



House of Commons  
Committee of Public Accounts

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**Connexions Service**

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**Forty–eighth Report of  
Session 2003–04**

*Report, together with formal minutes,  
oral and written evidence*

*Ordered by The House of Commons  
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## The Committee of Public Accounts

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### Committee staff

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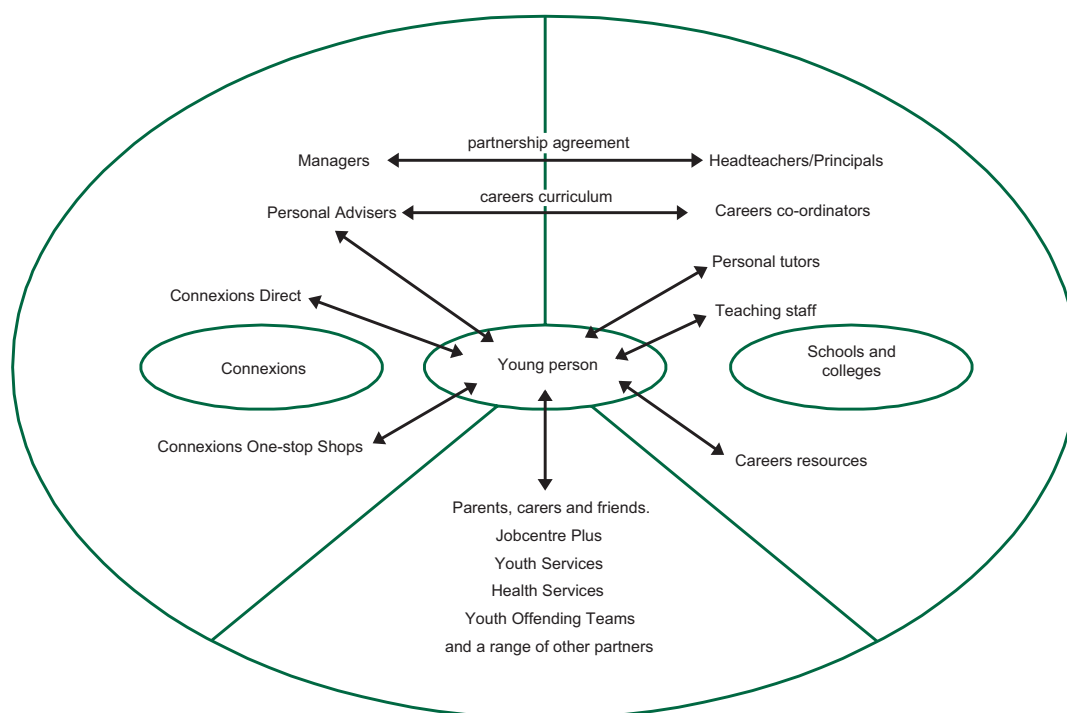
# Summary

## Introduction

The Connexions Service aims to help all young people make informed choices and ease their transition into adult life. This aim goes beyond the scope of the career services that Connexions replaced, providing wide ranging advice on issues such as family relationships and substance misuse.<sup>1</sup>

Connexions had a budget of £450 million in 2003–04. It consists of a central unit based at the Department for Education and Skills (the Department), together with 47 local partnerships which are coterminous with the local Learning and Skills Councils. Schools continue to have an important role (**Figure 1**). The Department develops national policy, provides the partnerships' grant funding, and monitors their performance. The nine Government Offices for the Regions monitor and support Connexions locally on behalf of the Department. Local authorities may choose to have members on the management boards of Connexions partnerships.<sup>2</sup>

**Figure 1: The range of participants involved in each of the 47 Connexions partnerships**



Connexions' main objective for the two years November 2002 to 2004 is to reduce by 10% the proportion of 16–18 year olds who are not in education, employment or training. Connexions has to maintain a balance in providing a service that is both available to all young people and targeted towards those considered to need the most support. Though on

1 C&AG's Report, *Connexions Service: Advice and guidance for all young people* (HC 484, Session 2003–04), paras 1.3, 1.5, 1.8 and Figure 5

2 *ibid*, Figure 3 and paras 1.5–1.6

course to meet its main objective, there are risks that the wider population of young people may not always get the advice they need. The Department has been conducting an 'end to end' review of careers education and guidance. The review's findings will inform the Youth Green Paper and the report of the review will be published alongside the Green Paper in autumn 2004.<sup>3</sup>

On the basis of a Report by the Comptroller and Auditor General,<sup>4</sup> we examined the Department for Education and Skills and the Connexions Service on the extent to which they are providing a high quality, impartial advice service available to all young people.

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3 C&AG's Report, paras 1.9–1.10, 2.3, 2.10, 2.28; Ev 18

4 C&AG's Report, *Connexions Service: Advice and guidance for all young people* (HC 484, Session 2003–04)

## Conclusions and recommendations

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- 1. Connexions should work with schools to help them deliver a good standard of careers education.** The quality of schools' provision for careers education is very variable. For example, half of the schools surveyed by the National Audit Office claimed they had insufficient time to develop the curriculum to incorporate careers education. Connexions partnerships should identify local gaps or weaknesses in provision and appoint a Personal Adviser to work specifically with schools on developing the careers curriculum.
- 2. Connexions staff should participate in relevant local training of teachers and other school staff, for example on identifying and referring young people who need advice.** Connexions should supplement the training with periodic seminars to help increase schools' awareness of Connexions' role. The training should be enhanced by "real life" examples from Connexions of how young people have been identified and helped before multiple problems could develop.
- 3. The Department should explore why there are large apparent variations in the attention that local Connexions partnerships pay to different groups of young people across England.** As partnerships are managed locally to meet specific local needs, some variation would be expected in the effort devoted to different groups. However, some of the differences in the balance between categories of intervention<sup>5</sup> are large and cannot easily be explained. The Department should satisfy itself that these variations are a valid response to local conditions.
- 4. Connexions partnerships should make sure that all their staff complete Connexions specific training by March 2005.** There have been delays in ensuring that all staff are trained in the way that Connexions operates. Half of the Personal Advisers in the first phase of partnerships (set up before April 2002) had not completed their Connexions-specific training at the time of the National Audit Office's study. Take-up of the training has been especially slow in partnerships with services provided by subcontractors.
- 5. Connexions should ask partnerships to include key messages and lessons from customer feedback in their performance reports, so that nationally Connexions can identify and act upon common concerns.** Partnerships receive a range of feedback on the quality of services offered, for example through customer surveys and complaints. They should report key messages from the feedback and say what they have done in response.
- 6. The Department should ask the Government Offices for the Regions to agree with local partnerships challenging but achievable targets for reducing the proportion of young people not in education, employment or training.** Locally set targets should reflect the economic and social conditions that affect each partnership.

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5 An 'intervention' is recorded when a Connexions Personal Adviser offers some element of substantial or meaningful assistance to a young person.

7. **Connexions should work towards aligning its targets with those of the Learning and Skills Council.** Connexions aims to secure higher youth employment or participation in education or training, whilst the Learning and Skills Council's employment target specifically seeks to secure employment with training. Both organisations have an interest in sustainable employment and both need to reflect the government's wider concern to encourage young people to continue with some form of education.
8. **Connexions should encourage all partnerships to adopt effective data-sharing practices.** Practices in data sharing between partnerships and the organisations they work with vary widely between geographical areas. Where partnerships continue to have problems relating to interpretation of the Data Protection Act, Connexions should take the lead in resolving them, in consultation with the Data Protection Registrar.
9. **Connexions' public and private sector providers should, as far as possible, be operating on a 'level playing field'.** Withdrawal of the VAT dispensation with effect from 31 March 2004 risks disadvantaging partnerships subcontracting to private sector partners. The Department has sought to deal with this by developing a model with a local authority as lead partner. Where such arrangements still cannot be agreed, it is important that decisions about delivery partners are not distorted by tax considerations, but offer the best value and quality of service for young people.



# 1 Getting advice and support to the young people who need it

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1. Connexions is committed to providing a basic level of advice, information and guidance to all young people who want it. Moving away from providing an automatic careers interview for all pupils was intended to free up resources for those areas, schools and young people most in need. In addition to enabling a broader range of support and advice to be offered to young people in different contexts through a single point of entry, Connexions recognised that some young people need more flexibility in the way that they access advice and guidance. New means are being developed, including one-stop shops and Connexions Direct. At March 2004, over 400 one-stop shops providing local services under one roof were open or planned. Around 70% of them are open after school hours and at the weekend. Connexions Direct allows contact with advisers by telephone or text message, or by web chat and email from the Connexions Direct website ([www.connexions-direct.com](http://www.connexions-direct.com)). Of the calls to Connexions Direct, 57% are about careers, learning and jobs.<sup>6</sup>

2. The success of Connexions depends on young people knowing how and where to seek advice when they want it. For many young people, parents and schools are the main sources of advice on careers options and the avenues through which they can seek to achieve their aspirations. Many schools can and do provide such advice and Connexions should be complementing them by providing impartial advice and guidance specific to the young person. The success of Connexions depends on it being visible and accessible, and the Department therefore introduced a clear branding and wide advertising for Connexions. Young people have been involved in developing the service, and independent customer surveys are showing a high degree of satisfaction with it.<sup>7</sup>

3. Informing young people about the range of opportunities available, guiding them on how to develop their careers and how to get the advice they need to decide the right mix of options, are all key elements of the careers curriculum. Schools have a statutory duty to provide appropriate careers education. However, careers education has to compete with other priorities, and the quality of schools' provision is very variable. Half of the schools surveyed by the National Audit Office claimed they had insufficient time to develop the curriculum to incorporate careers education, and in nearly two-thirds of the schools it was being coordinated or delivered by staff without any formal qualification in careers education.<sup>8</sup>

4. Connexions' tasks include helping schools to improve their careers education as well as to understand when and how to refer young people to Connexions. It now has a toolkit for schools, developed by a head teacher, showing how to use Connexions in schools and how it works with other support systems. Connexions partnerships also have agreements with

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6 C&AG's Report, paras 2.28, 3.30–3.31; Qq 13, 57–58, 76, 89

7 C&AG's Report, para 3.32; Qq 12, 96

8 C&AG's Report, paras 3.19–3.21; Q 17

schools in which the schools set out what they want from Connexions, including a minimum level of contact time they can expect from a Connexions Personal Adviser.<sup>9</sup>

5. Connexions is a universal service in terms of the overall offer of information and advice, but also involves a substantial targeting, with resources being focused on areas, schools and teenagers who need it most. According to the National Audit Office's survey, two-thirds of schools considered that staff did not fully understand the role of Connexions' Personal Advisers, and two-fifths considered that staff were uncertain how to identify and refer pupils who need specialist advice to Connexions. The latter is an important role for schools so as to secure early intervention with young people who could develop multiple problems.<sup>10</sup>

6. Connexions management information includes records of "interventions" with young people, based on each occasion when a Personal Adviser offers some element of substantial or meaningful assistance. Interventions are classified into three groups: intensive and sustained support for those students with multiple problems; in-depth guidance and help for those at risk of disengaging from education, employment or training; and information, guidance and review of careers, learning and personal development choices. Total resources for 13–19 year olds will differ, and some variation between partnerships in the categories of intervention is to be expected, for example, depending upon the resources the area already has through other programmes. For interventions with young people in need of the most intensive support, the range is from two to 63% and half of all partnerships are spread between 17 to 38% (**Figure 2**).<sup>11</sup>

