilities owed to it nor offer to make any special payments or give any gifts without the prior written consent of the Secretary of State. A record of gifts both given and received shall be kept. Until such a time as ministers make changes, the body must pay an annual honorarium payment of £5,000 to its chairperson along with reasonable travel expenses, allowances and subsistence. This amount shall be reviewed and in subsequent years the payment shall only be changed in agreement with the Department. The chairs of local management committees may not receive payment, but may receive reasonable out-of-pocket expenses where an employer or supporting organisation is not able to recompense them.

Disposal of assets and change of use

21. Where the market value exceeds £2,500, (exclusive of VAT) the body shall consult the Secretary of State if it proposes to dispose of, or change the use of, a tangible asset (e.g. land, building and equipment) or intangible asset (e.g. copyrights) which has been financed wholly or developed with grant from the Secretary of State or which has been substantially improved by the use of such funds.

22. Any proceeds, where the total amount exceeds £2,500, (exclusive of VAT) resulting from the disposal of an asset financed with grant from the Secretary of State, or the appropriate proportion thereof, shall be surrendered to the Secretary of State unless otherwise agreed in writing with the Secretary of State.

23. Where the market value exceeds £2,500, (exclusive of VAT) if the purpose of an asset, funded wholly or in part from grant from the Secretary of State, is changed from that for which it was originally funded, the value of that asset, or the appropriate proportion thereof, shall be remitted to the Secretary of State. The appropriate proportion shall be the Secretary of State's share of the sale price (after sale expenses) calculated in relation to the proportion of Exchequer funds used (in relation to other funds used) in acquiring or developing the asset in question. Unless otherwise agreed in writing by the Secretary of State with the consent of the Treasury, the body shall not dispose of assets below market value. Where assets with a market value exceeding £2,500 (exclusive of VAT) are disposed of they should be subject to an independent valuation.

Copyright

24. Copyright and rights in the nature of copyright in materials produced with the help of grant for the purpose from the Secretary of State shall vest in the Crown, unless otherwise agreed in writing by the Secretary of State.

Fees and charges

25. The body shall consult the Secretary of State about any charge it proposes to make in respect of the provision for which it receives or may receive grant, and any such charge shall be in accordance with Treasury guidelines on fees and charges. No individual shall be charged for receiving provision in line with that of the Connexions Service's objectives.

Procurement

26. The body shall have regard to HM Treasury guidelines in the procurement of goods and services for which it receives grant so as to secure best value for money. In particular, contracts of work, equipment, stores and services etc. awarded by the body shall be placed on a competitive basis, unless there are good reasons to the contrary. Tendering procedures shall be in accordance with relevant EC Directives and any additional guidance issued by the Department. Unless otherwise agreed with the Secretary of State, the body shall include in its agreements with contractors an undertaking that it will pay the contractor within a specified period of not more than 30 days after receiving a valid invoice or receiving the goods and services (whichever is later).

Insurance

27. The body shall take out whatever insurance it sees fit or is advised to cover its corporate, public and personal liabilities in delivering the Connexions Service provided that, in the event of the body receiving more than 50% of its total income from DfES funds, the Secretary of State reserves the right to direct that the body shall cease to hold such insurance as he may specify.

Grant accounting

28. The body shall maintain separate records of grant monies received and dispersed. This may be done by setting up relevant account codes, also by establishing a separate bank account to be held by the legal entity of the partnership.

Accounts

29. As soon as possible, and not later than 6 months, after the end of each financial year, the body, unless it is a lead body as described in paragraph 3 iv), shall provide the Secretary of State with an audited income and expenditure account and a balance sheet and supporting notes in respect of its activities during that year.

31 March 04 Connexions York & North Yorkshire

Income and expenditure not covered by funds provided by the Secretary of State shall be clearly identified. The body shall comply with any directions given by the Secretary of State as to the information to be contained in the accounts, the manner in which the information is to be presented, and the methods and principles according to which the accounts are to be prepared. Where the body is a lead body as described in paragraph 3 iv) alternative arrangements shall be determined by the Secretary of State.

30. The auditor's report, in addition to giving an opinion on the accounts, where this is required, shall state whether, in the auditor's opinion, grant income has been properly applied in accordance with this Memorandum.

31. Within 15 working days of the end of every quarterly accounting period, unless otherwise required at more or less frequent intervals by the Secretary of State, the body shall provide an income and expenditure account (for the year to date, including forecasts to the year end) and supporting tables and a balance sheet, in a format as prescribed by the Secretary of State. If required by the Secretary of State, a cash flow report for the body shall also be provided in a format specified by the Secretary of State. Where the body is a lead body as described in paragraph 3 iv) the requirement to provide a quarterly balance shall not apply.

32. The books and other documents and records relating to the body's accounts shall be open to inspection by the Secretary of State, by EU funding auditors and by the Comptroller and Auditor General. The Comptroller and Auditor General may, pursuant to Section 6 of the National Audit Act 1983, carry out examinations into the economy, efficiency and effectiveness with which the body has used its resources in discharging its grant funded activities.

Staffing

33. Except with the prior written agreement of the Secretary of State any contract for the employment of staff to work wholly or partly in the provision of those services for which the body receives grant shall contain a clause where unsatisfactory performance can cause termination of the employment contract.

Information

34. The body shall provide the Secretary of State with such information about the organisation, operation and financial control of its affairs as he may from time to time request. Specifically, any management letter issued to the body by its external auditors and any reply to it by the body shall be provided to the Secretary of State.

Management surveys

35. The body shall permit and comply with such surveys of financial and management controls and systems, including Government Office audits and the Department's internal audit reviews, as may be required by the Secretary of State.

Recovery of grant

36. Subject to clause 37, if the body does not reasonably comply with any of the conditions and requirements referred to in this Memorandum and this is capable of remedy the Secretary of State may serve notice on the body specifying the non-compliance, how this may be remedied by the body and a reasonable period in which to effect such a remedy. If the body fails to comply in all respects with this notice, depending on the significance of the breach, the Secretary of State may then by notice in writing require the body to repay all or any part of grant paid to it under this Memorandum. The Secretary of State shall not exercise this right unreasonably.

