

LONDON BOROUGH OF BRENT	
Executive - 20th June 2005	
Report from Director of Education Arts and Libraries	
For action	Wards affected: ALL

**Report Title: Authority to extend Lifetime Careers and
Voluntary Sector Contracts relating to the
Connexions Service**

Forward Plan Ref: EAL05/06 002

1.0 Summary

This report seeks approval for the extension of the Council's contracts for the provision of Connexions services with: (a) Lifetime Careers for the period 1 August 2005 to 31 July 2006; and (b) 3 community/voluntary sector organisations (namely Brent Centre for Young People, Kilburn Youth Centre and Oxford Kilburn Club) for the period 1 August 2005 to 31 March 2006.

2.0 Recommendation

That the Executive:

- (a) Authorise officers to extend the Council's contract with Lifetime Careers for the provision of Connexions services dated 12 November 2004 ("Lifetime Contract") from 1st August 2005 to 31st July 2006;
- (b) Delegate authority to the Director of Education, Arts & Libraries to agree amendments to the Lifetime Contract to address the issues set out in paragraphs 3.16 and 3.17 in consultation with the Borough Solicitor;
- (c) Authorise officers to extend the Council's contracts with Brent Centre for Young People, Kilburn Youth Centre and Oxford Kilburn Club dated 1 April 2004 (which were novated from Connexions Partnership London West Limited to the Council on 11 November 2004) for the provision of Connexions services ("Three Voluntary Sector Contracts") from 1st August 2005 to

31st March 2006 on the same terms and conditions as the current Three Voluntary Sector Contracts at the increased contract price stated in paragraph 4.4.

3.0 Detail

Background

- 3.1 In October 2004, the Department for Education and Skills (“DfES”) funding and responsibility for the West London Connexions Service was transferred from Connexions Partnership London West Limited (“CXLW”) to each of the six West London Boroughs (namely Ealing, Harrow, Hillingdon, Hounslow, Hammersmith & Fulham and Brent). As a result of this move to the Confederation Model, it was necessary for the Council to enter into contracts with various service providers to enable the Council to meet the conditions of its Connexions funding agreement with the DfES.

Lifetime Contract

- 3.2 The Council entered into a new contract with Lifetime Careers Limited dated 12 November 2004 for the delivery by Lifetime Careers of the majority of Connexions services in Brent. The Lifetime Contract was originally due to expire on 31 March 2005. The Director of Education extended the contract to 31 July 2005 using his delegated authority under paragraph 3(b) of the table in paragraph 2.5 of Part 4 of the Constitution (which permits him to extend the contract for up to 6 months without obtaining Executive approval) in order to give him the time to put a report before the Executive recommending extension of the contract to 31 July 2006.
- 3.3 Lifetime Careers is part of the Nord Anglia PLC group and the existing contract is a commercial contract and contains (an unspecified and unknown) profit element within it.
- 3.4 Lifetime Careers delivers a wide range of Connexions services, mainly but not exclusively at the “universal” end as opposed to the more targeted and intensive support aspects of Connexions. It employs 21 FTE Connexions Personal Advisers working in/with schools, colleges, work-based training etc, 6 FTE Employment and Training Advisers and approximately 8 FTE Brent-based management/administrative staff.
- 3.5 As part of the Lifetime Contract, Lifetime Careers runs the Connexions centre in Wembley and provides services such as sourcing vacancies for young people and providing a job matching/brokerage function, and provides INSET and associated support to teachers. Services provided currently by Lifetime Careers represent a significant element of the Council’s Connexions local operational plan for 2005/06 the objectives of which the Council is required to meet under its Connexions grant conditions.

- 3.6 The Lifetime Contract has been in place since (and for several years before) the start-up of Connexions in West London in September 2002. The contract definition and services specifications have been amended over the years mainly to reflect national policy, but many of the services offered within the contract have not changed significantly in recent years.
- 3.7 The contract has not been subjected to any form of competitive tendering since the privatisation of careers services in the late 1990s (however, see comments on value for money at paragraphs 3.10 and 3.14 below).
- 3.8 In October 2004 the Connexions Unit within DfES issued a national policy note to regional Government Offices, in Brent's case, Government Office for London, advising Government Offices "to hold discussions as soon as possible with any Partnerships currently considering re-tendering for 2005/06 and beyond, and to advise them not to conduct any competitive tendering exercises at this stage. The preference is to roll forward existing contracts/leases for a maximum of one year until the direction of future travel becomes clearer." The reference to "future travel" was recognising that developments relating to Every Child Matters, Children's Trusts and the Youth Green Paper could all influence fundamentally Connexions in the future.