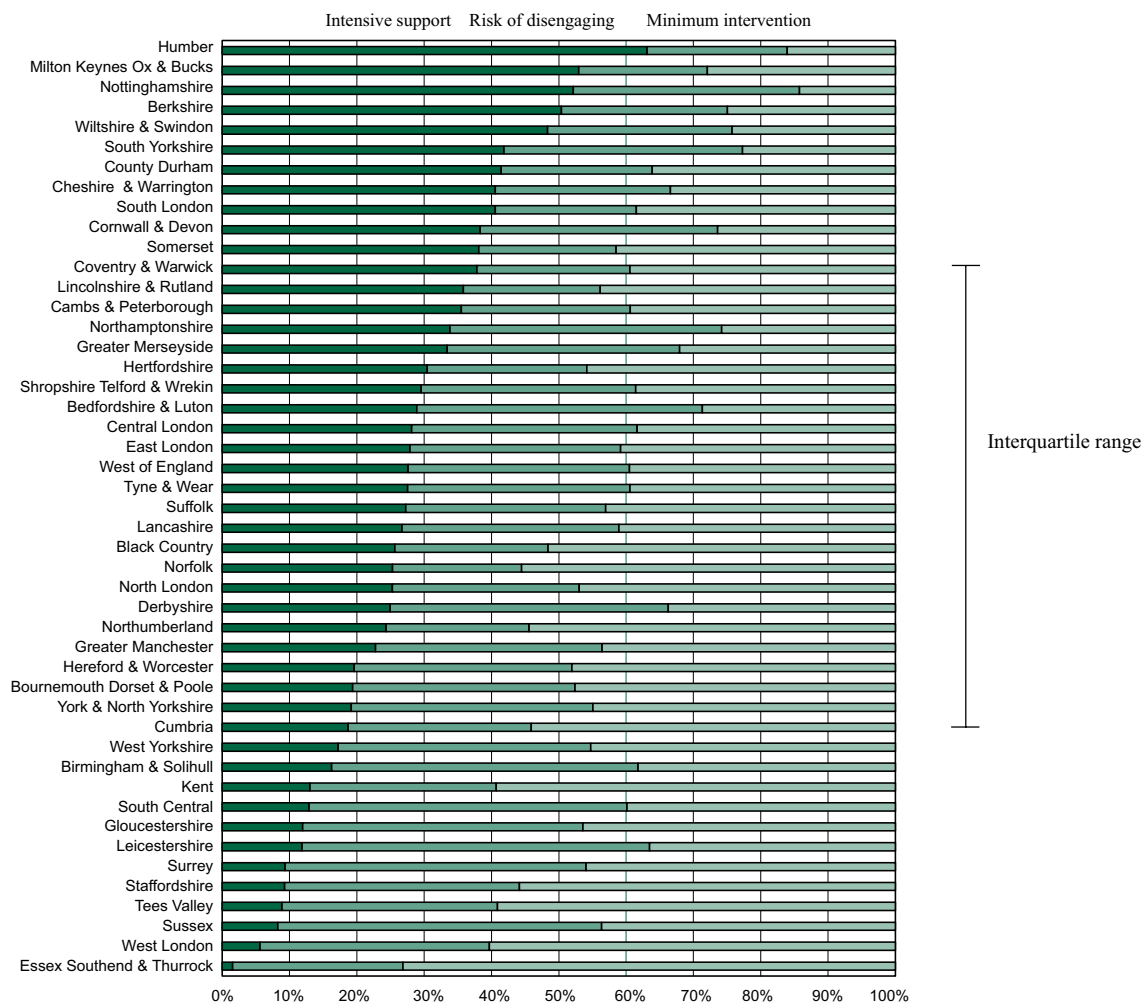
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9 C&AG's Report, paras 3.19, 3.21; Qq 7–9, 16–18, 60–61, 66

10 C&AG's Report, para 3.22; Qq 18, 59, 76

11 Qq 26–29, 83–88

Figure 2: Proportion of different categories of interventions, by partnership

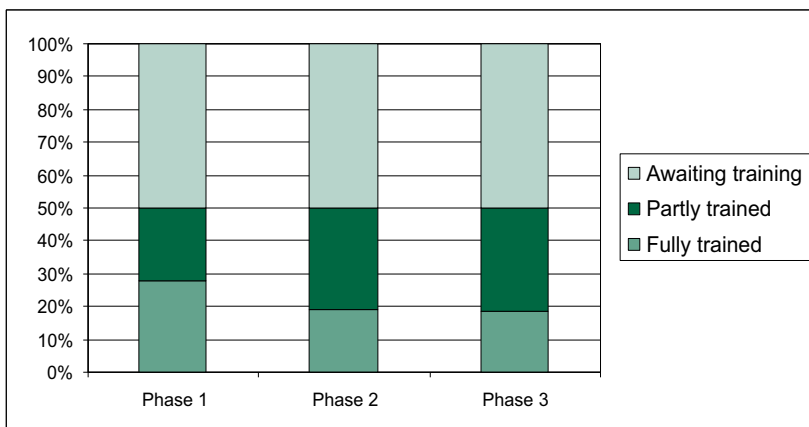


7. The Department explained that deprivation indices suggest a higher proportion of young people requiring intensive support in, for example, Humber, than in Essex, Southend and Thurrock. The age of the partnership can also have an effect, since as partnerships mature, they tend to learn of more young people previously not known to them, many of whom require intensive support. The Department is setting up a system to track the different categories of intervention and use the information for comparing partnerships' performance.<sup>12</sup>

## 2 Improving the quality and effectiveness of Connexions' local services

8. Personal Advisers are the first point of contact most young people have with Connexions. Specific advice on careers is still available but Personal Advisers have a wider remit than former careers advisers, and provide a link for the young person to sources of specialist advice where they need it. Though 80% enter with a relevant professional qualification,<sup>13</sup> for example in youth work, the National Audit Office found that the majority of Personal Advisers had not yet completed their Connexions-specific training (Figure 3). The more established partnerships had made little more progress than recent ones, and areas where services were contracted out to the private sector had, on average, lower proportions of staff with this training.<sup>14</sup>

**Figure 3: The majority of Personal Advisers had not yet completed Connexions specific training at the time of the National Audit Office study**



9. Releasing Personal Advisers for training necessitates operating with reduced staffing in the short term. The balance between continuity of service and the need to have fully trained staff can be difficult to achieve, but training is important if Connexions is to be successful at both providing the link to a wide range of advice for many young people, and meeting its specific target to reduce the number of young people not in education, employment or training. Recently, the proportion of Personal Advisers who have undertaken the training has risen to two-thirds, and Connexions has set a target for all partnerships to have their staff trained by April 2005.<sup>15</sup>

10. Connexions undertakes customer surveys, and these have indicated over 90% satisfaction with the service. Complaints and other specific feedback are monitored at local level but there is currently no information – for example on key messages from the feedback – at national level.<sup>16</sup>

13 To at least NVQ level 4 or equivalent (i.e. having a degree or higher vocational qualification).

14 C&AG's Report, paras 3.2, 3.10 and Figures 20, 21; Qq 5, 33–36, 39–44

15 C&AG's Report, para 3.11; Qq 5, 37–40, 46

16 Qq 12, 128–132

11. The effectiveness of Connexions is difficult to distinguish from changes in employment patterns attributable to economic factors. Before Connexions was established, the proportion of young people not in education, employment or training remained fairly static at about a tenth of the relevant age-group for some years, i.e. some 180,000 young people. Connexions cannot be solely responsible for any change, but there has been a recent 3% reduction in the overall proportion of young people not in education, employment or training rising to 8% in the areas with more established partnerships.<sup>17</sup>

12. Some chief executives of Connexions partnerships considered the national target of reducing the proportion of young people not in education, employment or training by 10% by November 2004 could be made more stretching, so long as economic conditions remained favourable. Discussions are under way with local partnerships, and a new national target of a further 2% reduction between 2004 and 2010 was announced in the 2004 Spending Review.<sup>18</sup>

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17 C&AG's Report, paras 1.1, 2.5; Qq 2, 133

18 C&AG's Report, para 2.10; Q 2; HM Treasury, *2004 Spending Review — Public Service Agreements 2005–2008*, Cm 6238

## 3 Joining up to remove barriers

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13. Connexions' success is dependent upon working well with other organisations. A survey of Connexions partners in January 2003 indicated that relationships had improved, but the most common difficulty was sharing of data on young people. There are good examples of systems for Connexions to receive information from partner agencies working effectively, but some partnerships have experienced difficulties arising from interpretation of the Data Protection Act. Practices in data sharing vary widely between geographical areas. In the best cases, partnerships examine where, when and why young people drop out of courses, leading to innovative approaches to preventing young people from disengaging from learning. In contrast, some partnerships have not received the data they need for planning.<sup>19</sup>

14. Issues can also arise from the organisations' different targets. The Learning and Skills Council wants young people in work also to receive training, but Connexions partnerships are not required to direct young people towards employment with recognised training, though both recognise the importance of a young person not writing off the opportunity of further education or training. If young people go into unskilled jobs without prospects, they are more likely to drop out quickly. Some partnerships have been successful in converting jobs to jobs with training. Connexions and the local Learning and Skills Council are working together to encourage employers to provide employment with training. For example, for some basic level apprenticeship training, they are developing protocols for paying bonuses to employers and the young people taking up jobs, with higher bonuses where they go into jobs with training.<sup>20</sup>

15. Two different models of Connexions partnership were set up, reflecting the former careers service arrangements in each area. Half of all partnerships were newly formed companies delivering through subcontracting services to private sector providers. Initially it was thought that all partnerships would be able to recover VAT, but when this was found not to be the case, they were given special dispensation to recover VAT over the first two years. Withdrawal of the dispensation with effect from 31 March 2004 risks disadvantaging those partnerships that have subcontracted services to private sector providers who pay VAT.<sup>21</sup>

16. HM Customs and Excise has provided advice on the VAT implications of different models, and the Department issued guidance to partnerships in February 2004. The Department and HM Customs and Excise also held a workshop for partnerships to discuss the issues arising from the changes. A number of areas are moving to the 'lead body' model, where one local authority acts as the delivery body for the services, and leaving private sector contracts in place. (Where local authorities act as delivery bodies, they may recover VAT according to the rules in Section 33 of the VAT Act 1994.) Other

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19 C&AG's Report, paras 4.3, 4.9–4.10, 4.12–4.14; Qq 146–149; Ev 17

20 C&AG's Report, paras 4.15–4.16; Qq 23–25, 98–99

21 C&AG's Report, para 1.7; Qq 50, 106, 109, 115–116, 121

partnerships have decided they can operate more effectively by delivering services themselves and will terminate contracts with private sector suppliers.<sup>22</sup>

# Formal minutes

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**Monday 25 October 2004**

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Allan

Mr Brian Jenkins

Mr Richard Bacon

Mr Gerry Steinberg

Mrs Angela Browning

Mr Alan Williams

Mr Ian Davidson

The Committee deliberated.

Draft Report (Connexions Service), proposed by the Chairman, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 16 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

*Resolved*, That the Report be the Forty-eighth Report of the Committee to the House.

*Ordered*, That the Chairman do make the Report to the House.

*Ordered*, That the provisions of Standing Order No. 134 (Select Committees (Reports)) be applied to the Report.

