

Item No.	Classification: Open	Date: 8 July 2010	Decision Taker: Finance Director
Report title:		Extension of the Prospects Careers Education and Information Advice and Guidance (CEIAG) contract	
Ward(s) or groups affected:		All	
From:		Assistant Director 11-19 and Youth (Children's Services)	

RECOMMENDATIONS

1. That the Finance Director approves the extension of the Careers Education and Information Advice and Guidance (CEIAG) contract with Prospects Ltd for a period of eight months for the period 1 August 2010 until 31 March 2011. The value of the extension is £ 899,937.
2. That the Finance Director approves the variation of the CEIAG contract to remove the requirement to provide dedicated premises (Connexions Centre) for the provision of the services in Rye Lane Peckham from September 2010.
3. That the Finance Director retrospectively approves the extension of this contract from 1 April 2009 to 31 July 2010. The value of the contract for the 12 months from 1 April 2009 was £1,612,400. The value of the four month extension April to July 2010 is £537,468.

BACKGROUND INFORMATION

4. The Education and Skills Act 2008 transferred to Local Authorities the statutory responsibility for the delivery of Connexions services. The connexions service consists of three areas:
 - Targeted personal advisors
 - Data services and training
 - Careers education and information advice guidance (subject of this report)
5. Southwark Children's Services took direct responsibility for the management of the targeted personal advisors.
6. Prospects Limited entered into a contract with the Royal Borough of Kensington & Chelsea ("K&C") for the delivery of Careers Education and Information Advice and Guidance from 1 April 2007 until 31 March 2008. That contract was novated to Southwark in March 2008. Under the novation agreement, K&C and Prospects had agreed to extend the contract period for one year, to expire on 31 March 2009 and for Southwark to step into the contract in place of K&C from 1 April 2008.
7. The annual cost of contract was £1,612,400 for the 12 month period commencing 1 April 2008. The cost of the contract for the next 12 month period (expiring 31 March 2010) was £1,612,400.

Details of the previous variations/contract extension

8. In early 2009 it was agreed by the Children's Service Management Team that the Prospects contract should be extended by at least 12 months to allow for a full review of the provision of Connexions Services in the light of the reorganisation of the Youth Service.
9. The Head of Youth Services was charged with operational responsibility for the contract extension.
10. In March 2009 the Head of Youth Services sought legal advice as to the procedure to extend the existing contractual arrangements. In the absence of any formal documentation available for inspection at that time, advice received was that the contract could be extended by mutual agreement provided that it could be shown that formal authorisation had been given to that effect.
11. Records show that no formal authorisation was obtained (i.e. via a Gateway report) and whilst departmental files are not conclusive, it would appear that, based on clause 5.1 of the original contract¹ the Head of Youth Services sent E mail notification of the contract extension to Prospects. A formal letter of confirmation was provided.

Key Aspects of Proposed Variation

12. The nature of this proposed eight month variation is for time and scope. The revised completion date will therefore be 31 March 2011.
13. This extension has been agreed in principle by the Strategic Director of Children's Services at the Departmental Contract Review Board (DCRB) on 31 March 2010.
14. Through informal negotiation the provider has agreed to reduce the overall value of the contract by:
 - Reducing their staff count;
 - Cancelling the lease on commercial rental premises in Rye Lane and from September 2010 to provide their services from LB Southwark Premises (Cator Street for client services and Tooley Street for management services).
15. The value of the extension is £899,937.
16. This represents one month at the original contract price and seven months at a rate reduced by seven twelfths of three hundred thousands pounds.
17. The value of all retrospective variations to this contract as a % of contract value is 133%. The value of prospective variation is 56% of the original contract value. In total this makes a variation of 189% of the original contract total.

Background of Contract

18. The Connexions service was established in 2001 with the aim of providing a comprehensive service to meet young people's needs for information, advice and support. Through multi-agency working, Connexions should provide high-quality, impartial, information, advice and guidance (including careers advice and guidance), together with access to personal-development opportunities to help remove barriers to learning and progression and ensure young people make a smooth transition to adulthood and working life. As part of the service, a dedicated website, Connexions Direct, is available for young people aged 13 to 19.

¹ The contract may be extended by mutual agreement between the parties not less than three (3) months prior to the expiry of this Contract, provided that the period of any extension of the Contract Period does not exceed twelve months on any one occasion

19. It is required to continue contracting with the current provider for a period of one year. The contract extension will allow for:

- The completion of the review of the local Connexions service, to include an external audit of IAG services against the National Standards;
- A comprehensive review of the allocation of resources to providers, particularly the level of support offered to academies by both Prospects and the LA;
- Closer alignment of the CEIAG provision with the commissioning of post sixteen provision in the borough;
- A full procurement exercise to secure best value for the future. (Timeline attached).

20. It would not be possible to put alternative provision in place in the short or medium term. Southwark have a legal responsibility to provide these services under the 2008 Act.

21. The contract only allows for a 1 year extension at a time. A further report may need to be brought to the board if the new procurement process cannot be completed by 31st March 2011.