Unsatisfactory Performance

37. In the event that the body fails to deliver against its Business Improvement and Delivery Plan national and local targets or fails to deliver those services agreed with the Department as specified in the Business Improvement and Delivery Plan, it shall:

- i) enter into discussions with the Department to identify the scale of the problem, and the necessary corrective action; and
- ii) agree a remedial plan which shows how the body will rectify the situation. The plan will identify the specific actions to be taken, how success will be measured and the timescales within which improvements will be made.

If at the end of the remedial plan period the body is not operating to the required standard, depending on the significance of the breach, the Secretary of State may by notice in writing require the body to repay all or any part of grant paid to it under this Memorandum.

Termination

38. If the body does not comply with any of the conditions and requirements referred to in this Memorandum and this is not capable of remedy, or if the body fails to use its best endeavours to achieve its targets, depending on the significance of the non compliance, the Secretary of State may terminate this Agreement by written notice of termination and cease to pay any further grant to the body.

Revision

39. This Memorandum covers a three-year period and shall be reviewed at least every three years from the time it comes into effect. After consultation with the body, the Secretary of State may from time to time revise, revoke or add to any of the terms of this Memorandum, subject to HM Treasury agreement. The body may itself make representations to the Secretary of State for revision, revocation or addition.

Interpretation

40. Questions arising on the interpretation of this Memorandum shall be resolved by the Secretary of State after consultation with the body.

Transfer of Responsibility on Expiry or Termination

41. At any time within one year prior to the expiry of this Agreement or at any time following either party giving notice of termination, the body shall at no cost to the Secretary of State provide all such information and assistance as he may reasonably require to ensure that the provision of the Connexions Service may continue to be secured in the operational area (and ensure an orderly transfer of responsibility for the provision of the Connexions Service). This shall include the supply or delivery (subject to paragraph 42) to the Secretary of State (or as the Secretary of State may direct to prospective providers of the Connexions Service) as soon as reasonably practicable of all documents, data and information relating to the provision of the Connexions Service in the operational area, including statistical information relating to the terms of employment of the body's employees, accrued entitlements and benefits and any other liabilities of the body to its employees.

42. On the expiry or termination of the Agreement the body shall (unless otherwise previously agreed with the Secretary of State) forthwith cease to and thereafter not at any time carry on business in the operational area under the name or style of "Connexions" (or any name which in the reasonable opinion of the Secretary State is likely to suggest that the body is a provider of the Connexions Service) and in the case of the body being a company shall, if required by the Secretary of State, procure the change of name of the body by special (or equivalent) resolution within ten working days of termination or expiry (and the filing of such resolution with the Registrar of Companies) to another name which does not include the words "Connexions Partnership" or suggest in the opinion of the Secretary of State that the body carries on business as a provider of the Connexions Service.

43. Where information, documents or data to be supplied or delivered to the Secretary of State, or as the Secretary of State may direct in accordance with paragraph 41 is confidential, it shall only be disclosed to the Secretary of State or by or at the direction of the Secretary of State to a prospective or potential provider of the Connexions Service on terms which include the assumption of obligations on non-disclosure and confidentiality satisfactory to the parties.

44. On the expiry or termination of the Agreement the body shall return to the Secretary of State any property or assets remaining which have been funded by the Grant.

Data Protection

45. The body shall maintain in existence throughout the term of this Agreement a registration/notification with the Data Protection Registrar/Commissioner appropriate for the performance of this Agreement pursuant to the Data Protection Act 1984 or 1998 (as applicable) and shall comply with all relevant requirements of the prevailing Act as applicable from time to time. The body shall ensure that its registration/notification permits the disclosure of personal data to the Secretary of State or as the Secretary of State may direct, to prospective or potential providers of the Connexions Service.

46. In particular, the body shall obtain any personal data collected as a result of providing the Connexions Service fairly and lawfully and shall inform all data subjects of the requirement to disclose personal data to the Secretary of State and/or to prospective or potential providers of the Connexions Service. The body shall process all personal data fairly and lawfully and in accordance with the purposes for which the information was obtained and shall put in place appropriate technical and organisational measures to protect the confidentiality and security of the data.

Retention of documents

47. The body shall retain original invoices and claims together with all other documents necessary to verify services provided and activities undertaken for at least three years after the financial year-end in which the grant was paid by the Secretary of State.

Effective date

48. The Secretary of State's representative and the Chief Officer [or equivalent] of the body signify below, and on a duplicate copy, their acceptance of the terms and conditions of this Memorandum which become effective from the date of signing. This agreement shall be held by the body and the duplicate copy by the Department.

Signature.....

Printed Name.....

Position.....

Date.....
(on behalf of the Secretary of State)

Signature.....

31 March 04 Connexions York & North Yorkshire

Printed Name..BARRY HITCHEN.....

Position. Chief Executive.....

Date.....
(on behalf of the body)

Extract from Government Accounting Chapter 26

[See reference at Para 18]

Key Points

26.1.1 Contingent or actual liabilities may arise as a result of a specific guarantee, indemnity, letter or statement of comfort. While a letter or statement of comfort may not necessarily give rise to a legal obligation, it may nevertheless impose a moral obligation on the government. In some circumstances, even if there is no written undertaking of any type, liabilities may nevertheless arise, for example because an activity carries an inherent risk of losses or claims from third parties.

26.1.6 Any liabilities of sponsored bodies which the bodies in question might not be able to meet from their own resources, and which could therefore fall to the sponsor department, should be treated in the same way as a department's own liabilities (26.5).

Non-statutory liabilities: criteria for reporting to Parliament

26.4.1 The key test is what Parliament can be expected to regard as normal course of business in the light of the activities which it has authorised. What may be the normal course of business for one department may not be for another. Generally, liabilities may be regarded as arising in the normal course of business provided:

- a) the activity giving rise to the liability is an unavoidable feature of a department's business or statutory duties as authorised by Parliament by specific statute or the Appropriation Act; and
- b) Parliament could reasonably be assumed to have accepted that such liabilities might arise when it passed the statute or, for activities resting on the sole authority of the Appropriation Act, voted the supply expenditure. It follows that this category does not include any liability resulting from a new service for which parliamentary authority does not exist.