Lifetime Contract - Contract Performance

- 3.9 In the Autumn/Winter of 2003, CXLW carried out a fundamental review of the Connexions service "Self Assessment Plus" which encompassed a full review of Lifetime Careers' performance. Lifetime's performance on the main self-assessment (which was also independently assessed/verified) aspect of the review was strong and in the top quartile of the contractors across West London. Surveys of young people, parents, teachers and employers carried out by an independent accredited market research company all rated Lifetime's services highly (for teachers the results were particularly striking as they were more favourable than some previous anecdotal evidence). However, results on the value-for-money aspects of the review were inconclusive, due to incompleteness and inconsistencies in data from the various Connexions contractors across West London.
- 3.10 In November 2004, Brent achieved very challenging performance targets on reducing the number of 16-18 year olds Not in Education, Employment and Training (NEET) and the number of "Situation Not Knowns". Lifetime Careers led on these two targets in Brent and these two targets were also the headline targets for Lifetime's 2004/05 contract.

- 3.11 In March 2005, an independent consultant carried out a high-level value for money exercise on the main Connexions contracts across West London including Lifetime Careers' operations in Brent and Harrow. Key conclusions from the report included:
"Action against the Operational Delivery Plan is impressive and suggests that much has been done to ensure that a good framework for the Connexions service has been established in the Brent and Harrow areas"; and
"From all of the documentation and evidence scrutinised the London Boroughs of Brent and Harrow appear collectively to be getting reasonable value from their contracts previously managed by CXLW. Disentangling correct costs to each authority compared with an allocation provided by the (Connexions) National Funding Formula would undoubtedly produce anomalies, which would indicate that one authority would be getting better value for money at present than the others".

The report highlighted:

- the need for clearer definition of services within the contract
- some suggestions for improvements in detailed contract monitoring and management information processes
- the potential for cost savings in the contract to be explored

These aspects will be progressed as part of the contract extension negotiation process referred to in paragraph 3.16 below.

- 3.12 In summary, there is a range of evidence from a variety of sources to suggest that Lifetime Careers' contract performance is generally effective, but there is less evidence to assess its efficiency and value for money.
- 3.13 Lifetime Careers has generally demonstrated strong partnership working with other agencies in Brent in the delivery of Connexions services and has worked effectively with Brent Council at a strategic and operational level on Connexions issues both under the previous and current Connexions models. However, from a governance perspective, a working relationship that combines partnership working with arms length commercial contracts has resulted in some tensions, for example, on the degree of cost transparency that is appropriate in the current contractual relationship.
- 3.14 Whilst Brent Council is working with Harrow Council on a joined-up approach to working with and contracting with Lifetime Careers, there is a recognition that Brent's approach needs to be focused on providing the best outcomes for young people and stakeholders in Brent and this is the primary driver in considering the future.

Lifetime Contract - considerations for future contracting

- 3.15 There are several factors that support the extension of the Lifetime Contract to 31 July 2006, including:
- this would ensure a continuity of service to schools and colleges to the end of the 2005-2006 academic year of what are generally considered to be satisfactory/good services to young people and other stakeholders such as schools in Brent.
 - the implications for Connexions of national policy developments such as the Youth Green Paper and the continued rollout of Connexions-related guidance on Children's Trusts etc. are currently uncertain. The position may be clarified by the time the Council begins the tender process for the post July 2006 contract.
 - any change in major contracting arrangements at March/April 2006, as opposed to July/August 2006, will probably coincide with a Joint Area Review of services to young people in Brent (including Connexions) in January-March 2006 and this combined pressure on managers and practitioners could impact negatively on services
- 3.16 However, there are some more detailed aspects of the current contracting arrangements that could be improved, such as a tightening of the contract specification and a more robust assessment of the value for money of existing arrangements. The Director of Education would like to use the period of extension to 31 July 2005 to negotiate and agree a revised Specification and, if necessary, revised pricing (of up to 2% increase in contract price which would equate to £32.5k) for the contract extension for the period 1 August 2005 to 31 July 2006.
- 3.17 There may be a need to re-specify more fundamentally the service offering to young people (covering all services not just Connexions) in Brent from April 2006 onwards to respond to national policy and local drivers.
- 3.18 To the extent that the amendments referred to in paragraphs 3.16 and 3.17 are minor and consequential and will not substantially alter the terms and conditions of the Lifetime Contract, the Director of Education has the delegated authority under paragraphs 3(a) and (b) of the table in paragraph 2.5 of Part 4 of the Constitution to agree these amendments without the need to obtain Executive approval. To the extent that these amendments fall outside of the Director of Education's delegated authority, it is recommended in this report that the Executive authorise him to agree such amendments in consultation with the Borough Solicitor.
- 3.19 The amount of Connexions grant funding from DfES to Brent is, at this stage, only confirmed until 31st March 2006, and therefore the clause within the current contract that allows for the termination or re-negotiation of the Lifetime Careers contract if there are significant changes to Connexions funding availability will need to be reviewed