[Adjourned until Wednesday 27 October at 3.30pm]



## Witnesses

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**Wednesday 19 May 2004**

*Page*

**Mr David Normington CB**, Department for Education and Skills, and **Mrs Anne Weinstock CBE**, Connexions Service

Ev 1

## List of written evidence

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Department for Education and Skills

Ev 16

Department for Education and Skills

Ev 18

## List of Reports from the Committee of Public Accounts Session 2003–04

First Report	Tackling fraud against the Inland Revenue	HC 62 ( <i>Cm 6130</i> )
Second Report	The new electricity trading arrangements in England and Wales	HC 63 ( <i>Cm 6130</i> )
Third Report	The Sheep Annual Premium Scheme	HC 64 ( <i>Cm 6136</i> )
Fourth Report	Improving service delivery: the Forensic Science Service	HC 137 ( <i>Cm 6155</i> )
Fifth Report	Warm Front: helping to combat fuel poverty	HC 206 ( <i>Cm 6175</i> )
Sixth Report	Department of Trade and Industry: Regional Grants in England	HC 207 ( <i>Cm 6155</i> )
Seventh Report	Progress on 15 major capital projects funded by Arts Council England	HC 253 ( <i>Cm 6155</i> )
Eighth Report	The English national stadium project at Wembley	HC 254 ( <i>Cm 6155</i> )
Ninth Report	Review of grants made to the National Coalition of Anti-Deportation Campaigns	HC 305 ( <i>Cm 6175</i> )
Tenth Report	Purchasing and managing software licences	HC 306 ( <i>Cm 6175</i> )
Eleventh Report	Helping consumers benefit from competition in telecommunications	HC 405 ( <i>Cm 6191</i> )
Twelfth Report	Getting it right, putting it right: Improving decision-making and appeals in social security benefits	HC 406 ( <i>Cm 6191</i> )
Thirteenth Report	Excess Votes 2002–03	HC 407 ( <i>N/A</i> )
Fourteenth Report	Inland Revenue: Tax Credits	HC 89 ( <i>Cm 6244</i> )
Fifteenth Report	Procurement of vaccines by the Department of Health	HC 429 ( <i>Cm 6244</i> )
Sixteenth Report	Progress in improving the medical assessment of incapacity and disability benefits	HC 120 ( <i>Cm 6191</i> )
Seventeenth Report	Hip replacements: an update	HC 40 ( <i>Cm 6271</i> )
Eighteenth Report	PFI: The new headquarters for the Home Office	HC 501 ( <i>Cm 6244</i> )
Nineteenth Report	Making a difference: Performance of maintained secondary schools in England	HC 104 ( <i>Cm 6244</i> )
Twentieth Report	Improving service delivery: the Veterans Agency	HC 551 ( <i>Cm 6271</i> )
Twenty-first Report	Housing the homeless	HC 559 ( <i>Cm 6283</i> )
Twenty-second Report	Excess Votes (Northern Ireland) 2002–03	HC 560 ( <i>N/A</i> )
Twenty-third Report	Government Communications Headquarters (GCHQ): New Accommodation Programme	HC 65 ( <i>Cm 6302</i> )
Twenty-fourth Report	Transforming the performance of HM Customs and Excise through electronic service delivery	HC 138 ( <i>Cm 6302</i> )
Twenty-fifth Report	Managing resources to deliver better public services	HC 181
Twenty-sixth Report	Difficult forms: how government departments interact with citizens	HC 255 ( <i>Cm 6302</i> )
Twenty-seventh Report	Identifying and tracking livestock in England	HC 326 ( <i>Cm 6332</i> )
Twenty-eighth Report	Driver and Vehicle Licensing Agency: Trust Statement Report 2002–03	HC 336 ( <i>Cm 6302</i> )
Twenty-ninth Report	Improving public services for older people	HC 626 ( <i>Cm 6303</i> )

Thirtieth Report	Out of sight—not out of mind: Ofwat and the public sewer network in England and Wales	HC 463 ( <i>Cm 6303</i> )
Thirty-first Report	Cambridge-MIT Institute	HC 502 ( <i>Cm 6302</i> )
Thirty-second Report	HM Customs and Excise Standard Report	HC 284 ( <i>Cm 6304</i> )
Thirty-third Report	Income generated by the museums and galleries	HC 430 ( <i>Cm 6304</i> )
Thirty-fourth Report	Strategic Rail Authority: improving passenger rail services through new trains	HC 408 ( <i>Cm 6304</i> )
Thirty-fifth Report	Early years: progress in developing high quality childcare and early education accessible to all	HC 444
Thirty-sixth Report	Tackling VAT fraud	HC 512 ( <i>Cm 6304</i> )
Thirty-seventh Report	Risk management: the nuclear liabilities of British Energy plc	HC 354 ( <i>Cm 6355</i> )
Thirty-eighth Report	An early progress report on the New Deal for Communities programme	HC 492 ( <i>Cm 6355</i> )
Thirty-ninth Report	Ministry of Defence: Operation TELIC-United Kingdom military operations in Iraq	HC 273 ( <i>Cm 6355</i> )
Fortieth Report	Youth Offending: the delivery of community and custodial sentences	HC 307
Forty-first Report	Improving departments' capability to procure cost-effectively	HC 541
Forty-second Report	Increased resources to improve public services: a progress report on departments' preparations	HC 552
Forty-third Report	Ministry of Defence: Major Projects Report 2003	HC 383
Forty-fourth Report	Protecting England and Wales from plant pests and diseases	HC 208
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Forty-eighth Report	Connexions Service	HC 618

The reference number of the Treasury Minute to each Report is printed in brackets after the HC printing number



# Oral evidence

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## Taken before the Committee of Public Accounts

on Wednesday 19 May 2004

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Allan  
Mr Richard Bacon  
Mr Ian Davidson  
Mr Brian Jenkins

Mr Gerry Steinberg  
Jon Trickett  
Mr Alan Williams

**Sir John Bourn KCB**, Comptroller & Auditor General, National Audit Office, further examined.

**Mr Rob Molan**, Secondary Treasury Officer of Accounts, HM Treasury, further examined.

### REPORT BY THE COMPTROLLER AND AUDITOR GENERAL:

#### Department for Education and Skills:

#### Connexions Service—Advice and guidance for all young people (HC 484)

*Witnesses:* **Mr David Normington CB**, Permanent Secretary, and **Mrs Anne Weinstock CBE**, Chief Executive of the Connexions Service, Department for Education and Skills, examined.

**Q1 Chairman:** Good afternoon, and welcome to the Committee of Public Accounts where today we are looking at the Department for Education and Skills: Connexions Service—Advice and guidance for all young people, and, once again, the Permanent Secretary of the Department, Mr David Normington joins us—you are very welcome—and, probably for her first appearance, Mrs Anne Weinstock, Chief Executive of the Connexions Service. Welcome. Perhaps I could start by asking you one or two questions, Mrs Weinstock? We know from the relevant paragraphs in this Report, paragraphs 1.1 and 1.10 on pages 13 and 17, which broadly describe the scheme, that we have a total expenditure of £450 million in the scheme and the idea of the scheme is to reduce those not in education, training or employment by 10%—180,000 people. I worked that out at £25,000 per place. Is that not a lot of money to spend per place?

**Mrs Weinstock:** I think the report also says, Chairman, that the short term economic costs of achieving that 10% are £180 million and, over a lifetime, £1.4 billion, so it is what the saving is longer term to the Treasury. I think we have to remember also that the figure of 10% of 16–18 year olds not in education, employment or training has stayed fairly static at around 10% for over a decade, so I think any inroads to reducing that would be good for the economy, for taxpayers and, more importantly, for individuals.

**Q2 Chairman:** We are talking about 180,000 young people out of education or work, and I wonder how challenging a target this 10% is. Is it really very challenging at all?

**Mrs Weinstock:** Interestingly, as the Report again identifies, some of the partnerships themselves thought that when the National Audit Office visited them. We wanted to test out a target, given that it

had not been touched for over a decade. I think what we were also trying to do was balance the need to run a service for all young people whilst offering a more targeted service for those most at risk, so we thought 10% was about right. That said, we will be setting new targets from November '04, and we have started individual discussions with partnerships on that now, and if some think they are being underchallenged we will challenge them to achieve more.

**Q3 Chairman:** Would it be unfair to put it to you that this 10% figure is somewhat arbitrary?

**Mrs Weinstock:** No.

**Q4 Chairman:** Perhaps you can explain how you picked it out? Given that there are many areas which are far more deprived than other areas where this scheme might be far more challenging, why did you not have different targets for different sorts of areas?

**Mrs Weinstock:** The baseline that we set for the 10% reduction in November '02 was worked out on an area by area basis, and it did take into account the fact that some areas had higher levels of numbers not in education, training or work than others, so some have to move further than others in order to get the aggregate 10%. It was well thought through.

**Q5 Chairman:** If you look at page 33, figure 20, paragraph 3.10, you will see that there is a slow take-up of training amongst personal advisers. Has that had an impact on the quality of advice they give?

**Mrs Weinstock:** I do not believe so. I think we have to remember that 80% of the personal advisers already come in with a national vocational qualification at level 4, so typically they come in from the Careers Service, or with a youth work qualification or with a social work qualification, and then on top of that we ask people who are going to

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 Department for Education and Skills
 

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be dealing with the young people with the greatest complexity of need to do a Personal Adviser diploma which takes typically 8–10 months. I also have to confirm, happily, that, since the National Audit Office did the Report, two thirds of the staff have now been trained through Connexions training, and I think we must bear in mind that when the National Audit Office started the Report in April '03, 40%—19—of the partnerships had only been going for six months or less. There is a need at the partnership level to balance continuity of service to customers whilst going through training and change, and I think that is quite a difficult balance to achieve. So overall I think people have done very well.

**Q6 Chairman:** If you look at the previous page, figure 19, page 32, you can see the original envisaged caseloads, 20–30, and the estimated current caseloads. In other words, these personal advisers are having to do a lot more work than was originally envisaged. Should you not be doing more to encourage schools to help them with this burden?

**Mrs Weinstock:** “Yes” is the short answer, but I think we also need to remember that whilst the Report identifies that the original modelling aspires to have twice those numbers, the government as a whole has put in huge amounts of extra money to young people, both in schools and particularly at risk. So Excellence in Cities, £200 million a year; the Youth Service, £350 million a year; and I think we have a duty in the Department and in the directorate I am now responsible for, to look at rationalising the work force, and not to have them all in separate management structures with separate reporting requirements, with separate inspection arrangements. Finally I should say, of course, the funding for Connexions itself at £460 million compared with the Careers Service budget in 2000–01 of £240 million is in itself almost double, so whilst the world is not perfect we are working very hard with other partner agencies to provide the kind of support all young people need.

**Q7 Chairman:** Thank you. Mr Normington, if you look at paragraph 3.19, page 35, you will see what you know already—that “Under the Education Act 1997 schools have a duty to ensure that pupils have access to appropriate careers education”. Are schools fulfilling their statutory duty, do you think?

**Mr Normington:** I think they are all fulfilling it to a basic extent. The quality of what is provided is very variable indeed, so I think you would find most schools providing something but I think they themselves would admit that careers education is often quite low down their priorities.

**Q8 Chairman:** But that is the problem. If you look over the page, paragraph 3.21, you will see that “In nearly two thirds of schools, advice and guidance was being coordinated or delivered by staff without any formal qualification in the field”. So that is rather worrying, is it not?

**Mr Normington:** I think, as I say, the quality of careers education in schools is very variable, and that confirms it. One of the aims of Connexions is to provide training and support to improve careers education in schools, and that figure is a very poor figure.

**Q9 Chairman:** You see, I put it to you that, as valuable and attractive as this scheme is for people who enjoy it, and it is helpful for many young people with particular problems, for the vast majority of children or young people, as we see here in paragraph 3.21 or as you imply, things have not improved much, and the real problem is that for the generality of children they are being advised by teachers who through no fault of their own are not experienced in the business world, not trained for this sort of work, and therefore not pointing them in the right direction.

**Mr Normington:** One of the reasons for setting up Connexions was to improve the quality of careers advice to children, but underlying that is weak careers education in schools. We are having a review of it at the moment for that reason, and I accept quite a lot of what you say—that there is room for improvement in careers education in schools. One of Connexions’ jobs is to support the schools in improving their careers education. It is not as though, since Connexions came into being, we have taken away from schools careers education; that responsibility has been with them and is with them and for quite a long time we have been trying to improve careers education in schools, but it remains very variable and I accept that.

**Q10 Mr Steinberg:** I hope you will excuse me but I have to go in a minute to a reception for Doug McAvoy, who is retiring. Perhaps you would like to send him a message! Mrs Weinstock, what should I have said to the mother, and this is true, who said on Monday to me that her daughter had come home from school last week and said that she had a careers interview, that they were useless, that they could not answer any of the questions that she had asked, and she was wanting to do a course on chiropody; that they never came back and said that they would come back and give her the answers to those questions, and all her friends were complaining of exactly the same about the service. What should I have said to her?

**Mrs Weinstock:** I would have said write to the local chief executive, her name is Janice Bray in Durham, and make a complaint.

**Q11 Mr Steinberg:** Go see your MP?

**Mrs Weinstock:** If you like, but I think it is probably better as a customer going to see the people who can do something about it.

**Q12 Mr Steinberg:** Has the service got worse rather than get better?

**Mrs Weinstock:** I do not think the service has got worse; I think it has got different. We lay great store on developing a service alongside young people themselves, so typically young people are involved in

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governance on the partnership boards; they have been involved in recruiting personal advisers, chief executives, and, indeed, in Ofsted inspections, and independent customer satisfaction surveys do show that over 91% are satisfied or very satisfied with Connexions. So generally people are very satisfied with the service whatever the presenting issue when they come. I would not pretend it is a perfect service because it is so very new.