Sponsored Bodies

26.5.1 Liabilities of nationalised industries and other bodies sponsored by departments which are ultimately dependant on government credit are not normally under the direct control of departments. Any liabilities of sponsored bodies which the bodies in question might not be able to meet from within their own resources, and which could therefore fall to the sponsor department, should, however, be treated in the same way as the department's own liabilities.

31 March 04 Connexions York & North Yorkshire

26.5.2 In general, such bodies are creatures of statute, either under specific legislation or under the Companies Acts, or are established by Royal Charter, and have no legal powers to enter into commitments outside their defined powers. They may be required in the normal course of conducting their business to enter into commitments, e.g. in the case of trading bodies for the supply and the receipt of goods and services, and may need to give assurances of various kinds incidental to these transactions. Departments should be satisfied themselves that there are adequate arrangements in force to ensure that the acceptance of liabilities is consistent with the body's defined powers and that, in the event of the liability maturing, the body would have the ability to meet it, if necessary by borrowing within approved borrowing limits.

Letters of comfort

26.5.3 Departments should ensure that their sponsored bodies have adequate controls over the issue of letters of comfort. Sponsored bodies must consult the department and the Treasury before issuing such letters. Any assurances in the form of a comfort letter in relation to borrowing should be treated in the body's accounts as analogous to a legally enforceable liability. If, in cases where the relevant borrowing is counted against statutory borrowing limits, the liability arising out of a letter of comfort is excluded from the note to the accounts relating to contingent liabilities (because it is covered by a separate note comparing borrowing against limits) this should be explained in the note on contingent liabilities.

26.5.4 Where possible, departments should ensure that the statutory powers and financial limits of bodies for which they are responsible cover:

- a) borrowing by subsidiary companies (in the Companies Act sense); and
- b) borrowing by any other party

which have been guaranteed by the parent body or in relation to which the parent body may have issued any comfort letters or similar assurances.

26.5.5 Departments should arrange to be consulted by their sponsored bodies before new or renewed guarantees or letters of comfort in relation to borrowing above a specified limit are issued. Unless otherwise agreed with the Treasury, this limit should not exceed £1m or any borrowing limit applicable to the body in question, whichever is less

Connexions York and North Yorkshire Budget

Connexions York & North Yorkshire Limited

2004/05

Expenditure

Expenditure Budget

Notes	N/L Code	2003/04 Budget	%	Fixed Adj	2004/05 Budget	VAT Status	2004/05 Total inc VAT	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total	
B	13L Local Manager GE	43,290	0.00	F	11,418	v	13,418	4,472	4,472	4,472	0	0	0	0	0	0	0	0	0	13,418	
B	301 Assistant Manager GE	34,827	0.00	F	10,504	v	12,342	4,114	4,114	4,114	0	0	0	0	0	0	0	0	0	12,342	
A	324 Mtl Contract	31,050	3.00	-	31,082	v	37,578	3,132	3,132	3,132	3,132	3,132	3,132	3,132	3,132	3,132	3,132	3,132	3,132	37,578	
A	13C Personal Advisors	1,623,579	3.00	F	1,655,014	v	1,944,641	162,053	162,053	162,053	162,053	162,053	162,053	162,053	162,053	162,053	162,053	162,053	162,053	1,944,641	
A	13I Delivery Staff	166,567	3.00	F	241,137	v	283,338	23,811	23,811	23,811	23,811	23,811	23,811	23,811	23,811	23,811	23,811	23,811	23,811	23,811	283,338
A	13O Other Partnership Staff	712,906	3.00	F	347,423	v	408,222	34,019	34,019	34,019	34,019	34,019	34,019	34,019	34,019	34,019	34,019	34,019	34,019	34,019	408,222
A	13G Additional Personal Advisor (1) Selby	31,050	3.00	F	30,900	v	36,308	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	36,308
A	13G Additional Personal Advisor (1) CA	31,050	3.00	-	31,082	v	37,578	3,132	3,132	3,132	3,132	3,132	3,132	3,132	3,132	3,132	3,132	3,132	3,132	3,132	37,578
A	13D New Start Contribution (2 x PT) York YO7/Transition	38,225	3.00	F	36,300	v	42,862	3,555	3,555	3,555	3,555	3,555	3,555	3,555	3,555	3,555	3,555	3,555	3,555	42,862	
A	182 Premises costs	570,860	0.00	F	492,976	v	570,247	48,271	48,271	48,271	48,271	48,271	48,271	48,271	48,271	48,271	48,271	48,271	48,271	48,271	570,247
A	28E Training costs	182,568	0.00	F	20,180	v	23,808	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975	23,808
A	18A Admin Costs	523,321	0.00	F	466,782	v	548,488	45,706	45,706	45,706	45,706	45,706	45,706	45,706	45,706	45,706	45,706	45,706	45,706	45,706	548,488
A	18B Hardware costs	80,226	0.00	F	66,226	v	66,068	5,506	5,506	5,506	5,506	5,506	5,506	5,506	5,506	5,506	5,506	5,506	5,506	5,506	66,068
	13M Local Manager CYC JL	44,198	3.00	F	48,383	v	56,850	4,738	4,738	4,738	4,738	4,738	4,738	4,738	4,738	4,738	4,738	4,738	4,738	4,738	56,850
C	13A CYC Youth Service - PA (5+1)	93,190	2.36	-	127,131	v	149,379	12,448	12,448	12,448	12,448	12,448	12,448	12,448	12,448	12,448	12,448	12,448	12,448	12,448	149,379
C	13B NYCC Youth Service - PA (8+1)	248,400	2.36	-	286,045	v	336,103	28,009	28,009	28,009	28,009	28,009	28,009	28,009	28,009	28,009	28,009	28,009	28,009	28,009	336,103
B	13T Development Manager	51,614	0.00	-	14,700	v	17,273	5,758	5,758	5,758	0	0	0	0	0	0	0	0	0	17,273	
	13O Connexions mentoring	35,225	3.00	-	37,312	v	43,841	3,653	3,653	3,653	3,653	3,653	3,653	3,653	3,653	3,653	3,653	3,653	3,653	3,653	43,841
C	13H Additional Personal Adv	337,427	2.36	F	283,892	v	333,573	27,798	27,798	27,798	27,798	27,798	27,798	27,798	27,798	27,798	27,798	27,798	27,798	27,798	333,573
C	13E Pastoral Support	18,422	0.00	F	0	v	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C	13F Voluntary Sector	231,000	2.36	-	235,452	v	257,141	21,428	21,428	21,428	21,428	21,428	21,428	21,428	21,428	21,428	21,428	21,428	21,428	21,428	257,141
C	28A Involving Young People	26,616	0.00	-	23,615	v	25,881	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	25,881
C	28B Vol Orgs Co-ordination	34,000	2.36	-	34,802	v	40,893	3,408	3,408	3,408	3,408	3,408	3,408	3,408	3,408	3,408	3,408	3,408	3,408	3,408	40,893
C	28C Training & Development	34,599	0.00	F	164,376	v	193,142	16,095	16,095	16,095	16,095	16,095	16,095	16,095	16,095	16,095	16,095	16,095	16,095	16,095	193,142
C	321 Rent of Training Facilities	15,000	0.00	-	15,000	v	17,825	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	17,825
C	28D Initiative Fund	25,000	0.00	-	25,000	v	29,375	0	0	2,938	2,938	2,938	2,938	2,938	2,938	2,938	2,938	2,938	2,938	2,938	29,375
E	302 Directors' MD/ BH	113,678	3.00	F	116,444	n	116,444	9,704	9,704	9,704	9,704	9,704	9,704	9,704	9,704	9,704	9,704	9,704	9,704	9,704	116,444
E	301 Central Team Staff	42,485	3.00	F	157,648	n	157,848	3,998	3,998	3,998	16,206	16,206	16,206	16,206	16,206	16,206	16,206	16,206	16,206	16,206	157,848
	349 Car Leasing	11,896	0.00	F	13,034	v	15,315	1,276	1,276	1,276	1,276	1,276	1,276	1,276	1,276	1,276	1,276	1,276	1,276	1,276	15,315
	301 Travel/Other Expenses	14,700	0.00	F	14,700	n	14,700	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	14,700