KEY ISSUES FOR CONSIDERATION

Policy implications

22. Southwark has a legal responsibility under the 2008 Act to provide the IAG services that are currently provided under contract by Prospects Ltd. The quality of the provision is good with key performance indicators being achieved during the contract period. The company provides the same service under a novated contract for the London Borough of Lambeth.

Community Impact Statement

23. The number of young people resident in Southwark who are not in education employment or training (NEET) has dropped significantly over the past three years. Prospects have been a key partner in improving the services offered to all young people aged 14 to 19. Without a continuation of this service there is a real risk of the NEET figure increasing.

RESOURCE IMPLICATIONS

Financial Implications

24. The full budget allocation for this contract is held within the Youth Commissioning and IAG budget for 2010-11; this is sufficient to cover the annual contract costs set out above. However, it is essential that a full review takes place of this provision, ready to implement any agreed changes from April 2011. The remit of this review, supported by the Finance Team, would be to ensure that value for money services are being provided in meeting statutory requirements, targeted in accordance with the Children's Services Young Peoples Plan priorities and including consideration of activity levels and outcomes.

25. The 2010-11 net savings of £135,000 (£175,000 saving less £40,000 additional accommodation costs to provide this service) generated by this contract change will contribute to Children's Services savings targets. (Full year net effect is £232,000).

Legal Implications

26. The legal implications are contained in the advice from the Strategic Director for Communities, Law & Governance at paragraphs 28 - 30 below.

Consultation

27. No formal consultation has taken place.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

- 28 The Strategic Director of Communities, Law & Governance ("SDCLG", acting through the Contracts Section) has advised the report author in connection with this matter and notes the content of this report. Paragraph 22 confirms that the Council is under a statutory duty to provide the services of the nature delivered by Prospects Ltd.
- 29 The circumstances surrounding the novation of the contract originally entered into by Prospects Ltd and the Royal Borough of Kensington & Chelsea are set out from paragraph 8. The SDCLG advises that the terms of the original contract (which would bind Southwark and Prospects following the execution of the novation agreement) allowed for extension by mutual consent, subject to the extension period not exceeding 12 months on any one occasion. The novation agreement did not remove or amend that clause and therefore Southwark and Prospects are able to rely upon it to agree further extensions beyond 31st March 2009 of up to one year. The parties are also free to agree other changes to the terms of the contract, which would include the change described in paragraph 2.
- 30 The decisions to approve the recommendations set out in this report are required to be taken by the finance director after taking advice from the Corporate Contract Review Board, in line with the Council's Contract Standing Orders. In view of the retrospective element of the contract variation and the value of that variation, a report must also be submitted to the audit and governance committee for the purpose of informing future decision making.

Director of Finance

- 31 The financial implications are as stated in the report.

Head of Procurement

- 32 This report is seeking approval to extend a current contract to provide careers education and information advice guidance services to young people.
- 33 Officers realising that records in relation to this contract are incomplete are seeking to formalise a previous extension decision and obtain retrospective approval.
- 34 Paragraph 19 confirms that a service review is currently underway and that this extension will allow the review to be completed and a new procurement strategy delivered. Whilst it is hoped that any new contract required will be identified and procured during the next few months, paragraph 21 confirms in the event that this is not possible a further gateway report will be produced.
- 35 Whilst the report is silent on the current performance for the provider, it is assumed that the contract is running satisfactorily and there are no reasons why the council would not wish to extend this contractual arrangement.

FOR DELEGATED APPROVAL

Under the powers delegated to me in accordance with the Council's Contract Standing Orders, I authorise action in accordance with the recommendation contained in the above report.

Signature Jessie Seelay Date 22/7/10
Designation Deputy Finance Director

KEY POINT SUMMARY

- This procurement followed an *other* protocol
- EU Regulations did not apply to the procurement of this contract
- This contract is for *services*

BACKGROUND PAPERS

Background Papers	Held At	Contact
Original contract for the delivery of Connexions services through Central London Connexions	14-19 Partnership Team darren.coghlan@southwar.k.gov.uk	Darren Coghlan Tel: 020 7525 5162
Contract Novation to Southwark	14-19 Partnership Team darren.coghlan@southwar.k.gov.uk	Darren Coghlan Tel: 020 7525 5162
Contract Extension letter	14-19 Partnership Team darren.coghlan@southwar.k.gov.uk	Darren Coghlan Tel: 020 7525 5162

AUDIT TRAIL

Lead Officer	Jane Bailey, Assistant Director 11-19 and Youth		
Report Author	Darren Coghlan, 14-19 Partnership Principal Officer		
Version	final		
Dated	7 July 2010		
Key Decision?	yes	If yes, date appeared on forward plan	July 2010
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments included	
Strategic Director of Communities, Law & Governance	Yes	Yes	
Finance Director	Yes	Yes	
Head of Procurement	Yes	Yes	
Cabinet Member	no	no	
Date final report sent to Constitutional Officer		8 July 2010	