**Q13 Mr Steinberg:** Well, that is the point, it is very new. Are schools still working on the old premise of the old Careers Service, do you think?

**Mrs Weinstock:** I think many would like to but, again, listening to young people, many of whom have said, “Look, we may not want the careers interview”, we have responded to that, so whilst it is true to say that schools are not getting individual guidance interviews generally across the country for every Year 2 pupil, it is true that we have opened 400 One-Stop Shops in the community, 70% of which are open at the weekend, and 57% of the calls to Connexions Direct are about learning and jobs, so I would argue that young people are getting advice on careers and learning and jobs in different contexts.

**Q14 Mr Steinberg:** So how is it different from what it used to be?

**Mrs Weinstock:** The big difference is it is an integrated service now.

**Q15 Mr Steinberg:** But they still get specific advice on specific careers?

**Mrs Weinstock:** If somebody wants specific advice on a specific career I would expect them to get it. However, again, many young people have said to us—and David and I met a young man last week in south London who said this—“Look, I knew from the age of 14 what I wanted to do. That is what I am going to do; I did not need careers guidance”. Against that, there was a young man who had been supported by Connexions because he had been excluded from school to find his way back into learning and he is now at FE college supported by an education maintenance allowance. So it depends what the problem is. I think an integrated service is what we need to resolve the problem of far too many young people, one of the highest levels in Europe, leaving school at 16 without qualifications.

**Q16 Mr Steinberg:** Can I ask you to be more precise and quicker, because we only have five minutes. How do you explain the change of role at the schools of the Connexions Service?

**Mrs Weinstock:** We have developed a toolkit for schools on how Connexions works with its other support systems and that was developed by a deputy head, and we have sent leaflets out, and the partnerships have a partnership agreement with schools where schools lay down what it is they want from Connexions.

**Q17 Mr Steinberg:** Clearly schools have a different role to play than Connexions, I would have thought. How do their roles differ?

**Mrs Weinstock:** Schools generally—it is not quite as separated as this but schools generally—are responsible for the careers education curriculum which relates to career management skills, learning how to navigate your own career, taking some personal development on that. Connexions will generally be responsible for offering impartial guidance on post 16 options.

**Q18 Mr Steinberg:** So what is the responsibility of the school?

**Mrs Weinstock:** The careers education curriculum is definitely the school’s responsibility.

**Mr Normington:** Also it has a big responsibility for identifying those teenagers who need particular types of help and referring them on to Connexions. The school is very important in that.

**Q19 Mr Steinberg:** Teachers therefore still participate in the careers curriculum, obviously, and the Chairman picked up on a very important point. When I was a teacher, many years ago, the Careers Service or the careers curriculum was usually delivered by the PE teacher who was too old to put a tracksuit on any more, did not have any qualifications, and did careers. Is that the same now?

**Mrs Weinstock:** Sometimes.

**Q20 Mr Steinberg:** So what are you going to do about that, then? And that is no disrespect to the teacher who was trying to do the job. Like me, he could no longer run up and down a football field and he clearly was just filling a post. Now, that cannot be the way to do it, and if you say that is still happening that is quite disgraceful, is it not?

**Mr Normington:** We are trying to approach this in a number of ways. We are trying to set in place a very clear framework of what schools should be providing in career education. We are putting through Connexions support for schools training and teachers, better materials for schools, and then we are improving through Connexions the careers interview, although I accept that there are examples of it not working.

**Q21 Mr Steinberg:** Do you have any statistics which show how many careers teachers in schools have the right qualifications to do the job?

**Mr Normington:** The figures here say two thirds do not.

**Q22 Mr Steinberg:** Is that in the Report?

**Mr Normington:** I think that is what it says. Yes, it is paragraph 3.21.

**Mrs Weinstock:** NFER did a survey in 2001.

**Mr Normington:** The question is not whether they had formal qualifications but whether they are competent to do it.

**Q23 Mr Steinberg:** What do you see as the most important role? Do you see it as getting youngsters into education and training, or getting them a job?

**Mrs Weinstock:** I think getting them into education and training over a period of time, but I think we must accept that for some individual young people,

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with the emotional damage they have—some are leaving custody, some are leaving care very damaged—getting the work ethic and getting a job is critically important, but in areas like Merseyside, for example, Connexions followed up employers advertising jobs without training and by going to see the employers converted those jobs into jobs with training, so Connexions does both. It is sort of both/and, rather than either/or.

**Q24 Mr Steinberg:** Do you see education and training as being more important than getting a youngster a job?

**Mr Normington:** Not at the end of the process but we have plenty of evidence, if young people go into very unskilled jobs, that those are the jobs they then drop out of very quickly. So it is better that they are in education, employment or training, and it is better if they are in employment at 16 or 17 that they are getting some training as well.

**Q25 Mr Steinberg:** For example, it says in the Report that you have targets to reach. Are your targets reached by just getting a youngster into a job without any training?

**Mrs Weinstock:** No. The target is reducing the numbers not in learning, not in work, and we have a very close relationship with the Learning and Skills Council, and we were talking to them only yesterday about doing more to offer bonuses both for individual young people and training providers, to convert and move people on from training into work.

**Q26 Mr Steinberg:** Moving on quickly, and being slightly parochial, could you explain figure 16, page 26, the block graph? What is the significance?

**Mrs Weinstock:** It is a graph of the degree to which individual partnerships are focusing their efforts on those at risk of disengaging those who need minimum intervention, and those who need a lot of support. It is in a kind of pyramid, so typically a person, with a stable family background—

**Q27 Mr Steinberg:** So why is there this huge variation?

**Mrs Weinstock:** A lot will be to do with the time at which a partnership—

**Q28 Mr Steinberg:** Let's take a "random" example—Durham! Explain to me Durham's performance there, will you? It is near the bottom.

**Mrs Weinstock:** They are fairly evenly distributed giving "intensive support" and "minimum intervention", and slightly less than some at "risk of disengaging". I think the answer you might be after is that some areas, and Durham I am sure you know is one, can attract huge amounts of additional resources given the kind of area it is, so how resources are deployed from the Connexions grant will take that into account.

**Q29 Mr Steinberg:** So why does Durham, for example, spend what appears to be less of a priority on that risk of disengaging than it does on minimum intervention, if I am reading it right?

**Mrs Weinstock:** It will probably have different figures given it is an area of very high unemployment, again as you know, of people who are moving into training of some kind as opposed to jobs, in fact, given the high unemployment rates of the area.

**Q30 Mr Steinberg:** Finally, on page 34, figure 21, again taking County Durham again as an example "randomly", explain the significance of that as well, because it looks very good, does it not? It seems to me that everybody in Durham is getting some sort of training, but why are they not fully trained?

**Mrs Weinstock:** Remember, the National Audit Office was a snapshot at a point in time. Now, I can tell you that Durham are putting all their staff through the full diploma, but also it is important to remember that the partnerships are trying to get a mix of people from different backgrounds so that the training evolves into better practice on multi agency working, and of course on day one of a typical partnership, all of the staff—

**Q31 Mr Steinberg:** Can I just interrupt, because I am running out of time, and ask my final question? If Durham is so good, which it appears to be on paper, why did the woman say to me that they could not answer any of the questions to the girl, because if you look at the other areas, Sussex, for example, there is hardly anybody trained there, nor in Gloucestershire. Now if in Durham they are all trained and doing so well why did the woman say to me that they could not answer any of the questions?

**Mr Normington:** That is why she should complain about it. It will never be the case that everybody will be guaranteed satisfaction but it ought to be better than that, and we accept that.

**Q32 Mr Steinberg:** So, in other words, there could be some dreadfully inefficient and ineffective Connexions throughout the country?

**Mr Normington:** No, we are not saying that. It will not be perfect everywhere, of course, and people should complain until they get the right information.

**Q33 Jon Trickett:** I want to try to draw some general lessons out. Table 21 is looking at the numbers of staff who have had their Connexions training. Now, I heard the previous answer that this was a snapshot early on in the process, but my area is West Yorkshire and we have the worst record in terms of trained staff at the time—it is the fifth one down under "subcontractors"—of any in the country, probably with the most intractable problem certainly in the coal mining areas where there is no chance of education or attainment. Why do you think that is?



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**Mrs Weinstock:** Probably because it was in the last Phase to start, so the 40% in Phase 2 would have been going for six months or less, and that would rather take account of how much training you had done and, indeed, how much recruitment.

**Mr Normington:** What it is measuring, as I understand it, is whether they have had the Connexions specific training, not whether they are trained.

**Q34 Jon Trickett:** Yes, which it says on the previous page really is necessary. It is necessary to have the kind of skills which the Connexions training gives you.

**Mr Normington:** That is absolutely right, it is important. They may be fully trained careers officers even though they are not showing up there because they will not have had the Connexions training.

**Q35 Jon Trickett:** But either the Connexions training is important or it is not. If it is not important, why are we measuring it, and if it is, what is the value, but in the end it is important that we do have it and I take the point that West Yorkshire was late on. There is a correlation, though, between the subcontracting and the direct delivery which I am going to ask you about in a moment or two, but just following the point through on timelines and training, on the previous page figure 20 shows people employed either in Phase 1, 2 or 3 but there is really no progress in the amount of training given, so I presume these are chronological phases.

**Mrs Weinstock:** Yes.

**Q36 Jon Trickett:** So why is it that the total number of trained staff in Phase 1, which should have been higher according to the answer you just gave, is no different at all to Phase 2 or Phase 3? No progress has been made, it seems?

**Mrs Weinstock:** I think the issue is that 80% of the staff have got a national vocational qualification at level 4. On day one of a partnership, all personal advisers are qualified careers officers. The issue then is doing other training—

**Q37 Jon Trickett:** Well, it is doing the Connexions specific training and I have just had the exchange with Mr Normington, and I took his point and I think he took mine that there is either a point in doing Connexions specific training or not. Now, this is measuring Connexions specific training. Why is it that no progress was made in terms of the earliest recruited staff to the latest recruited staff in Connexions specific training, because it seems to mitigate against your argument that West Yorkshire was late on. In fact, no progress was being made, was it?

**Mr Normington:** What you can see is that there are more fully trained in Phase 1 with the others, but really I do not think we want to trade that argument with you. It has to be better than this and it is getting better. Two thirds are now trained compared with what it was when this Report came out. Our aim is to have them nearly all trained by March 2005. That is really important.

**Q38 Jon Trickett:** If we were to take a snapshot now on the phases of recruitment, and I am now bending over backwards to help you, are we going to see Phase 1 is substantially higher than Phases 2 and 3 in terms of training?

**Mrs Weinstock:** We set a target for all the partnerships to have their staff trained by April '05.

**Q39 Jon Trickett:** I want to move on now to the correlation which occurred at the time this Report was being prepared between those which were subcontracted and those directly provided in the levels of training. It happens that West Yorkshire was subcontracted but, taking the nation as a whole, there is a correlation looking at undertraining on Connexions specific training between subcontractors and direct delivery. Why is that, or why was that, and is that difference still in place now?

**Mr Normington:** Certainly there is that correlation and the subcontracted partnerships have been slower to release their people.

**Q40 Jon Trickett:** Why do you think that is?

**Mr Normington:** I think it is probably because their priority was to keep up the service to young people. If you take them off to do the training then you cannot reduce the caseload, and in the early stages it is really important for them, particularly if you are on this really tight contract which you are as a subcontractor, to deliver the contract.

**Q41 Jon Trickett:** Are you in danger of arguing that the subcontractors were less efficient then? I am happy for you to do that because I have been disposed to think that.

**Mr Normington:** No. There is performance across the whole range here, direct delivery and subcontracting models, and I do not want to do that. I do want all the personal advisers to be trained, and if they are not we have to put pressure on them to ensure they are, so I do not defend anyone that has been slow to put their people on training. I cannot deny there is a correlation.

**Q42 Jon Trickett:** Is it possible, and again I am bending over backwards to help you, that the private contractors were more output-orientated and that they have done better in terms of output than the direct delivery merchants?

**Mr Normington:** I do not think we have that evidence.

**Mrs Weinstock:** No.

**Q43 Jon Trickett:** So basically it does look as though the private sector was less efficient?

**Mr Normington:** I do not think that is so either. The only thing one can conclude is that they were slower to release people for training.