Provided by Guidance Services
CYC
NYCC
CC CT
Com ES
Central Team

31 March 04 Connexions York & North Yorkshire

F	321	Rent & Service Charge		18,252	0.00	F	18,252	v	21,446	1,787	1,787	1,787	1,787	1,787	1,787	1,787	1,787	1,787	1,787	1,787	1,787	1,787	21,446
G	323	Rates		3,498	0.00	F	13,880	n	13,880	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	13,880
H	331	Utilities		12,000	0.00	F	6,000	v2	6,300	525	525	525	525	525	525	525	525	525	525	525	525	525	6,300
I	368	Finance Contract		50,659	3.50	F	57,431	v	67,481	5,623	5,623	5,623	5,623	5,623	5,623	5,623	5,623	5,623	5,623	5,623	5,623	5,623	67,481
I	367	Quality Assurance		10,646	0.00	F	5,000	v	5,875	490	490	490	490	490	490	490	490	490	490	490	490	490	5,875
I	342	Marketing		21,291	0.00	F	26,289	v	30,890	2,574	2,574	2,574	2,574	2,574	2,574	2,574	2,574	2,574	2,574	2,574	2,574	2,574	30,890
I	369	Audit		3,000	3.00	F	2,509	v	2,947	246	246	246	246	246	246	246	246	246	246	246	246	246	2,947
I	334	Repairs & renewals		5,000	0.00	F	3,000	v	3,525	294	294	294	294	294	294	294	294	294	294	294	294	294	3,525
I	326	Insurance		10,875	5.00	F	14,000	n	14,000	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	14,000
	345	Telephone		4,000	0.00	F	5,000	v	5,875	490	490	490	490	490	490	490	490	490	490	490	490	490	5,875
	332	Cleaning		2,640	0.00	F	3,000	v	3,525	294	294	294	294	294	294	294	294	294	294	294	294	294	3,525
	381	Sundry/Canteen etc.		3,600	0.00	F	6,900	v	6,580	548	548	548	548	548	548	548	548	548	548	548	548	548	6,580
	341	Library, printing, stationery & postags		6,000	0.00	F	53,219	v	62,532	5,211	5,211	5,211	5,211	5,211	5,211	5,211	5,211	5,211	5,211	5,211	5,211	5,211	62,532
	346	Computer Upgrade/ IT Costs		41,000	0.00	F	27,000	v	31,725	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	31,725
	365	Legal Fees		2,000	0.00	-	2,000	v	2,350	198	198	198	198	198	198	198	198	198	198	198	198	198	2,350
	386	Professional subscriptions		0	0.00	F	3,500	v	4,113	343	343	343	343	343	343	343	343	343	343	343	343	343	4,113
		Website costs		0	0.00	F	15,000	v	17,625	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	17,625
		Research & consultancy		0	0.00	F	6,085	v	7,126	594	594	594	594	594	594	594	594	594	594	594	594	594	7,126
J		Publications		0	0.00	F	25,734	v	30,237	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	30,237
		Transitional costs		0	0.00	F	50,000	n	50,000	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000
	395	Depreciation		0	0.00	F	21,250	n	21,250	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	21,250
		Non connexions costs - PAYP		0	0.00	F	100,000		100,000	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	100,000
		Non connexions costs - Milenium Volunteers		0	0.00	F	305,448		305,448	25,454	25,454	25,454	25,454	25,454	25,454	25,454	25,454	25,454	25,454	25,454	25,454	25,454	305,448
		Non connexions costs - Solby Coalfield Project		0	0.00	F	60,000		60,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
		Non connexions costs - LSC C.I. Kiosks		0	0.00	F	24,000		24,000	12,000	12,000	0	0	0	0	0	0	0	0	0	0	0	24,000
		Non connexions costs - LSC Involving Young People		0	0.00	F	30,000		30,000	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
		Carry over fund		141,248	0.00	F	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Balance to reallocate		0	0.00	F	0	v	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	382	Contingency Fund		27,218	0.00	F	18,779	v	22,085	1,839	1,839	1,839	1,839	1,839	1,839	1,839	1,839	1,839	1,839	1,839	1,839	1,839	22,085
	Total Budget			5,538,866			5,933,491		6,789,525	574,948	574,948	565,885	563,750	563,750	563,750	563,750	563,750	563,750	563,750	563,750	563,750	563,750	6,789,526

Grant	5,302,793	6,248,027	856,034	Vat
Non connexions costs	519,448	519,448		
Non cash expenses	21,250	21,250		
	<u>5,933,491</u>	<u>6,789,525</u>		

Outsourced Finance Tender Document

Extract from tender document regarding the provision of accounting services necessary

i) Financial Reporting

Creation of bespoke accounting system to facilitate the preparation of monthly management accounts for Board purposes and the preparation of quarterly returns in the format required by CSNU. Further adapting the system to prepare statutory accounts to meet the requirements of the Companies Act 1985 and relevant financial reporting standards. Agreeing the eventual format with the Board or its representative. We envisage the use of an accounts preparation package, Viztopia, to meet this requirement.

