

Procurement Committee

on 13th February 2007

Report title: Extension and variation of the contracts with Prospects Services Limited and Careers Enterprise (Futures) Limited for Connexions North London services 2007-08 - Part A.

Forward Plan reference number (if applicable):-

Report of: The Director of the Children and Young People's Service

Wards affected: All

Report for: Key

1 Purpose

To seek Member authority under Contract Standing Order (CSO)13.02 to vary the existing contracts with Prospects Services Limited (hereinafter "Prospects")and Careers Enterprise (Futures) Limited (hereinafter "Futures") for Connexions North London services by extending them by one year for 2007-08, as well as making certain variations of the contract provisions to strengthen the performance monitoring framework.

2 Introduction by Executive Member

The Connexions North London Consortium wishes to extend the contracts with Prospects and Futures for one year to 31 March 2008. Performance management will be strengthened. I recommend approval.

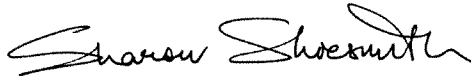
A further report will come to the Procurement Committee in September about the post 31 March 2008 arrangements.

3 Recommendations

That the Members approve, as permitted under CSO 13.02, the variation of the following contracts in the manner indicated:

- (1) with Prospects by extending this contract by one year until 31st March 2008 for the additional contract value referred to in para. 1.1 of Part B and by making variations to the contract provisions relating to performance monitoring to be approved by the Head of Legal Services;
- (2) with Careers by extending this contract by one year until 31st March 2008 for the additional contract value referred to in para. 1.2 of Part B and by making variations to the contract provisions relating to performance monitoring to be approved by the Head of Legal Services.

Report authorised by:



Sharon Shoemith,
Director
The Children and Young People's Service

Contact officer: Janette Karklins, Deputy Director, School Standards and Inclusion

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4. Executive summary

- 4.1 On 25th January 2005, Council Executive gave approval for Haringey to enter into a consortium agreement with other Connexions North London partner bodies. This was to facilitate a more efficient contractual arrangement and use of resources in the running of Connexions in North London.
- 4.2 Under the new arrangement, Haringey became the contracting body for the new Connexions North London Consortium ("the Consortium"). This arrangement allows Haringey to reclaim the VAT charges levied on payments to the contracted service providers of the Connexions Service. This in turn allows more funding for the Connexions service. Haringey took over the contracting role from Connexions North London Partnership Limited (CxNL Co.), which had ceased, in April 2004, being able to reclaim VAT.
- 4.3 The contract has continued with Prospects and Futures and the current contract is due to end on 31st March 2007.
- 4.4 The Consortium Board wishes to continue service provision arrangements with Prospects and Futures, subject to slightly altered terms and conditions, which they have negotiated. In accordance with the above consortium arrangements, the Board is recommending that Haringey extend the existing contracts with Prospects and with Futures for a one year period up to 31st March 2008 for the additional contract values referred to in para. 1 of Part B. The Board is also recommending slight variations to the contract provisions relating to the performance monitoring framework the terms of which will be subject to approval by Legal Services.

5 Reasons for any change in policy or for new policy development (if applicable)

- 5.1 Under normal circumstances the contracts would be market tested and tendered when they come up for renewal. The circumstances around the Connexions contract are more complex as from April 2008 the funding for Connexions services will come direct to each Local Authority instead of being channelled through the CxNL Co and the Consortium. This means that all the existing contracting arrangements will cease from March 31st 2008 and therefore there will be a re-tendering process taking place in 2007-08.
- 5.2 The current contracts are interdependent on the current Consortium which includes the London Boroughs of Barnet, Enfield, Haringey and Waltham Forest. Each borough is in the process of preparing a transition plan for April 2008 and at this stage it is not known whether there will be continued collaboration through some sort of consortium arrangement.

6 Access to information: Local Government (Access to Information) Act 1985

- 6.1 The following background papers were used in the preparation of this report:
Connexions North London Consortium Agreement

Letter on behalf of the Consortium requesting that Haringey extend the careers contracts for the year 2007-08 (subject to slight variation around performance monitoring arrangements).

For access to the background papers or any further information please contact
Janette Karklins 020489 5048

- 6.2 This report contains exempt and non-exempt information. Exempt information is contained in Part B of this report and is NOT FOR PUBLICATION. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972):

(3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).

7 Background

- 7.1 On 25th January 2005, Council Executive gave approval for Haringey to enter into a consortium agreement with other Connexions North London partner bodies. This was to facilitate a more efficient contractual arrangement and use of resources in the running of the Connexions Service in North London.

- 7.2 Under the new arrangement, Haringey became the contracting body for the Connexions North London Consortium. This arrangement allows Haringey to reclaim the VAT charges levied on payments to the contracted service providers of the Connexions Service. As a result more funding is available for the Connexions Service. Haringey took over the contracting role from Connexions North London Partnership Limited (CxNL Co.), which had ceased, in April 2004, being able to reclaim VAT.

- 7.3 On 1st Feb. 2005, Procurement Committee approved the novation (transfer) from CxNL Co. to Haringey of the service provision arrangements then in place with Prospects and Futures. These arrangements were due to end on 31st March 2007. The Consortium Board wishes to continue service provision arrangements with Prospects and Futures, subject to slight variations to the contract terms and conditions, which they have negotiated.