and, if necessary, strengthened to allow for any potential changes in funding from DfES from 1st April 2006.

The Three Voluntary Sector Contracts

- 3.20 CXLW novated (i.e. transferred) each of the contracts it held with three voluntary sector organisations, namely Brent Centre for Young People, Kilburn Youth Centre and the Oxford Kilburn Club, dated 1 April 2004 to the Council on 11 November 2004. The Three Voluntary Sector Contracts were originally due to expire on 31 March 2005 but were extended by the Director of Education to 31 July 2005 using his delegated authority under paragraph 3(b) of the table in paragraph 2.5 of Part 4 of the Constitution (which permits him to extend the contracts for up to 6 months without obtaining Executive approval).
- 3.21 The Three Voluntary Sector Contracts relate to intensive and targeted support to young people provided by, in the case of Brent Centre for Young People 1 Personal Adviser, and in the case of each of Kilburn Youth Centre and the OK Club 0.5 Personal Adviser. The annual contract values were £47.8k for Brent Centre for Young People and £23.9k for Kilburn Youth Centre and the OK Club.
- 3.22 These contracts were won through a competitive tendering process at the start-up of Connexions in West London in September 2002. The Three Voluntary Sector Contracts were renewed by CXLW in April 2004 following a comprehensive review process involving contract monitoring reviews of all major aspects of service delivery/management, customer satisfaction surveys of young people who had been supported by the Connexions PAs in the three organisations and a value for money analysis. Failure to meet requirements would have resulted in a full market testing/tendering process – an outcome that did occur in another West London borough with similar contracts.
- 3.23 These contracts have been extended to 31st July 2005 based on continuing evidence of satisfactory service delivery, for example, through contract monitoring reviews and reports and the national policy advice not to conduct any competitive tendering at this stage (see 3.1 above). In addition, for this period an increase of approximately 2% of annualised contract value has been awarded, raising the annual equivalent contract values to £49k for Brent Centre for Young People and £24.5k for Oxford Kilburn Club and Kilburn Youth Centre, to reflect transparent cost increases. The costs of these three contracts relate solely to Personal Adviser in-post costs, unlike the Lifetime Careers contract which has less cost transparency and which includes significant non-salary costs such as Connexions centre premises costs and careers publications costs.

- 3.24 A review will be carried out in 2005 to determine Connexions service requirements from April 2006 onwards and this will cover the elements of the service that are currently provided by the Three Voluntary Sector organisations. However, in the interim it is recommended that, subject to a continuation of historical satisfactory service delivery and performance, and given the national policy advice on competitive tendering at this stage, these contracts are extended to 31st March 2006.

4.0 Financial Implications

Lifetime Contract

- 4.1 The annual value of the Lifetime Contract is £1,625,200 and is funded out of the DfES Connexions grant to Brent. The Lifetime Contract represents 60% of the £2.7m Connexions grant from DfES for Brent in 2005/06 (an increase on the £2.35m Brent received in 2004/05 under the previous Connexions model).
The contract value for the period of extension 1 April 2005 to 31 July 2005 was pro-rated in accordance with the annual contract value of the original Lifetime Contract. However, if Lifetime can prove that it is providing value for money, the Director of Education proposes to agree an increase of up to 2% in the contract value. The 2% increase if agreed and implemented will increase the annual contract value by £32.5k. This increase will be funded from the DfES Connexions grant for 2005/06 provided to Brent.
- 4.2 As part of the Lifetime Contract the Council also makes a contribution to Lifetime's overall management and specialist functions (finance, quality assurance, staff training and development etc) which cover Brent and Harrow (Brent's proportion is based on the Connexions national funding formula as applied to Brent and Harrow, which in turn is based on the numbers and needs of young people in the two boroughs).
- 4.3 The Lifetime Contract includes a clause permitting Brent to terminate upon written notice with immediate effect if the DfES grant is terminated, suspended, withdrawn or reduced. This would permit the Council to terminate the extended contract post 31 March 2006 if DfES does not provide the Council with a Connexions grant for the 2006 Financial Year.