The accounting package will deal with the following day-to-day recording:

- a) Creation, operation and maintenance of a current bank account with an agreed overdraft facility (if necessary), together with a cashbook to be reconciled with it on a monthly basis.

- b) Maintenance of a purchase ledger to account for and record invoices from service providers and overheads.

Additionally all payments are originated by the book-keeping staff – the majority of the purchase ledger accounts being paid by BACS or Fax Pay

- c) The maintenance of a 'grant ledger' to control the issue of monthly grant claims to CSNU backed by providers' invoices. We consider this is a sensitive area and any queries with regard to non-payment of grants by CSNU will be dealt with by either John Kirman or Susan Reid (Directors)

- d) The maintenance of a nominal ledger including a fixed asset register from which management accounts for the Board will be generated.

Having been set up by Carl Waddington (Senior – Qualified Chartered Accountant) under the guidance of Karen Marshall (Manager – Qualified Chartered Certified Accountant), the day-to-day bookkeeping will be carried out by Sharon Powell (Head of Book keeping Bureau – Qualified AAT).

Prime documentation, including suppliers' invoices and grant claim forms will be processed by Sharon and recorded in time to meet the timetable for the preparation of monthly management accounts.

Preparation and timely submission of a grant claim to CSNU will be the responsibility of Karen Marshall.

Setting up and maintenance of monthly payroll for 6 to 10 employees, including completion of all year end procedures and forms preparation.

ii) Management Accounting

We shall prepare monthly management accounts, including P&L account, balance sheet and cashflow summaries as agreed with management. Prior to submission to the Board the accounts will be reviewed by Karen and agreed with an executive committee of the Board before presentation at Board meetings.

A director will attend each Board meeting and it is envisaged at the outset that this will involve a days work on each occasion including preparation time in assimilation of documentation available to directors for meetings and own presentation.

iii) CNSU Requirement

We shall produce the quarterly returns for CSNU from the system we refer above. This will involve reconciliation with monthly management accounts presented to the Board, together with monitoring of the results against the Business Plan. We envisage a meeting with the chief executive or his delegated committee of the Board to agree the content of the return prior to submission to CSNU.

Carl Waddington will design bespoke reports for the collation of the quarterly P&L account, balance sheet and cashflow statements required by CSNU. From these it will also be possible to produce the required annual figures.

As the CSNU are already in possession of the annual submission of a financial business plan for the year to 31 March 2003, we should be pleased to monitor performance against that plan and report to the Board accordingly. It would be our intention in early January to pull together the information for the preparation of the 2003/2004 financial business plan. We anticipate in depth discussions with all budget holders and providers to enable us to collate and agree the content of each annual business plan. Quarterly monitoring and revision will be carried out with the assistance of the original contributors necessary.

As necessary we shall revise the financial profile we have inherited and continue to monitor it until 31 March 2003.

We shall liaise with staff and directors of the enterprise to produce the agreed annual planning table each year commencing 1 April.

iv) Auditing and Control

- a) We envisage the production of financial statements to meet the requirements of the Companies Act 1985 and relevant financial reporting standards to be agreed with the directors for submission to the yet to be appointed external auditors and other government appointed organisations including DfES, Government Office Auditors, National Audit Office, ESF and the Audit Commission to all of which access to accounting records will be available at any time during normal business hours.
- b) We shall be pleased to liaise with the various auditors as necessary to ensure the accounts comply with legislation.

Additionally full documentation of the systems and procedures is maintained and updated on a regular basis to satisfy the needs of Government Office.

v) Legislation and Taxation

We shall work with the Board to ensure that there is full compliance with all taxation requirements, including the preparation and agreement of any corporation tax liability, the preparation and submission of forms P11D, and any VAT issues which may arise.

vi) Company Secretarial

We believe that the operation will best be served by appointing our firm as the corporate Company Secretary. This will ensure that all statutory matters are dealt with without recourse to the Board, apart from obtaining its approval, and remove all responsibility from the company itself.

vii) Sub-contracting

We refer you to paragraph vi) of Section 5 where we explain our position in this regard.

viii) Insurance and Risk Management

- a) We shall establish the company's insurance requirements and engage the services of a competitive insurance broker to more fully advise on such matters.
- b) With regard to risk management, we can assist in advising in the areas which are subject to risk to the enterprise from both within and external. We consider that exposure is limited in this regard but may include such matters as employee welfare issues and contractual responsibilities to providers.

Current contracts excluding those in relation to the actual service provision

Organisation	Description	Value net of VAT	End of Contract
Mandale	Lease on Marlborough House		
	Offices	£16,500 p a	10 year lease 5 year break term to to July 2012 (date to be confirmed)
	Training Room	£15,000 p a	10 year lease 5 year break term to to December 2012
Garbutt & Elliott Limited	Finance Function	£55,658 + 3.5% p a	3 year contract to 31 March 2006 can be terminated at 3 months notice with provision to bill all outstanding items
Calvert Smith	Auditors	£1,950 + inflation p a	To the 4 th audit – 31 March 2006 unless the Board find it necessary to carry out that process at an earlier date
HGFL	B H car HP	£20,772 remaining	December 2005
Arval	B H Car servicing	£2,000 remaining	December 2005
Arval	J L Car	£2,800 remaining	August 2005
Aquapoint	Water coolers	Less than £200 p a	can be terminated on 3 months notice
Avant	Mobile phones	As billed	contract out of initial period
Danwood	Printer	£247.98 / ¼	5 yr lease to August 07
FP Mailing	Franking machine	£133.85 / ¼	3 yr lease to Oct 05
Shire Leasing	Samsung Telephones	£247.82 / ¼	5 yr lease to August 07
Various	Maintenance Agreements on equipment	Minimal	Annual