**Q44 Jon Trickett:** Because you said they were more focused on getting outputs, but then you were unable to demonstrate any difference in outputs between the private sector and the direct delivery merchants?

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**Mrs Weinstock:** No. I think what was the case is that some of the subcontracting careers companies and their staff thought that, as they had a level 4 careers guidance and careers guidance was still part of Connexions, they did not need to do any Connexions training. We changed our own rules on that and set a target for everybody to have undertaken Connexions training by 2005.

**Q45 Jon Trickett:** I want to continue this theme for a few more seconds, and I have one further line of questioning on precisely the same point. If there is no difference in outputs between the two sectors, if we can call them that, and yet one sector is less trained than the other, how relevant is the training?

**Mrs Weinstock:** Outputs or outcomes?

**Q46 Jon Trickett:** Outputs.

**Mrs Weinstock:** I think we are assuming that the training is everything, and of course it is not. Leadership of something as complex as Connexions, both at partnership level, at every subcontracting layer, at every local authority level, is critical to getting good results. So it is not as simple as we are making out. The training, we believe, is important; we believe everybody should have some training in understanding what Connexions is about; every personal adviser has to have training in assessment, planning and review with young people, and only those who are dealing with young people who have complex needs will have to have the full personal adviser diploma which is at level 4—

**Q47 Jon Trickett:** I have been told I have two minutes left so I want to just hypothesise a different matter, because I am interested in the difference in performance between the two sectors. It is rare that the public service can measure the difference between two sectors. Is it possible to hypothesise? When the services were privatised, many of the more experienced and trained staff left and as a consequence the private providers had less trained staff, as anecdotally I believe to be the case in West Yorkshire. I know people in the Careers Service who left at the time the service was privatised. Is that a possible explanation for the difference?

**Mrs Weinstock:** Privatised when? Under the previous government?

**Q48 Jon Trickett:** When these private subcontractors were brought in.

**Mrs Weinstock:** In Connexions?

**Q49 Jon Trickett:** Yes. Some staff left, and I know one or two who left who were in the previous public service. Is it possible that some of those people left and therefore the subcontractor in West Yorkshire—

**Mrs Weinstock:** No, not at all.

**Q50 Jon Trickett:** That is not a factor?

**Mr Normington:** Not at the point when Connexions was set up because generally the Connexions partnerships followed the models they had had

previously in the Careers Service. The privatisation of the Careers Service was quite some time before that.

**Mrs Weinstock:** And there has been a 20% increase in the number of people doing the diploma in careers guidance anyway.<sup>1</sup>

**Q51 Jon Trickett:** Lastly from me, it appears there are not as many staff in place as the structures require. Is that a budgetary factor? Do you therefore have a vacancy factor built in, because there appear to be 10% staff vacancies in this Report.

**Mrs Weinstock:** Yes. 5% now.

**Q52 Jon Trickett:** So do you have a vacancy factor built in nationally for finance directors to operate to?

**Mrs Weinstock:** I do not know.

**Q53 Jon Trickett:** Well, you must do. You are the Chief Executive. Or does each division have enough money to employ all the staff in its structure?

**Mr Normington:** Each partnership has a budget and within that it can decide how it uses it but obviously it has certain obligations to meet. It obviously wants to have a full complement of staff in relation to that budget.

**Q54 Jon Trickett:** What happens to the surpluses, then, if the vacancies are not filled by the end of the year? There must be overspent money which has been allocated for this purpose? What happens to that?

**Mr Normington:** The budget will take account of the expected levels of vacancies over the year.

**Q55 Jon Trickett:** So there are vacancies built in?

**Mrs Weinstock:** Yes.

**Mr Normington:** Just as in my organisation—

**Q56 Jon Trickett:** What are the vacancy factors built in nationally?

**Mr Normington:** We are happy to tell you that.<sup>2</sup>

**Jon Trickett:** We would be grateful to receive a note.

**Q57 Mr Allan:** Mrs Weinstock, my Connexions caseload has been fairly significant this year following the announcement by the Sheffield service that they were threatening up to 25% of their staff with redundancy and I found out just how many of them live and work in my constituency at that point, so I had to do a very quick crash course on it, and they brought out a lot of issues which I want to talk about and generalise from that, starting with this universal service question. If you look at paragraph 2.28 on page 25 it is phrased very carefully: “The Connexions Service is available for all young people. The decision to move away from providing an automatic careers interview for all young people was taken with the view that this would free up resources to support those young people most in need of advice and guidance”, and it does seem to me there

<sup>1</sup> *Note by witness:* There was a 16% increase in the numbers undertaking the Diploma in Careers Guidance between 2001–02 and 2002–03.

<sup>2</sup> Ev 16

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is quite a lot of double speak here, and you are trying to have your cake and eat it, and the policy is to divert resources away from posh kids in posh schools towards poor kids in poor schools who need it. Is that not the case?

**Mrs Weinstock:** I do not accept that. What we have done is move resources to offer careers advice into different contexts, so we are rolling out Connexions direct across the country; there are 6,000 calls a week; 57% of those are contacts about learning and jobs; we have 400 One-Stop Shops, 70% open out of school hours—

**Q58 Mr Allan:** The One-Stop Shops I bet are all in areas of deprivation, are they not?

**Mrs Weinstock:** No, they are across the country, 400 of them. 70% are open at the weekend, which careers services were generally not, and again a very high percentage of people are contacting out of school hours these other contexts for advice on learning and jobs. I think what we have not got right is our own communication about the way in which careers guidance is being offered in different contexts at times that suit young people as opposed to every Year 11 getting an individual guidance interview.

**Q59 Mr Allan:** But is not the reality that you want the schools to pick up the tab for that? That would seem to be the suggestion in Sheffield; that we are going to cut back the Connexions Service because we are short of budget, and the schools should use their own resources to buy in the careers service because they have the statutory responsibility. Is that not the DFES policy?

**Mr Normington:** No, because when the Careers Service was wound up and Connexions launched in 2001, £240 million was spent. Now they spend £460 million on it, and what this Report shows is that schools are getting a substantially increased service from Connexions compared with what they got before. It is true that it is more targeted on young people with various kinds of needs, or at risk. It is a universal service in terms of the overall offer of information and advice but behind that is substantial targeting and resource, and we do not deny that. That is why some schools feel they have lost out because there has been within the overall picture a shifting of resource.

**Q60 Mr Allan:** But again, in paragraph 2.34 on page 27, you talk about the safeguards issue to the schools, that your Department “issued guidance to partnerships that all schools should receive a minimum level of one day per week contact time with a Personal Adviser. The Department had established through a sample survey of schools that a significant number (24%)”—one in four—“did not receive this level of help from the careers service”.

**Mr Normington:** I thought it was 13% but, anyway, there are some schools not receiving that minimum level.

**Q61 Mr Allan:** And what are you doing about that?

**Mr Normington:** What is supposed to happen is that the Connexions Service in the school is supposed to agree on the allocation. That minimum allocation is enforced through that agreement, and therefore the school is entitled to that level of support. We have not been driving that centrally.

**Q62 Mr Allan:** I think I was being unfair there. I think you had established that they did not receive that support from the old Careers Service.

**Mr Normington:** Yes. It has improved.

**Q63 Mr Allan:** It was 24%, it is 13% now, so it is 13% of the ones that you have to drive because you have told them to do this and they are not doing it.

**Mr Normington:** There will be some schools in there that do not feel they need a Connexions Service.

**Q64 Mr Allan:** But every school should get one day per week?

**Mr Normington:** Yes.

**Q65 Mr Allan:** And you are able to deliver that?

**Mrs Weinstock:** As the National Audit Office Report confirms, there has been a mean average of a 25% increase in resources going to schools since Connexions started.

**Q66 Mr Allan:** But “universal” means 100%, so are they universally getting that?

**Mrs Weinstock:** Every school has a partnership agreement with the Connexions Service and that is the vehicle for them to determine what resources Connexions can offer that best fit the resources that are already in that school. So it is very individually tailored.

**Q67 Mr Allan:** Moving on to another subject, marketing spend, you talked about improved awareness. One of the criticisms that has been given to me is precisely on that, that when we compare Connexions with pre Connexions, the Connexions Service is all about more style rather than more substance. Everything Connexions does is glossy and wonderful, and the careers adviser said to me, “In the old days I would do a newsletter for my schools, photocopy it and take it round. Now I am banned from doing that, we have to go through the PR department, the marketing, the printing, and so on.”

**Mrs Weinstock:** If everything we did before was so good we should ask ourselves the question why so many people over a decade were leaving school not in education, not in training, not in work. What we can say is that 62% of the observations conducted by Ofsted are good or better, and that is a very good statistic I think that we should hold on to, with nearly half the network now having undergone an Ofsted inspection.

**Q68 Mr Allan:** And have you market-tested the Connexions with an “X” angle? It just makes me cringe. I do not know why!

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**Mrs Weinstock:** It is the Anglo Saxon spelling.

**Mr Normington:** Run by local authorities.

**Q69 Mr Allan:** Is that what it is? I know some other Anglo Saxon words! Moving on to the accountability question which is the other point that came out very strongly, we have had problems with our Sheffield Connexions Service and we have tried to explore this, and it struck me that we have moved away from local accountability rather than towards it. In this Report it says that huge numbers of schools feel they have no ability to negotiate their local Connexions allocation, but when we are told what levers we can pull there do not seem to be any local levers we can pull. The South Yorkshire Connexions partnership means nothing to people in Sheffield; there is no linkage politically between us and them. How do you respond to that accountability question, because it feels very unaccountable.

**Mrs Weinstock:** Firstly, can I say that Sheffield Futures was a problem inherent to Sheffield Futures, not a problem brought on by the partnership, so I do want to disaggregate the two, but within the structure of Connexions the reason for the subregional layer is to have us coterminous with the Learning and Skills Council because it is important to have provision in relation to what young people are saying about provision on the ground or the gaps in provision and so on, otherwise neither of us can meet our targets, but within that structure there is a local management committee of local partners who negotiate what is happening on their patch. The other reason is that in South Yorkshire young people do not just live in Rotherham and work in Rotherham, they live in Rotherham and work in Sheffield, they live in Sheffield and train in Barnsley, so there are advantages in being able to benchmark in an accountable way what is happening on a wider scale.

**Q70 Mr Allan:** But if the Connexions Service is not felt to be performing, is it correct that the only real sanction is for the local partnership to withdraw that contract and offer it to someone else, ultimately?

**Mrs Weinstock:** The partnership, of course, would do that if a contractor was not performing.

**Q71 Mr Allan:** So the partnership level is the most important political decision-making level, as it were?

**Mr Normington:** That is the decision-making level, yes.

**Q72 Mr Allan:** And the partnership takes instructions from your office?

**Mr Normington:** It is a national service in that sense so in that sense it reports up to national level, but the partnership is of local people, and usually well represented and very well known local organisations, including the local authority.

**Q73 Mr Allan:** What I get is a feeling that if we go back 15, 20 years you had careers services that were part of the local structure?

**Q74 Mr Allan:** Yes, and now we have one which feels as though it is centralised far more than the old service, and if we want to get anything done we have to go all the way up the tree?

**Mr Normington:** In that sense it is a national service and a nationally managed service, that is true. I am sorry you feel that because it is a very locally based service run through a partnership board of local people and they are very locally based usually, so you would probably know them because they are all local people.

**Q75 Mr Allan:** In response I would say that when we had a problem it did not feel very responsive, but I may be scarred by that!

**Mr Normington:** I am sorry about that.

**Q76 Chairman:** One thing that worries me is that you keep repeating that this is a universal service. Indeed, paragraph 1.9 tells us that the Service is intended to help all young people and is concerned that young people should regard Personal Advisers as being there for everybody, yet despite your reassurances to us that this is universal, this scheme clearly concentrates on the 10% who are the most difficult to help, so I think you are being rather schizophrenic about this.

**Mr Normington:** Not on the 10% but the resources are skewed in their allocation to those areas and to those young people who are most needing that support, but not all of it. I am not really schizophrenic about it; there is a basic level of advice and information and guidance available to everyone who wants it, but within that there is a focusing over the resource on areas, schools and teenagers who need it most.

