

Subject: Connexions Procurement
Date of Meeting: 21 July 2008
Report of: Director of Children's Services

Contact Officer: Name: **Gillian Cunliffe** Tel: 29-3447
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Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 At the 10th September 2007 CYPT Board meeting it was agreed that the Connexions IAG contract should be put out for tender with new arrangements to start in September 2008. At the 17th March 2008 CYPT Board meeting it was agreed that the Chair of the CYPT Board and the Director of Children's Services should have the delegated authority to approve the awarding of the Connexions IAG contract during April/May 2008 to maximise the time available for systematic implementation of the new arrangements.
- 1.2 As approved by the Chair and the Director, the contract was offered to Prospects Services Limited. Approximately 35 staff employed by the existing provider Sussex Careers limited will be part of a TUPE transfer to Prospects. Part of the terms and conditions of the TUPE transfer is the need to provide the transferring staff with a broadly comparable pension scheme. Prospects have offered this through a Local Government Pension Scheme they are already part of called the London Pension Fund Authority (LPFA). This offer is dependent on the pension transfer being fully funded as per LPFA calculations.
- 1.3 The current Sussex Careers Limited (existing provider in Brighton & Hove) pension funding level, after adjustment for their staff TUPE transferring to VT (new provider in East Sussex) and leaving their deferred benefits in the ESCC LGPS, is 87%. The ESCC pension fund actuary is proposing the LPFA receive only 87% of the bulk transfer value that would have met the inherited liabilities and this leaves a shortfall of £200k. This shortfall could marginally go up or down depending on the assumptions used by the LPFA Actuary.
- 1.4 Prospects will sign the contract only when they receive a written assurance that the Council will indemnify them against any pension shortfall. If the Council is not willing to give the indemnity then the only alternative is to bring the service back in house. In that case the shortfall is very likely to fall on the Council. Significant time and expense would be required to set up the new service.

2. RECOMMENDATIONS:

- 2.1 That the Director of Children's Services, after consulting with the Chair of the CYPT Board, be given delegated authority to enter into the Connexions IAG Contract including the provision of an indemnity sought by Prospects in relation to the pension deficit associated with the staff transferring to them.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 Board papers of the 10th September 2007 and the 17th March 2008 outline background information.

4. CONSULTATION

- 4.1 This paper has been written in consultation with the Strategic Finance, Legal and HR teams

5. FINANCIAL & OTHER IMPLICATIONS:

5.1 Financial Implications:

The estimated pension deficit for staff transferring to Prospects is £200,000 as outlined in paragraph 1.3. These costs will be met from CYPT resources, spread over 5 years from 2009/10 to minimise the impact on services. The service is funded through Connexions grant which forms part of the Area Based Grant; the level of this grant has been confirmed until 2010/11

Finance Officer Consulted: James Hengeveld

Date: 4 July 2008

5.2 Legal Implications:

On 22 May 2008 the Council issued contract documentation to Prospects following authority given by the CYPT Board on 17 March 2008.

On 29 May 2008 Prospects stated they were willing to enter into the contract subject to an undertaking from the Council that the pensions of the staff transferring to their organisation in respect of the Connexions service would be fully funded.

If the Director of Children's Services is willing to provide an indemnity in the terms sought by Prospects, a letter to this effect would be sent to Prospects. The letter itself would become part of the contract documentation, and the formal offer sent to Prospects on 22 May would be amended accordingly. This would clear the way to Prospects signing the contract.

The wording of the recommendation in 2.1 above makes clear that the Director, after appropriate consultation with the CYPT Board Chair has fully delegated authority to take the action specified.

Lawyer Consulted: Oliver Dixon

Date: 7 July 2008

5.3 Equalities Implications:

These proposals fully support the equalities policies of the Children and Young People's Trust partners.

5.4 Sustainability Implications:

Sustainability is determined by Brighton & Hove City Council continuing to receive Connexions funding via the LAA

5.5 Crime & Disorder Implications:

The proposals in this paper will fully support the prevention of crime and disorder as set out in the Children & Young People's Plan.

5.6 Risk and Opportunity Management Implications:

Financial and legal risks are set out above

5.7 Corporate / Citywide Implications:

These proposals take account of key corporate and citywide proposals, specifically those set out in the Children & Young People's Plan.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents In Members' Rooms

None

Background Documents

1. 10th September 2007 CYPT Board meeting paper – Connexions Procurement
2. 17th March 2008 CYPT Board meeting paper – Connexions Procurement