Current Contracts – Services to Young people

Contract Number	Organisation	Description	Type	Start of Contract	End of Contract	Length of contract	Annual Value	Manager Responsible
01/02	Guidance Services	Core contract for delivery of advice and information including Connexions Centres and Management Information.	Statutory	1 Sept 02	31-Aug-05	3 years	£3,312,531.00	Barry Hitchen
01/02 Schedule	Guidance Enterprise Group	PA Young people at risk of social exclusion in York (Claire Ashton) - Special Needs	Additional Resource	01-Apr-02	31-Mar-05	1 year	£31,981.50	Steve Flatley
01/02 Schedule	Guidance Enterprise Group	PA for Young people at risk of exclusion, based in Barlby High School, Selby High School and Sherburn High School (Kelly Barnett)	Additional Resource	03-Mar-03	31-Mar-05	2 years	£31,981.50	Julie Longworth
02/02	Army Welfare Service	The employment and deployment of a Connexions Personal Adviser at Hipswell (Sally Ann Lea)	Voluntary	01-Jul-02	31-Mar-05	Year 1 Year 2	£15,525 £15,892	Jos Mortimer
01/03 Schedules	Community Education, Catterick	PA (Catherine Evans) 13-19 Generic, based within REOTAS – working with young people who are not in school or at risk of exclusion. (1 FTE Richmondshire)	Statutory		31-Mar-05	Year 1 Year 2	£30,050.50 £3,1981.50	Jos Mortimer

Contract Number	Organisation	Description	Type	Start of Contract	End of Contract	Length of contract	Annual Value	Manager Responsible
01/03 Schedules	Community Education, Harrogate	PA for young people who are educated otherwise than at school (Elaine Shaw 1 FTE Harrogate)	Statutory		31-Mar-05	Year 1 Year 2	£31,050.00 £31,783.00	Jos Mortimer
01/03 Schedules	Community Education, Harrogate	PA Judi Morris Clarke (0.5 FTE SLYP Project - Harrogate)	Voluntary (Statutory)		31-Mar-05	Year 1 Year 2	£31,050.00 £31,783.00	Jos Mortimer
01/03 Schedules	Community Education, Malton	PA (Sue Bonello) Malton School/ Ryedale School/ Lady Lumleys School (1 FTE Ryedale)	Statutory	Summer 2002	31-Mar-05	Year 1 Year 2	£31,050.00 £31,783.00	Julie Longworth
01/03 Schedules	Community Education, Northallerton	PA (Bev Dawson) Young People from Connexions target groups (1 FTE Hambleton)	Statutory		31-Mar-05	Year 1 Year 2	£31,050.00 £31,783.00	Jos Mortimer
01/03 Schedules	Community Education, Scarborough	PA (Charlotte Cockill) 13-19 Graham School/ Raincliffe School (1 FTE North Yorks Coast)	Statutory	24-Jun-05	31-Mar-05	Year 1 Year 2 Year 3	£31,050.00 £31,783.00 ?	Julie Longworth
01/03 Schedules	Community Education, Scarborough	Teenage Pregnancy PA (Jackie Robson) 1 FTE North Yorkshire Coast	Statutory	01-Apr-03	31-Mar-05	Year 1 Year 2	£31,050.00 £31,783.00	Julie Longworth

Contract Number	Organisation	Description	Type	Start of Contract	End of Contract	Length of contract	Annual Value	Manager Responsible
01/03 Schedules	Community Education, Selby	PA for young people at risk of exclusion, based in Holy Family High School, Brayton College and Tadcaster Grammar School (Nadine Eddy) 1 FTE selby	Statutory	24-Jun-05	31-Mar-05	Year 1 Year 2	£31,050.00 £31,783.00	Julie Longworth
01/03 Schedules	Community Education, Skipton	PA for young people at risk of exclusion (Deb Hawkins) 1 FTE	Statutory		31-Mar-05	Year 1 Year 2	£31,050.00 £31,783.00	Jos Mortimer
01/03 Schedules	NYCC	REOTAS, Settle Sean Whittle			31 Mar 05		£15,990.00	Jos Mortimer
01/03 Schedules	NYCC	REOTAS, Selby			31 Mar 05		£30,000.00	Julie Longworth
02/03 Schedule	York Youth Service	Homelessness PA (Anna Marie Gillman) 1 FTE Scarcroft Road	Statutory (Voluntary)	01-Jun-02	31-Mar-05	2 years 9 months	£31,050.00 £31,783.00	Steve Flatley
02/03 Schedule	York Youth Service	PA Young people at risk of exclusion at Lowfield & Oaklands School (Rachel Smith) 1 FTE	Statutory	01-Jun-02	31-Mar-03	15 months	£31,050.00 £31,783.00	Steve Flatley
02/03 Schedule	York Youth Service	PA 16+ Young people at risk of social exclusion (Michelle England) 0.5 FTE	Statutory	01-Jun-02	31-Mar-04	Year 1 Year 2	£31,050.00 £15,892.00	Steve Flatley

Contract Number	Organisation	Description	Type	Start of Contract	End of Contract	Length of contract	Annual Value	Manager Responsible
02/03 Schedule	York Youth Service	PA Post 16 young people at risk of social exclusion 0.5 FTE (Sherrie Taylor)	Statutory		31-Mar-05		£15,892.00	Steve Flatley
02/03 Schedule	York Youth Service	PA Young people at risk of exclusion at Archbishops, Burnholme and Canon Lee (Julie Love)	Statutory	01-Jan-03	31-Mar-03	7 months 1yr extension	£31,050.00 £31,783.00	Steve Flatley
02/03 Schedule	York Youth Service	0.5 FTE Travellers Education - Jennifer Plummerage	Statutory				£15,990.00	Steve Flatley
03/03	North Yorkshire Community Education	Connexions mentoring programme	New Start	01-Apr-03	31-Mar-05	Year 1 Year 2	£32,800.00 £33,784.00	Louise Dunn
04/03	Guidance Services	Targeting young people in transition from year 11 to further education	New Start	01-Apr-03	31-Mar-05	Year 1 Year 2	£22,112.00 £22,775.00	Steve Flatley
05/03	Guidance Services	Targeting young people with YOT who are at risk of NEET in York	New Start	01-Apr-03	31-Mar-05	Year 1 Year 2	£16,422.00 £16,914.00	Steve Flatley
06/03	Craven, Harrogate and District PCT - CAMHS	Contribution to team of community based link worker/PAs	Add Resources	01-Apr-03	31-Mar-05	Year 1 Year 2	£15,000.00 £15,354.00	Louise Dunn
07/03	York College/Askham Bryan College	PA working across both colleges with potential NEET clients (Rebecca Kenure)	Statutory	01-Jul-03	31-Mar-05	Year 1 Year 2	£31,000.00 £31,783.00	Steve Flatley