**Q77 Mr Williams:** May I also apologise for having to leave early? I have a 5.00 meeting which I have to be at. I have listened to what you have said and I have read the Report and the supplementary briefing we have had from the National Audit Office, and what comes over is a sort of benevolent shambles. No one doubts the will to do it; no one doubts the intention; but I look at for example page 18, figure 12, where we have cross-government targets for the Connexions Service, and let us just look at what it says. All these are areas in which targets have been set, “reduction in the percentage of half days missed . . . at secondary schools”, then there is the proportion of GCSEs and NVQs at school; there is drug abuse and drug-related problems, and the referral of youngsters to specialist support; youth offending; teenage pregnancy—and this was the most remarkable one, my mind boggles at this one because it sounds like a combination of a chastity belt and amputation—“to reduce by 50% the rate of conceptions amongst under 18 year olds”, and then 60% employment for young mothers. Now these are all highly desirable, but how on earth do you prioritise them, and how do you quantify which needs what resource, and how much resource?

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**Mr Normington:** Most of these are government public service agreement targets to which Connexions contributes. They are not Connexions targets themselves.

**Q78 Mr Williams:** But does that mean they do not influence allocation of resources at all?

**Mr Normington:** Indeed, they do. They do influence the way in which resource is allocated to Connexions but we do not expect Connexions to be the main way of achieving the GCSE target, obviously. That is a target for schools principally. But a service which is providing advice, support and guidance for young people is going to be supporting that; it is going to be getting them into school and giving the right choices.

**Q79 Mr Williams:** Sitting at the top you have to package your money, and this has to be allocated. It is allocated to purposes, I assume, whether by you or by partnerships is not clear. I suppose it reflects the targets set. How on earth do you go about allocating this, both in territorial terms and in terms per issue?

**Mr Normington:** We are very clear how we allocate Connexions money. Everybody gets a fixed sum which is to cover their basic costs; 40% of the remaining budget is in proportion to the numbers of 13–19 year olds in an area, and then the other 60% is targeted according to indicators of need, and they are GCSE results, numbers not in education and training, unemployment levels and income support. That is how we do it, so in a sense that is how we are reflecting those targets. Areas which are performing poorly against those targets that you listed will get more of the resource, but that is the 60%.

**Q80 Mr Williams:** I am sorry, but I am limited to time, so could we jump to table 16 which my colleague Mr Steinberg looked at? Here we have three shaded categories. The dark blue is “Risk of disengaging”, the medium blue is “Minimum Intervention,” and the light blue is “Intensive support”. In terms of priority of demand, which is the more important? I assume the least important is “Minimum Intervention” Which is the higher priority? “Intensive support” or “Risk of disengaging”?

**Mr Normington:** Well, both are important. We do allow local partnerships to decide where they should put their resources in order to meet the target they have been set. Remember their main target themselves is to reduce those not in education or training, and as long as they are hitting that target or moving towards it we do not interfere in their choices locally, although we would question them. You see, some of the people at the top are very new partnerships, and some at the bottom are very much more mature.

**Q81 Mr Williams:** You see, this table offends me. It is so difficult to understand what it is telling you, and I am not sure whether it is the NAO’s table or the Department’s table. Who produced it?

**Mrs Weinstock:** The National Audit Office.

**Q82 Mr Williams:** It says “Connexions” at the bottom. That is the source of the information.

**Mr Normington:** Yes.

**Q83 Mr Williams:** Let me put it to you, and this is no great analysis, it is just a matter of user friendliness; if you are going to provide information make it in a form that people can understand and use. Now, it seems to me that in a way the one you most want to look at is “minimum intervention”. Why do we have a maximum intervention in the dark blue, then move to minimum intervention, and then go to another high intervention at the end? It seems to me that statistically this table is topsy turvy. If you take A, B and C, A and C should be consecutive, it does not matter which comes first, and then you come to the important point which is how much is being given in terms of relatively little support, that is the light blue section—no, the minimum section. You see how difficult it is. Here, if you look at Essex and Southend, about four fifths of the way down, in fact 74% of their workload is devoted to minimum intervention, whereas if you look at either Nottinghamshire just above halfway or Humber near the bottom only 15% is allocated to “Minimum Intervention”. What conclusion can we draw from the fact that you have one area which has five times as much of its resources going to minimum intervention as the other two areas? Which of you make better use of resources, or does not this table allow you to draw any conclusions?

**Mrs Weinstock:** To some extent it does. What we do need to remember is that the total resources available to deal with 13–19 year olds in each area will differ, and given that 43% of the interventions in 2003 were with pre-16s, it is clear that schools themselves will be playing a large part, for example, in how the resources start to be allocated against what other resources they have. So whilst they cannot say, “I want £100,000 from Connexions”, the discussion in a school will be, “Have you got learning mentors in the school? Have you got a behaviour improvement programme in the school?”

**Q84 Mr Williams:** But does this table help you in any way at all in deciding allocation of resources? Using the information in this table, what conclusions do you draw from it, because I found it utterly confusing.

**Mr Normington:** I think it does cause us to ask questions about why the resources are being allocated like that and used like that, and we have to compare that then with their actual performance, so as a tool for monitoring what they are doing and reviewing what they are doing, I think it is important and enables us to ask these questions. I agree, and until this Report I had not seen this table, that there are very wide variations there—

**Q85 Mr Williams:** Fantastic variations.

**Mr Normington:**—and immediately in the quarterly monitoring we do of those partnerships we will want to be asking why that is.

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**Q86 Mr Williams:** But would you be able to answer the question? You have come here to deal with this Report. Why is Humberside's allocation of resources to minimum intervention one fifth of that of Essex and Southend? If it helps you to understand these things, help us to understand it.

**Mr Normington:** I am afraid we will have to come back to you on explaining the comparison with those two partnerships because we have to consult with those partnerships and get the answer for you, but we could do that.<sup>3</sup>

**Q87 Mr Williams:** Well, I would be fascinated to see what sort of conclusion you do draw because I am all in favour of producing statistical information where it is going to be used in some meaningful way, but what worries me is that neither of you can answer the obvious question anybody was going to ask, I would have thought, as to why you have a variation fivefold between the extremes in one particular section of allocation. I will leave it there because my time is up.

**Mrs Weinstock:** We are, in fact, following a recommendation from the National Audit Office once we have the tracking system in place which is rolling out now to be able to look on an anonymised basis at the degree of intervention within the different areas and do our own benchmarking to improve value for money returns from partnership to partnership. We do look at it in quarterly performance reporting and we will look at it to make decisions, given that we have a finite amount of resource as to the stage at which it becomes non productive.

**Q88 Mr Williams:** And then will you be reproducing it, say, once every two or three years to see what changes are made?

**Mrs Weinstock:** Yes, every year.

**Mr Williams:** Well, if you are going to do that will you at least try and make it tidier so that the reader can understand what it is he is looking at?

**Chairman:** Yes. I think that was unsatisfactory exchange because it was based on what is a potentially confusing table. If, on reflection, when you read the transcript you feel you could enlighten us more with a note, please feel free to do that.<sup>4</sup> Thank you.

**Q89 Mr Jenkins:** When I was a young lad I used to do a lot of cycling down my way and I used to get a lot of punctures. I had a puncture and would get the kit out, put a patch on the inner tube and some days it got that bad I would be putting patches on top of patches. It served its purpose, it kept the tyres, but I am sitting here thinking are we not in the same situation with Connexions? Are we not just putting patches on top of patches?

**Mr Normington:** I do not think so. Connexions was an attempt to deal with a lot of punctures, if I may use your analogy. After all, what we have in the support for young people is a very fragmented system, it comes from all kinds of places, and the

Connexions Service was introduced by the Government to try to ensure that there was a single point of entry behind which there are a lot of different sorts of support. It was actually an attempt to try to draw it altogether.

**Q90 Mr Jenkins:** Excellent. Mrs Weinstock, you said it is a one-stop shop where people can drop in and make enquiries and pick up a job off-the-shelf or a career off-the-shelf. The people who drop in, are they motivated to make a visit to the shop for some advice and help?

**Mrs Weinstock:** Sometimes, but not exclusively. Obviously we could not be in the situation of reducing the numbers not in education, training or work if they were all white, bright and trouble-free. It is a very rich mix of people I have met in the one-stop shops.

**Q91 Mr Jenkins:** If they are not motivated to get off their backsides to get down to the shop to start with, they must be motivated even to the extent they may not know what they are motivated for, but they are motivated to that extent.

**Mrs Weinstock:** Yes.

**Q92 Mr Jenkins:** It is the ones who are at home who do not come to the shop that you have to worry about who are the most difficult ones to get to.

**Mr Normington:** That is why you have Personal Advisers and why the Personal Adviser resources go to them.

**Q93 Mr Jenkins:** I am not criticising the scheme, I think the scheme is a marked improvement on what we have had before, there is no doubt about that, but I get the impression, and one or two other Members must have got the impression from reading the Report, that if you have got a scheme that is targeted and spends the majority of its time on the system's failures, it would be seen to be a scheme to avoid by the brighter ones.

**Mrs Weinstock:** The statistical base would not confirm that. We looked at the first 12 partnerships that have been going longest, they have been going for three years, and there has been a 50% increase in support given both to pre-16s and post-16s, again for a whole variety of reasons. Certainly it is not a stigmatised service. We were very clear we did not want to have a service that was stigmatised, not least because the young people most disengaged out there would not want to be seen going into somewhere that was just for young people with problems.

**Q94 Mr Jenkins:** It is an overall scheme you have pulled it altogether. How do you satisfy me when I see that part of the advice offered to young people in school as a Careers Service run by the school or that has developed under a new title for some students called the New Sixth— Have you heard of the New Sixth?

<sup>3</sup> Ev 16

<sup>4</sup> Ev 16

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*Mrs Weinstock:* No.

**Q95 Mr Jenkins:** They are youngsters who are advised to go into the sixth form because bums on seats brings money to the school. It is an inappropriate course, they are wasting their time, they are unable to maintain the course and they drop out after a time. We seem to have an interest in schools in keeping youngsters in schools even though it is against their long-term interest.

*Mr Normington:* That is why you do need to have an independent advice and guidance service of the sort that Connexions is seeking to be, because there must be that independent source of advice.

**Q96 Mr Jenkins:** That is the first step. The second step is when do you start giving advice to young people? It is no good at 16, 16 is too late, I can assure you of that. You have got to start when they are 13 or 14 at the latest and get them into one of three channels. They are either going to go down the academic route because that is the one for them, they are going to go down the career/academic bolt-on like technicians, something like that, or they are going to go down the non-academic route. Where do they get that advice? When do you do that interview? They might change their minds because I know what youngsters are like. How can we guarantee that every youngster is going to get an interview with an independent person whose only purpose is to serve the youngster's best interests?

*Mr Normington:* It is true that the main source of advice for 13 year olds, apart from their parents, is the school, they are going to be most influenced by the school. The Connexions Service is there to provide the independent support to those young people in addition to what they get from school. We know that is very popular with young people because they want to talk to someone to try to get that independent sort of advice. That is what Connexions is trying to provide. It does not provide it for every 13 or 14 year old, but not every 13 or 14 year old needs it because many of them know what they want to do. What I do not want to happen is that they get channelled down those routes quite like that. They do need a quality of advice but we want them thinking quite hard about the mix of options they take, not to be categorised into one route too early. That is why they need good quality advice. Many schools can provide that, many schools can, but you do need something like Connexions to support that.

**Q97 Mr Jenkins:** I can assure you that many schools do fail in the quality of their advice to youngsters. In a previous life I was in an occupation which used to pick up some of the damaged youngsters and did in-depth interviews to find out what they had been doing and what they wanted to be doing and they were re-engaged with education whilst there was a course they wanted to do that was bolted on and later going on to university.

*Mr Normington:* That is why at this moment, partly because the NAO suggested we should, we are having a serious review of what the state of careers education and careers guidance is and we will be reporting in the summer.

