

By: Rosalind Turner, Managing Director for Children, Families and Education

To: Sarah Hohler, Cabinet Member for Children, Families and Education

Subject: Kent Connexions and Work Related Learning Services Contract 2010-2013; Budget Saving Options

Classification: Unrestricted

Attachments: Appendix 1 – Background and Overview

Summary

1. (1) This paper outlines the proposed budget saving options for the Kent Connexions and Work Related Learning Services Contract 2010-2013.

(2) In order to implement changes as a result of budget reductions by 1 April 2011, a Connexions Kent & Medway Partnership Board meeting has been scheduled for 9th September. KCC officers will be required to inform the Board of members' agreed budget savings at that meeting.

Financial Context

2. (1) The Secretary of State for Education wrote on¹ 16 June to all Directors of Children's Services and Chief Executives about reductions in government spending on education. The letter set out that it will be for local authorities to manage the reduction in the Area-Based Grant across their funding sources to protect frontline services, and details the measures taken to protect formula grant and remove ring-fences in order to give local authorities increased flexibility to do so. Funding for Connexions Services falls under the Area-Based Grant.

(2) There has been *no assurance* from the DfE that there will be sufficient funding for the Connexions Grant to remain the same for 2011/12 and later years. The definitive financial future of Connexions funding can only be clarified following the Comprehensive Spending Review this autumn. For savings to be achieved for 2011/12 and beyond, all negotiation would need to be undertaken in time to enable change to be effected in April 2011, i.e. well developed in the autumn.

(3) Connexions Kent and Medway has received the full national grant from KCC. It is, therefore, both a high performing and high cost organisation relative to other Local Authority services, which have not fully passported the grant to their services, or have merged Connexions with other in-house services. However, several authorities have had considerable financial problems with these approaches e.g. regarding pension commitments of staff returning to the LA workforce.

(4) The Comprehensive Spending Review in October may identify (specifically or generically) further budget reductions impacting on the Area Based Grant (ABG) or other funding elements relevant to the Connexions contract.

Proposed Targeted Savings

¹ REACT Bulletin 6th August 2010, page 1.

3. (1) Kent County Council anticipates at least a 20% reduction in baseline funding including the Area Based Grant hence targeted savings proposed would seek to make savings over the final two years of the contract period.

(2) It is proposed that there is a higher saving in year 2 to allow lead in time to plan for changes.

(3) These proposed budget savings would see a saving from the current allocated budget in 2011/12 and current allocated budget for 2012/13. Therefore in line with anticipated public sector reductions Connexions will have experienced a 20.2% reduction from the original proposed total over the 2 years and KCC would wish to prioritise the maximum possible retention of front line delivery.

(4) Connexions as a Charity can, and does undertake other work than that for KCC.

Opportunities to Achieve Savings

4. (1) In line with an outcomes focused specification and contract, discussion and negotiation will need to be had with the Connexions Kent & Medway Partnership Board in order that they can propose their own changes to fit within a reduced budget. These discussions commenced at the Connexions Kent and Medway Board Meeting on 9th September and a group will be set up asap between Connexions and KCC to develop saving options and investigate risks. All options would need to comply with the national specification for Connexions.

Proposed Timeline

5. (1) The following timeline is proposed

Table D

Late August/ Early September	Discussions with Chair and Chief Executive of Connexions
9th September	Savings discussions to be taken to Connexions Kent & Medway Board meeting
October to December	Connexions to consult with Staff and VCS partners on proposed savings
September to October	Further meetings as necessary to reach agreements on savings delivery
December	Issue at risk notices if appropriate

The Cabinet Portfolio holder for Children, Families and Education **is requested to agree:**

8. (1) the proposal already identified through the Budget Savings Options process to make savings from the Connexions budget over a two year period.

(2) Approve the proposed timeline, noting that Connexions are holding an emergency board meeting on 9 September, and so financial proposals need to be approved by KCC as soon as possible

(3) Further identify proposals for savings through meetings with the Connexions Board, Chair and Chief Executive of Connexions as well as other stakeholders where appropriate.

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Background Documents

None

APPENDIX 1 - Background and Overview

1. From April 2008, responsibility for the Connexions Service transferred from Government Office for the South East to Kent County Council (KCC). Following legal advice, a contract for two years with a new specification was awarded to the existing provider, Connexions Partnership Kent and Medway.

2. On 1 December 2008, Cabinet agreed that the Connexions Service should be commissioning as a whole via a European tender process. Subsequently, to this decision, the DCSF announced that responsibility for the commissioning of work related learning would transfer from the LSC to Local Authorities in April 2010. Those elements previously delivered by Kent Works were incorporated into the service specification and contract for tenderers.

3. In September 2009, following an in depth evaluation process, KCC awarded the Kent Connexions and Work Related Services Contract 2010 - 2013 to the incumbent supplier Connexions Partnership Kent and Medway Ltd.

4. The Connexions Service provides a package of support young people aged 13-19 years (up to 25 years for young people with LDD) including impartial information, advice and guidance (IAG); careers, education, information, advice and guidance (CEIAG); support for young people who are not in education, employment or training (NEET); NEET prevention services; work related learning services and support for professionals working with young people. None of these services are delivered exclusively by Connexions but do form a significant part of the multi-agency support within Kent.

5. The Connexions Service is able to deliver an integrated, and importantly, an impartial service. There are 12 IAG quality standards, each with evidence indicators against which performance against the standards can be assessed. Responsibility for the delivery of the standards falls to Local Authorities, learning providers, Connexions and other external information, advice and guidance providers working together collaboratively under the leadership of the Local Authority. Under these standards 'processes for commissioning impartial information, advice and guidance services must be effective and result in services that meet the needs of parents/carers and young people'. Connexions have developed a programme of IAG health checks for schools to support schools in developing robust IAG standards.

6. The provider has a good record of reducing the NEET percentage compared with other Local Authorities, has won awards and has one of the best NEET records in the South East. The NEETS comparison for England and the South East for 2009/2010 data over the 3 month average shows current performance above that in England or the South East:

	Nov 09	Dec 09	Jan 10	Average
England	6.5	6.4	6.2	6.4
South East	6.0	5.8	5.6	5.8
Kent	4.9	5.0	4.9	4.9

7. As part of the ongoing monitoring and evaluation process of the Kent Connexions contract, KCC coordinated a full Stakeholders' Evaluation of the services provided by Connexions Partnership Kent & Medway under the Kent Connexions 2008-2010 contract. A total of 1866 young people, 30 schools, 43 partner organisations, and 19 employers participated in this Stakeholders' evaluation. Overall the feedback was very positive.