Contract Number	Organisation	Description	Type	Start of Contract	End of Contract	Length of contract	Annual Value	Manager Responsible
08/03	Hambleton & Richmondshire PCT - CAMHS	Improving quality of service provision and transition support from CAMHS to PAs	Add Resources	01-Sep-03	31-Mar-05	2 years 7 months	£15,000.00 £15,354.00	Louise Dunn
09/03	Harrogate College	Young people who are NEET or likely to become NEET. Additional PA - not matched funded (Pat Kydd)	Add Resources	01-Jan-04	31-Mar-05	Year 1 Year 2	£15,525.00 £15,892.00	Jos Mortimer
10/03	Ripon One Stop Shop	Young people who are NEET or likely to become NEET. Additional PA - matched funded (Lynn Holmes)		01-Dec-03	31-Mar-05	1 year 3 months	£15,525.00 £15,892.00	Jos Mortimer
14/03	Ryedale Counselling Service	To develop a Counselling service for young people of Ryedale at venues acceptable to young people which will be a service unique to the area to be managed by RVA and RCS through the Lead Counsellor who is also a trained youth worker with a background in Youth Information/Counselling 0.5 FTE	Voluntary	01-Apr-03	31-Mar-05	Year 1 Year 2	£9,675.00 £9,903.00	Julie Longworth

Contract Number	Organisation	Description	Type	Start of Contract	End of Contract	Length of contract	Annual Value	Manager Responsible
16/03	Foundation Housing	To employ PA in Selby team to work with young people who are homeless or in housing need. (Dawn Riley 0.5 FTE)	Voluntary	01-Apr-03	31-Mar-04	1 year	£29,996.00	Julie Longworth and Jos Mortimer
17/03	Thirsk Clock	Employing a Connexions Personal Adviser/Project Worker. (Including costs for Recruitment, advertising, travel, young persons expenses, IT equipment, telephone, office refurbishment). (PA=Jackie Garratt 1FTE)	Voluntary	01-Apr-03	31-Mar-05	Year 1 Year 2	£29,200.00 £31,783.00	Jos Mortimer

Contract Number	Organisation	Description	Type	Start of Contract	End of Contract	Length of contract	Annual Value	Manager Responsible
19/03	York Alcohol Service	A full time Young People's Alcohol Worker – to work with and provide up to date relevant information and support to individuals that do not currently access services. To provide opportunities for young people to improve the quality of their lives, their environment and general health and well being, through reduction, appropriate use, or stopping the use of alcohol. To empower young people to make informed choices and enable young people to resist peer group pressure. (0.6 FTE)	Voluntary	01-Apr-03	31-Mar-05	Year 1 Year 2	£20,078.00 £20,552.00	Steve Flatley
20/03	One Parent Families, York	Teenage Pregnancy PA (Angie Crosby) 0.8 FTE	Voluntary	01-Dec-03	31-Mar-05	Year 1 Year 2	£26,436.00 £27,050.00	Steve Flatley
21/03	York Nightstop	To increase the proportion of homeless young people in finding settled accommodation and moving into education, employment and training.	Voluntary	01-Apr-03	31-Mar-05	Year 1 Year 2	£17,500.00 £17,913.00	Julie Longworth

Contract Number	Organisation	Description	Type	Start of Contract	End of Contract	Length of contract	Annual Value	Manager Responsible
23/03	North Yorkshire Forum for Voluntary Organisations	Development Worker	Personnel		31-Mar-05	Year 1 Year 2	£23,271.00 £31,783.00	Louise Dunn
24/03	Richmond YMCA	Full time Connexions Personal Adviser to support young people likely to be socially excluded or drop out from post 16 learning at YMCA Foyer in Richmond. PENDING	Voluntary	01-Apr-03	31-Mar-04	Year 1 Year 2	£31,050.00 £31,783.00	Jos Mortimer
27/03	Scarborough Borough Housing	Homelessness PA (James Davy)	Statutory	01-Jun-03	31-Mar-05	1 year 9 months	£15,892.00	Julie Longworth
Issued	Foundation Housing	Connexions Personal Adviser supporting young people who are homeless or in housing need - Harrogate and Craven (Suzanne Mitchell 1.0FTE)	Voluntary	01-Apr-04	03-Mar-05		£31,783.00	Jos Mortimer

Authorisation Schedule

Details	Limits	Authorities	
Cheque signatories always with copy invoices as evidence of expenditure	Up to £200	Two signatories of	All Connexions Staff
	£201 - £2000	Two signatories of	BH JA DH MD
	> £2000	Two signatories of	BH DH MD
Credit Card	Up to £2,500	BH	
Petty Cash £200 imprest system	Control of petty cash expenditure		JA CL
	Issue of imprest cheque		Garbutt & Elliott
	Collection of cash		JA BH
Expense Claim Approvals	For employees and seconded staff		BH
Purchase Orders/ Invoices Within company's own budget excluding service providers who are partners	Less than £200	One of	BH JA DH MD
	All others in budget	One of	BH DH MD
	Outside budget	Two of	BH DH MD
Purchase orders are tied to invoice, which is approved by default by the cheque signatory.			
Recruitment	In budget		BH
	Outside budget	BH plus	One other Director
Service Providers Invoices	In budget		BH
		In absence of BH	Two directors
	Outside budget		Two directors
Tenders	Up to £30,000	BH plus	Chairman
	£30,000-£50,000	Finance Audit Committee	
	Over £50,000	Board approval	
Anything less than £10,000 in accordance with purchase orders, unless statute requires Board approval			
Sign off CSNU Grant Claim Form			BH
		In absence of BH	Any one director
Sign off CSNU Quarterly Returns			BH
		In absence of BH	Any one director