Three Voluntary Sector Contracts

- 4.4 The annual value of the previous contracts were £47.8k for Brent Centre for Young People and £23.9k for Kilburn Youth Centre and the Oxford Kilburn Club. The Director of Education agreed a small increase in the annual contract value for each of the Three Voluntary Sector Contracts for the period of extension for the 1 April 2005 to 31 July 2005. Brent Centre for Young People (£16,333), for Kilburn Youth

Centre and the Oxford Kilburn Club (£8,167 each). The proposed annual contract value for the Three Voluntary Sector Contracts for the 1 August 2005 – 31 March 2006 period (which shall be pro-rated) are: (a) Brent Centre for Young People = £49,000, (b) Kilburn Youth Centre = £24,500 and (c) Oxford Kilburn Club = £24,500.

- 4.5 The Three Voluntary Sector Contracts for the period 1 April 2005 – 31 March 2006 will be funded from the DfES Connexions grant for 2005/06 provided to Brent.
- 4.6 Each of the Three Voluntary Sector Contracts includes a clause permitting Brent to terminate upon written notice with immediate effect if the DfES grant is terminated, suspended, withdrawn or reduced.

5.0 Legal Implications

Lifetime Contract

- 5.1 The Lifetime Careers Contract is a Part B services contract for the purposes of the Public Services Contracts Regulations 1993 (“EU Regulations”), and is thus only subject to partial application of the EU Regulations. Legal Services have been consulted and the extension of the contract to 31 July 2006 would not be in breach of the EU Regulations.
- 5.2 The Lifetime Careers Contract is a High Value contract for the purposes of Council Standing Orders. As explained in paragraph 3.2 above, the Director of Education has used his delegated authority to extend the Lifetime Contract from 1 April 2005 to 31 July 2005. The Director of Education has delegated authority to extend the Lifetime Contract up to 30 September 2005 (i.e. 6 months) without obtaining Executive approval. For any periods of extension beyond 30 September 2005, the Director of Education’s delegated authority to extend will have been exhausted, and Executive approval is required for the further extension.

Three Voluntary Sector Contracts

- 5.3 Each of the Three Voluntary Sector Contracts are below the threshold for Part B Services for the purposes of the EU Regulations, and as such are not subject to the EU Regulations.
- 5.4 Each of the Three Voluntary Sector Contracts are Low Value Contracts for the purposes of the Council’s Standing Orders.
- 5.5 As explained in paragraph 3.20, the Director of Education has used his delegated authority to extend the Three Voluntary Sector Contracts from 1 April 2005 to 31 July 2005. The Director of Education has the delegated authority to extend all of the Three Voluntary Sector

Contracts up to 30 September 2005 (i.e. 6 months) without obtaining Executive approval. For any periods of extension beyond 30 September 2005, the Director of Education's delegated authority to extend will have been exhausted, and Executive approval is required for the further extension.

- 5.6 All terms and conditions of the extended Three Voluntary Sector Contracts for the period 1 April 2005 to 31 July 2005 have remained the same as the original contracts, and shall remain the same for the period of extension of 1 August 2005 to 31 March 2006 (except for the increase in the contract values as outlined in paragraph 4.4 above).

6.0 Diversity Implications

- 6.1 Usage of Connexions services is monitored in line with national Connexions management information requirements which cover gender, ethnicity and disability. All contractors and deliverers of Connexions services in Brent are contractually required to take account of all aspects of diversity in the usage and delivery of the services they provide, and their performance in respect of diversity will be monitored as part of Brent Council's contract management framework.

7.0 Staffing Implications

There are no staffing implications in this report.

Background Papers

- Contract between the London Borough of Brent and Lifetime Careers Limited for the provision of Connexions Services dated 12 November 2004.
- Three Voluntary Sector Contracts between London Borough of Brent and (a) Brent Centre for Young People, (b) Kilburn Youth Centre and (c) Oxford Kilburn Club respectively dated 1 April 2004, and novated to Brent by Deeds of Novation dated 11 November 2004.
- EAL 0050 Connexions Service in Brent, July 2005
- Review of Lifetime Careers Contracts with London Boroughs of Brent and Harrow – G Boyd – March 2005

Contact Officers

For further information please contact:

Mark Ainsworth, Connexions Consultant/Acting Head of Connexions
0208 937 3693

John Christie

Director of Education, Arts & Libraries, 020 8 937 3130