**Q98 Mr Jenkins:** Can I ask another question I have got down here. Connexions seems to want to get people into employment at all costs, that is one of the roles they play. Any employment, no matter that it is unskilled employment, is off the books, they have met the target, but the Learning and Skills Council say that if you are going to go into employment it should be associated with some sort of training. So we have got another problem between two partners. Which is the most important?

*Mr Normington:* It is true that the measure of Connexions' success is that they should be in learning, work or training, but you are right that what the Learning and Skills Council is trying to do, and Connexions to some extent, is to ensure that as many jobs as possible are offering that training. It is preferable that if you are going into a job at 16 you should get some training with it otherwise it is likely to be a dead end.

**Q99 Mr Jenkins:** How much pressure are you putting on employers who you contact to see that these youngsters are given the opportunity to continue general education?

*Mrs Weinstock:* That is why I was giving the example of what has happened in Merseyside where just through scanning the press they found a lot of employers in Merseyside just offering jobs without training and converted 50 into jobs with training. Only this morning I heard that the Learning and Skills Council and our service are working on a joint protocol to ensure that those going through the new entry to employment route, basic level pre-apprenticeship training if you like, the providers and the young people get a bonus for them to go into a job and a higher bonus if they go into a job with training. If they go into a job without training and it is subsequently converted into a job with training they still get the bonus. I think it is going in the right direction.

**Q100 Mr Jenkins:** One of the questions I need to ask is about the data protection situation. I know the data protection rules were changed but you have still got problems in certain areas with data protection, have you not? In the Report at paragraph 4.12 it says: "In some partnerships, information on young people is shared on an ad hoc basis only and there are data-protection problems to resolve before sharing data on individual young people; in others, information about individual young people has been shared for many years". Why is it that you have got some partnerships still with data protection problems to be resolved?

*Mr Normington:* Because they are very worried and nervous that they are going to be accused of breaching the Data Protection Act. There is a lot of uncertainty out there about that.

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**Q101 Mr Jenkins:** Two years ago the Data Protection Commissioner issued instructions and guidance for all. Your Department is responsible for getting those instructions and guidance down.

**Mr Normington:** You misunderstand me. We have done but it is nevertheless the case that at local level people are very nervous about this issue and they are very cautious about it. We put lots of effort into reassuring them and giving them guidance.

**Mr Jenkins:** My time is up unfortunately.

**Chairman:** Just for the record, the misalignment of the tasks between the Learning and Skills Council and Connexions is mentioned in paragraph 4.15, page 44. Especially after that exchange we might feel it necessary to point that out in our report.

**Q102 Mr Bacon:** Mr Normington, could you say when the decision was made to withdraw the VAT support?

**Mrs Weinstock:** February 13.

**Q103 Mr Bacon:** What advice did the Department take from the Treasury prior to taking the decision to withdraw VAT support?

**Mr Normington:** I am not aware that we did take any advice from the Treasury. There have been lots of discussions about the eligibility of partnerships to pay VAT, of course, over quite some time but the decision on whether we were to use this resource to pay VAT or not was taken by us.

**Q104 Mr Bacon:** How much money is being saved?

**Mr Normington:** About 25 million is being redirected to other things.

**Q105 Mr Bacon:** What is it going to support?

**Mr Normington:** It is going to support various things that are in the *Every Child Matters* Green Paper.

**Q106 Mr Bacon:** Mr Molan, are you proposing to provide any advice to the Department on the VAT question?

**Mr Molan:** The position on the VAT question is when the Connexions policy was set up it was assumed, wrongly, that all partnerships would be able to recover VAT. Treasury ministers agreed to give special dispensation for the first two years that all would be able to recover VAT. It was an exceptional arrangement which came to an end on 31 March. From that date normal VAT rules apply. It is a matter for the partnerships to meet those costs out of their budgets.

**Q107 Mr Bacon:** Do you know how much money has been spent by partnerships on legal advice since the Department cut the amount of VAT support available?

**Mr Normington:** I do not know.

**Q108 Mr Bacon:** These are public sector bodies, these Connexions partnerships, are they not?

**Mr Normington:** Yes.

**Q109 Mr Bacon:** Should they be spending any money on legal advice to be as tax efficient as they can when it is not really what they are all about?

**Mr Normington:** It would be better if they were not in this situation, I accept that, but obviously it is very important, given the size of the VAT bill, that they are as tax efficient as possible.

**Q110 Mr Bacon:** I understand you are seeking advice from the Treasury and Customs and Excise on possibly moving towards a lead authority or dual authority structure, is that right?

**Mr Normington:** We already have six examples of lead authority structures where effectively the local authority is the home for the partnership and, of course, local authorities can recover their VAT. That is one of the options.

**Q111 Mr Bacon:** Is the Treasury or is Customs and Excise providing advice to you on what is the optimum set-up?

**Mrs Weinstock:** Not on structures, no.

**Q112 Mr Bacon:** So it is something that they have got to go and figure out for themselves?

**Mrs Weinstock:** No, no. I wrote to partnerships on 13 February within 24 hours of ministers making that decision and in that letter did steer partnerships towards the lead body model as being the most tax efficient. What we cannot do, otherwise we would be acting as shadow directors, is force them down one route or another. I have to say that several have made the decision to move to the lead body model. West Yorkshire is one, Surrey is another, West London is another, and I heard last night that the Greater Manchester board, which is the largest partnership in the country, ten local authorities, has made the decision to go to the lead body model.

**Q113 Mr Bacon:** Either lead body or dual body?

**Mrs Weinstock:** Yes. Dual body?

**Q114 Mr Bacon:** Where you have more than one lead body. You have not heard of a proposal to have more than one lead authority? Would you check into that because I understand there is a proposal to do that, basically where local authorities do not get on with each other.<sup>5</sup>

**Mrs Weinstock:** Yes, sorry, West London are operating through the local authorities but that decision has been made with children trusts on the horizon and, in fact, the Green Paper, *Every Child Matters*, did steer Connexions partnerships to the fact that money would be routed through local authorities at a point in time in the future.

**Q115 Mr Bacon:** Do you not think it odd that tax issues should be determining how these services are provided?



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**Mr Normington:** Yes.

**Mrs Weinstock:** Yes.

**Q116 Mr Bacon:** Did you not think of that before you launched the Connexions partnerships?

**Mr Normington:** When we launched them we believed that they would be able to recover their VAT and that was the wrong judgment.

**Q117 Mr Bacon:** Are you familiar with the Trafford Metropolitan Borough Council case? This is *Trafford Metropolitan Borough Council v the Children's and Young People's Services Company*.

**Mrs Weinstock:** I do not know about it in detail but I have heard of it.

**Q118 Mr Bacon:** I understand in that case the ruling was that actually the supply of services, which is what counts for VAT purposes, is to young people and not to Trafford and, therefore, by answering the question "Who is the direct beneficiary?", answer "children and young people", under the existing tax rules you can be VAT exempt.

**Mrs Weinstock:** The last I heard, but we will confirm it for you if you wish,<sup>6</sup> was that Customs and Excise ruled out Trafford's own judgment that they could go down that road and that is why the Greater Manchester Connexions board last night made a decision to go through the lead body arrangement.

**Q119 Mr Bacon:** The Customs and Excise made a ruling in February 2004 that they could be tax exempt, did they not, even if the services were provided indirectly?

**Mrs Weinstock:** It could be, but it is still under review. No decision has been made that they can go down that route. That is why the board as a whole and the ten local authorities want to make progress on the job they have to do, rather than get distracted by the VAT issue the board made a decision last night to go down the lead body route and I assume Trafford are part of that.

**Q120 Mr Bacon:** Mr Normington, you said earlier that the quality of careers guidance is patchy and one of the other questioners pointed out that the quality of advice available in schools is not as wide as one would like. Is not part of the purpose of Connexions partnerships to involve people not only from voluntary groups but also from the private sector precisely to get a wider scope of advice?

**Mr Normington:** Yes, it is, and most partnerships have private sector companies involved. Many of the private sector careers companies are at the heart of the Connexions partnerships.

**Q121 Mr Bacon:** Is it not the case that the state of confusion about VAT is going to penalise the private sector providers within partnerships and make it easier for local authority in-house providers?

**Mr Normington:** I think it is possible within the lead body model that we have been talking about to have a subcontracted model which protects the position

of the private companies. It is possible to do that. If they move to that it does not somehow follow that the public sector takes over or the local authority calls the shots. It is the case that in the subcontractor model where many of the subcontractors are private companies they are the ones paying the VAT and in that sense they get penalised, yes.

**Q122 Mr Bacon:** How many contracts with private sector providers have been terminated in the last 12 months?

**Mr Normington:** We would have to find that out for you.

**Q123 Mr Bacon:** Could you do that for us?

**Mr Normington:** Yes.<sup>7</sup>

**Q124 Mr Bacon:** Thank you. Digby Jones of the CBI was quite critical of this, was he not?

**Mr Normington:** Yes.

**Q125 Mr Bacon:** He said: "It is hard not to conclude that there is a subjective price against external partnerships and in-house public sector delivery from this direction is utterly at odds with the Prime Minister's objective of choice and plurality in the provision of services".

**Mr Normington:** Yes, he said that. We do not want to be biased against the private sector companies who have been a very important part of this, that is not the aim of this change. On the lead body model, for instance, I do not believe that is necessarily the case. If you move to a direct delivery model, of course that will be the case but that is not what the lead body model is.

**Q126 Mr Bacon:** I would like a note on costs. I noticed there was an answer to a parliamentary written question on 5 May which listed the Connexions Service costs for marketing, consulting, advertising, administration, and so on and a portion for head office costs. For 2004-05 it says "to be confirmed" Presumably there is a budgeted figure for all those things that were mentioned for 2004-05, if you could send us that as well that would be great.

**Mr Normington:** Yes, we should be able to give you something.<sup>8</sup>

**Q127 Mr Bacon:** And if you could give us any update on the Trafford case that would be helpful.

**Mr Normington:** Yes.

**Mr Bacon:** Thank you.

**Q128 Mr Davidson:** Can I follow on from Mr Steinberg's point about his particular case and the answer that was given was that the child and parents should have complained. How many complaints have you had about the service?

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<sup>6</sup> Ev 17

<sup>7</sup> Ev 17

<sup>8</sup> Ev 17

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*Mrs Weinstock:* Me personally?

**Q129 Mr Davidson:** No, the service.

*Mrs Weinstock:* Very few. I do not know.

*Mr Normington:* We would have to ask the partnerships.

**Q130 Mr Davidson:** Do the agencies respond to you in any way about how many complaints they receive?

*Mrs Weinstock:* No, not in a specific sense.

**Q131 Mr Davidson:** Here is an interesting one. We have been told that the answer to this complaint was that they should have complained but you, who are running the service, have no idea how many complaints are received which tends to suggest that you do not see this feedback mechanism as particularly significant. Is that unfair?

*Mr Normington:* What you say is true, we do not monitor complaints in that way. We do have a survey of young people's reactions to the Connexions Service which is both national and at partnership level so we do know what levels of satisfaction there are.

**Q132 Mr Davidson:** You do not monitor these complaints but would it be reasonable for me to assume that the vast majority of working class children and their parents who have unhappiness with the service they receive will not complain because they will not have the confidence to pursue officialdom?

*Mrs Weinstock:* I do not think that is true.

**Q133 Mr Davidson:** That is not my feeling of things but it is an interesting perception. Can I just clarify, the results you are being measured on is a 10% reduction in these NEET categories. Certainly in my constituency there has been a fall in unemployment full stop amongst adults and young people. How much of the 8% reduction that you have had has been because the economy as a whole has lifted and how much has been due to your efforts?

*Mrs Weinstock:* It would be difficult to be precise on that.

**Q134 Mr Davidson:** Have you done any benchmarking, say, with Scotland or Northern Ireland, who as I understand it do not have the same mechanism as yourselves?

*Mrs Weinstock:* Yes, we have. We know Scotland, for example, who do not have a Connexions Service, they have Careers Scotland, have 14.5% of their 16–18 year olds not in education, training or work, and that has stayed a constant figure of 14.5% between 1998–2003.