Page 3 of Connexions Financial Guidance 2004-05

SECTION 1 – LEGAL ENTITIES AND STRUCTURES

- 1.1 The introduction to the Financial Memorandum require the name of the body that will receive the grant to be clearly specified in the agreement. The SCYP will only make a grant agreement with an entituy which has demonstrated a capability to deliver a Connexions Service, or with a declared 'lead body' on its behalf (see para 1.4 (ii) below). The legal entity will be accountable for the grant under the terms of the Financial Memorandum.
- 1.2 The accountability of the Partnership as a receipt for public funds must be clearly established and understood by the Partnership. Accountability is covered at paras 5 to 7 of the Financial Memorandum.
- 1.3 The Partnership will be responsible for strategic planning and funding and it will be accountable to the SCYP for the spending of the grant. This means that its Chief Executive will take personal responsibility for all finance and associated issues (note that in the case of lead bodies, the Chief Executive throughout this guidance refers to the Chief Executive of the lead body rather than the Chief Executive of the Partnership). The body may also have some responsibility for Connexions Services that are not directly funded by the grant, as it may receive other sources of funding which go to support the service. Throughout this guidance, where we refer to the Partnership this should be taken to mean the body to whom the grant will be paid, although the arrangements for lead body models are set out in more detail at Sections 7 and 10. The Local Management Committees (LMCs) are responsible for bringing together local partners and for the day to day management of local delivery. Partnerships must not devolve grant to LMCs and cash contributions from other partners will not pass through LMCs.
- 1.4 The most common types of organisational structure with which agreements have been made are as follows:

i. Limited Company

The most common is of these is a company limited by guarantee, with the partners coming together and benefiting from very limited liability (guarantors normally £1 each). Companies limited by shares would normally be formed with a view to making a profit to be distributed to shareholders. Grant funding must not be used to make surpluses or profits for the Partnership company and their memorandum must make this clear. With both types of limited company, the company's memorandum and articles would need to contain a clause that would prevent the company from transferring any of its assets to other bodies.

ii. Where a Partnership is not a legal entity

Where a Partnership is a consortium of partners but not a legal entity itself, another organisation which is a legal entity must be its lead body. The lead body must be financially viable. It must also be able to work to the direction of the consortium through a written agreement between the consortium and the lead body that states their roles and relationships, making it clear that the consortium (the Partnership) directs strategy, operations and the Partnerships's resource allocation. The SCYP should have access to this agreement if necessary. One example of this is where a Partnership is a committee of a larger economic forum which is itself a company limited by guarantee. In all cases, the body with which the grant agreement is made will be legally accountable to the SCYP.

iii. Group Companies or other holding company arrangements

A holding company of a Partnership legal entity must not interfere with the Partnership carrying out its business improvement and delivery plans against which the grant is made. This could be provided through safeguards which might include:

**Connexions York and North Yorkshire
Board members**

Directors

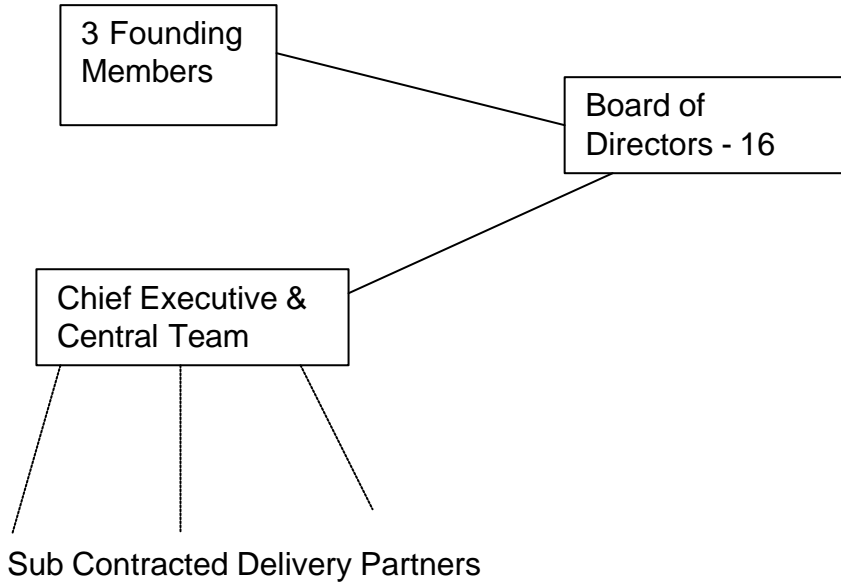
Allan Hunton (Group Resources Director, Guidance Enterprises Group)
Barry Hitchen (Chief Executive, Connexions York & North Yorkshire)
Councillor Madeline Kirk (City of York Council)
Councillor Ruth Potter (City of York Council)
County Councillor Carl Les (North Yorkshire County Council)
County Councillor Chris Metcalfe (North Yorkshire County Council)
David Harbourne (Executive Director, Learning & Skills Council)
Chris Long (Hambleton and Richmondshire Primary Care Trust)
Jayne Rawlins (Managing Director, Guidance Enterprises Group)
John Deacon (Student Services Manager, Yorkshire Coast College)
Ken Allinson (Voluntary Sector)
Len Cruddas (York & North Yorkshire Chamber of Commerce)
Michelle Burns (Headteacher, Oaklands School)
Mike Dobson (Chairman)
Norman Corner (Headteacher, Stokesley School)

In Attendance

Sue Reid (Garbutt & Elliott)
Derek Ireland (Government Office for Yorkshire and Humber)
Cath Wailes (Government Office for Yorkshire and Humber)
Terry Begley (Community Education, NYCC)
Murray Rose (Assistant Director Access & Inclusion, City of York Council)
Paul Herring (Head of Youth Service – City of York Council)
Chris McGee (Head of Continuing Education Unit – NYCC)

Transmutation of existing structures

Current Connexions York and North Yorkshire Ltd



Lead/Host Body Arrangement