- 7.4 Under the Consortium's contracting procedures, Haringey, as the contracting body must place contracts for delivering or supporting the Connexions Service after considering the Consortium's recommendations. The Consortium Members recommend that CxNL Co. allocate funds to Haringey in the form of a grant to be used on the Connexions Service. Haringey is then expected to place contracts with delivery organisations after considering the Consortium's recommendations as to the choice of service providers. Once the contracts are placed, Haringey receives invoices for the contracted services and makes payments from the money allocated to them by the Consortium. Haringey then has legal responsibility for the performance and completion of the contracts but CxNL Co. monitors the performance of the contracts. This is regulated via policies and procedures agreed from time to time between the CxNL Co. Chief Executive and appropriate officers of Haringey Council.

7.5 Further to these arrangements, the Consortium Board has recommended that Haringey extend the existing contracts with Prospects and with Futures for a one year period from 1st April 2007 to 31st March 2008 for the additional contract values referred to in para. 1 of Part B. They have indicated that these contracts will be re-tendered for the period beyond March 2008. Members have the power to authorise such variations under CSO 13.02.

7.6 As before, the services to be provided under the proposed extended contracts with Prospects and Futures would be delivered in Haringey, Barnet, Waltham Forest and Enfield. The services involve the provision of information, advice, guidance and support for young people aged 13 to 19 and up to 21 in the case of young people with special needs.

7.7 As in the past, it is not anticipated that the Council's legal responsibility for the performance of the proposed contracts with Prospects and Futures will pose any significant risk to the Council. CxNL Co.'s day-to-day role of managing and monitoring contract performance should continue to minimise risk of performance issues arising at all. Further, they have given assurances that their proactive dispute resolution approach and the fact that to date legal action has not been required to ensure effective performance of existing contracts indicate an insignificant level of risk of any future legal action being necessary. In fact, no legal disputes concerning the service provided by Prospects and Futures have arisen since Procurement Committee's decision on 1st February 2005 approving the novation from CxNL Co. to Haringey. In July 2005 Prospects failed to meet one of the agreed targets (to measure the reduction of the "not known" level in Haringey) and a rectification notice was issued in July as a sanction. Since this action and with even closer performance monitoring the situation has improved. This demonstrates CxNL Co.'s effective approach to monitoring and their willingness to challenge when performance falls short of expectations.

7.8 Extending the proposed contracts would be a cost neutral arrangement for Haringey as any administrative charge for handling the contracts will be covered through grant funds passed on by CxNL Co. on the Consortium Board's recommendation.

8 Recommendation

8.1 That the Members approve, as permitted under CSO 13.02, the extension of the following contracts in the manner indicated:

- (1) With Prospects by extending this contract by one year until 31st March 2008 for the additional contract value referred to in para. 1.1 of Part B and by making variations to the contract provisions relating to performance monitoring to be approved by the Head of Legal Services;
- (2) With Futures by extending this contract by one year ending on 31st March 2008 for an additional value referred to in para. 1.2 of Part B and by making variations to the contract provisions relating to performance monitoring to be approved by the Head of Legal Services.

9. Equalities Implications

9.1 Connexions work directly targets young people likely to leave education and not enter employment or further training. The majority of young people currently falling into this bracket are within our Black and Minority Ethnic communities. The work of Connexions serves to challenge this trend, and introduce more of these young people back into the world of work and education.

10 Financial Implications

- 10.1 The contracts are a cost neutral arrangement for Haringey Council. The funding for the contracts is provided as a grant to CxNL Co., which is then transferred to Haringey Council to issue to the service providers. There is no additional cost to the Council and all administration costs incurred by the Council are recouped from CxNL Co.
- 10.2 In terms of value for money, the contract prices proposed are held at the same value as the current contracts.

11 Comments of the Director of Finance

- 11.1 Extension of the current arrangements for a further year has no direct financial implications as these arrangements are met from within existing budgets. Detailed financial consideration will need to be given before the full organisational change comes into effect from 1 April 2008.

12 Comments of Head of Legal Services

- 12.1 The existing contracts with Prospects and Futures both allow for their extension by agreement in writing between the parties. However, the extension must still be authorised at the appropriate level within the Council. The contracts do not provide for any other type of contract variation beside an extension.
- 12.2 In certain circumstances, under CSO 13.01 a Director may authorise an extension and other variations of a contract. Under CSO 13.02, Members have the power to authorise contract variations or extensions in any circumstances other than those in CSO 13.01. As the proposed extensions and variations do not fall within the circumstances in CSO 13.01 allowing a Director to act, Members are the appropriate persons to authorise them.
- 12.3 As the report indicates, the exact terms of the proposed variations to the provisions of the contract will be subject to approval by the Head of Legal Services before the contract are concluded.
- 12.4 The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in paragraph 8 of the report.

13 Comments of Head of Procurement

- 13.1 Haringey Council is the contracting body and hence Haringey CSO's apply.
- 13.2 The uncertainty of membership beyond March 2008 poses a potential threat to the service delivered within the borough of Haringey and places uncertainty into any re-tendering process. If Haringey is to procure a service either for its own use or on behalf of any other authority then this process needs to commence during Summer 2007.
- 13.3 It is therefore recommended that a further report is prepared for the September Procurement Committee that provides clarity in regards to the procurement strategy and timetable, the service specification and whether other authorities will be joining with Haringey.