**Q135 Mr Davidson:** Northern Ireland?

*Mrs Weinstock:* I would have to get back to you on Northern Ireland.<sup>9</sup>

**Q136 Mr Davidson:** That is not my understanding of the Scottish figures, I must say. I would be interested to see how those figures have been devised. It is certainly my impression that the figures in Scotland have dropped by more than that. I look forward to seeing those.<sup>10</sup> In terms of the focus that is on those who are considered, understandably, most difficult to help, whether or not the service is neglecting those who are perhaps of limited ability and who might struggle but who are in need of some help and assistance, those who suffer from poverty of ambition, I appreciate it is much more difficult but how can you reassure us that that group of people, of whom I have a large number in my constituency, are not being neglected?

*Mrs Weinstock:* I think the statistical evidence is very sound on that in the Report and separately I have mentioned several statistics throughout the afternoon. The fact of the matter is, if we are giving poor quality support and advice to young people at school or young people under 16 who are not on the school roll for various reasons, we will be seeing an increased flow at 16 into the numbers not in education, training or employment.

**Q137 Mr Davidson:** No, you would not, not at all. If you have youngsters who want to go on to further education and with encouragement they would be able to go to university rather than a further education college, your statistics would not distinguish one way or the other. I have got schools in my area where a lot of people have gone off to the forces but not a single one has ever gone off to be an officer in any of the services. That seems to me to be poverty of ambition. Many of the youngsters in my area are just as stupid as many of the youngsters from public school who go to be officers and equality will only arise when my youngsters get the same opportunity as those from public school. There is nothing in here that indicates how you deal with that group.

*Mrs Weinstock:* There will be some answers in the customer survey because the customer survey is of all young people. We do not select the young people who take part in the survey. We do not say "Do not look at those that are at greatest risk". This is independently done by an independent company, so it is very objective. I agree with you that there are a lot of people whose poverty of aspiration is poor and Connexions, working with some of the more able young people on mentoring schemes in schools, through Millennium volunteers, through the Prince's Trust, many of which are funded through Connexions, are helping young people to help other young people and raise their aspirations.

**Q138 Mr Davidson:** How do you demonstrate that?

*Mrs Weinstock:* We set an indicative spend, for example, of the partnerships to—

**Q139 Mr Davidson:** That is an input. In terms of outputs, how do you indicate that you have raised the poverty of ambition?

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<sup>9</sup> Ev 17

<sup>10</sup> Ev 17

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 Department for Education and Skills
 

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**Mrs Weinstock:** I do not think we could.

**Mr Normington:** This is about Connexions and schools together doing that and we do measure what happens to young people of 16. The poverty of ambition point is clear because we have one of the poorest staying-on rates in Europe. We are trying to close that gap. A lot of the Connexions resource and a lot of the extra resource we have put into schools is focused on this group who probably have the talent but just need the encouragement.

**Q140 Mr Davidson:** I do not understand how that is measured. Any youngster going on to further education of any sort, there is no distinguishing so far as I can see from what is in the Report here between those who go on either to jobs or further education, which is as much as their ability will allow them, as distinct from those who only go on to what appears to be the group indicative norm.

**Mr Normington:** It is true that we do not have that quality, that depth of information.

**Q141 Mr Davidson:** How do we know you are doing that?

**Mr Normington:** We only have the raw data of improvement in participation to measure that.

**Q142 Mr Davidson:** You have not been focusing on this group at all, have you?

**Mr Normington:** A lot of the resource of Connexions and for Excellence in Cities is focused on this group.

**Q143 Mr Davidson:** You cannot demonstrate that. You can neither demonstrate the resource is focused on that, as far as I can see, nor can you demonstrate any results.

**Mr Normington:** We can show that of the Connexions resource 60% of it is focused on this group, the ones who are in greatest need of help, albeit I agree—

**Q144 Mr Davidson:** You are deliberately distinguishing between those who are in greatest need of help and those who are not going to fall off the bottom. I am looking at a group, of whom I have a large number, who are often those who suffer from poverty of ambition. They will get a job but the question is whether they end up in a dead end job or a job with prospects.

**Mr Normington:** I cannot prove this to you by measuring the outputs but it is the case that if you look at the investment we are making, for instance in staff in schools, in learning mentors, 6,000 in secondary schools, their job is precisely focused on that group. It is about raising the ambitions and aspirations.

**Q145 Mr Davidson:** In the partnership with the schools, do you not demonstrate a suite of targets which would seek to demonstrate the number of people who go into professions where there was previously a lower level, lifting it? Are there no targets of that sort at all? The only targets seem to be

those at the very bottom, making sure that they do not drop out, and I have the suspicion that the rise in the economy is doing your work for you.

**Mr Normington:** The main measure for Connexions is, indeed, those not in employment, education and training. We have to put that alongside the other measures we have in the system for GCSE results, participation in further education and so on. I think it is true that we do not have targets that take it down to the level of detail you are talking about.

**Q146 Mr Davidson:** Can I just ask about the disappeared, as it were, those whose outcome is unknown, so to speak. Surely if we have got joined-up government we should be able to follow them through the government system, through National Insurance, PAYE or something else. Surely there must be a system, medical records or something, that allows you to follow them, or is there a blockage here that does not allow this?

**Mr Normington:** At the moment we cannot share information across agencies in that way.

**Q147 Mr Davidson:** Why not?

**Mr Normington:** Because the law does not allow it.

**Q148 Mr Davidson:** It is the law as distinct from systems?

**Mr Normington:** It is both really.

**Q149 Mr Davidson:** It would be helpful, Chairman, given that time is limited, if we could have a note indicating whether or not it is the systems the departments have that do not allow this or whether it is the law because it relates to some other points that we had earlier on.

**Mr Normington:** It is the law but we will provide you with a note.<sup>11</sup>

**Q150 Mr Davidson:** Can I ask a further point in relation to quality. At paragraph 3.17 we are told that in four of the 12 partnerships that were assessed, 10% of the advice was unsatisfactory. I am not clear, I must confess, as to whether or not there are only two categories, satisfactory or unsatisfactory, or whether there is a variety of categories. Are there any penalties applied, particularly to those who are private sector organisations, for such abominable failure?

**Mr Normington:** Every Ofsted inspection is followed up with an action plan to focus on the weaknesses. Clearly if any contractor was not providing the right quality of advice the option is to cease the contract.

**Q151 Mr Davidson:** What happens then?

**Mr Normington:** I do not think we can talk you through all 12 Ofsted inspections. We know the three partnerships that were found to be below the line in terms of satisfactory levels have had serious follow-up action plans, two are doing much better now and one is still struggling.

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<sup>11</sup> Ev 17

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 Department for Education and Skills
 

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**Q152 Mr Davidson:** I am not sure whether or not any of these are private sector, although presumably they seek to be profit making, but have there been any financial penalties or is the only penalty you have the nuclear option of dismissal?

**Mr Normington:** Just as a point of fact, almost all of the partnership services are delivered through a mix of public and private sector, that is what happens.

**Q153 Mr Davidson:** Have there been any penalties applied?

**Mr Normington:** We would have to provide you with that information because many partnerships have 40 contracts themselves and in those contracts there are all sorts of requirements on them and penalties for services. I do not think we have the national picture on that.

**Q154 Mr Davidson:** You do not know whether any penalties have been applied to anybody for anything?

**Mrs Weinstock:** No penalties have been applied yet that I am aware of.<sup>12</sup>

**Q155 Mr Davidson:** Why did you not say that at the beginning?

**Mr Normington:** I am sorry, I should have asked Mrs Weinstock.

**Chairman:** Thank you very much, Mrs Weinstock and Mr Normington, that concludes a very interesting hearing. Clearly this service performs valuable work but in our report we will want to concentrate on the wider school population as well. Thank you very much for your patience.

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<sup>12</sup> Ev 17

### Supplementary memorandum submitted by the Department for Education and Skills

#### *Questions 51–56 (Jon Trickett)—The level of vacancies.*

At the end of September 2003, when NAO completed their Report, there were over 7,700 Personal Advisers in post. This compared with a cadre of 8,100 estimated at the start of the year; a shortfall of 5%. The shortfall was due to normal staff turnover. Recruitment of Personal Advisers takes time, and, as the NAO report indicated, there were some recruitment difficulties in London and other city locations.

There is no national vacancy factor, although Partnerships will have considered expected levels of vacancies when drawing up their budgets.

At the end of the year, the grant received from the Department is reconciled with expenditure on Connexions services. Ministers have agreed that unspent funds, up to a maximum of 5% of the grant, can be carried forward to the following financial year. The Department is able to recover anything above this amount.

#### *Questions 80–86 (Mr Williams) and Question 88 (Chairman)—What Figure 16 shows and the differences in approach between Essex and Humberside.*

The purpose of Figure 16 was to show how the proportion of interventions with 13–16 year olds who were at risk of disengaging varied between Partnerships. It is accepted that the table is produced in an unusual way; it would be more normal to see those at risk of disengaging as the middle group.

The variation can be explained by:

- (i) the age of the Partnership. Newer Partnerships tend to identify young people either as requiring minimum support, or at risk of disengaging. It is noticeable that 10 of the first 11 areas listed in figure 16 were in the final phase of Connexions rollout. As they mature, Partnerships learn of young people not previously known to them, many of whom require intensive support. Work with those initially identified as being at risk of disengaging might show that they require more intensive support. This explains in part why Humber—which started in September 2001—undertook a higher proportion of interventions with those requiring intensive support than Essex, Southend and Thurrock which began 12 months later.
- (ii) the make-up of the client group. Each Partnership undertakes a thorough needs assessment of young people in its area, and develops its business in order to meet those needs. Other statistics, such as deprivation indices, would suggest that there are a higher proportion of young people requiring intensive support in Humber than in Essex, Southend and Thurrock.

#### *Question 114 (Mr Bacon)—More than one local authority acting as lead body.*

Where a partnership is a consortium rather than a legal entity, the Department usually deals with one of the members of the consortium acting on behalf of the rest. This body is usually referred to as the lead body. There is, however, no expectation that the lead body will carry out all of the partnership's activities and it is acceptable for money to be passed to one or more other members of the consortium so that they can deliver

come of the partnership's services. The members of the consortium who receive money in this way may be local authorities and, if they are, they will usually be able to recover VAT. Where there is more than one local authority in a consortium, they can both be given funds and both enter into contracts.

Two Connexions Partnerships are known to be moving towards having more than one local authority as the bodies entering into contracts. They are West London and North London.

*Question 118 (Mr Bacon)—The position of Trafford Metropolitan Borough Council concerning the decision of HM Customs and Excise on VAT and what the present position is.*

HM Customs and Excise are seeking further information from Trafford Children and Young People's Service Limited in respect of their enquiry. HMCE have also indicated that facts of a taxpayer's affairs are confidential to the taxpayer concerned, and specific details on the rulings given to Children's Trust Trafford or Trafford Children and Young People's Service Limited cannot be given.

*Questions 122–123 (Mr Bacon)—The number of contracts that have been terminated in the last 12 months.*

One private sector contract has been terminated in the last year by Essex, Southend and Thurrock Connexions partnership. In addition, Lifetime Careers (part of the Nord Anglia group) were not selected by Greater Manchester Connexions to deliver services on Stockport and Bury in 2004–05 following a competitive tendering exercise.

*Question 126 (Mr Bacon)—A Parliamentary Question on 5 May gave the costs of the Connexions Service. What are the comparable budget figures for 2004–05?*

The situation remains as stated on 5 May in PQ number 167575. Budget allocations for advertising and administration for the Connexions Service for 2004–05 have been submitted to Ministers for agreement and are not yet available.

*Questions 134–136 (Mr Davidson)—A note on the comparative benchmarking figures for NEET for England Scotland and Northern Ireland.*

An estimate of the proportion of young people not in education, employment or training (NEET) in Scotland is drawn from the Labour Force Survey. This estimate showed the proportion NEET to have fluctuated between 14% and 15.4% over the last 4 years. The survey has a small sample size, and is subject to random variation.

The Northern Ireland Department of Education do not produce estimates of the number of young people not in education, employment or training.

*Questions 146–149 (Mr Davidson)—Whether it is the systems across government or the law (Data Protection Act) that prevents the tracking of young people across government agencies.*

Professionals working with young people, including Connexions Personal Advisers, offer a confidential service with information being disclosed only with the young person's consent. An exception would be made if there were child protection issues; a significant threat to life; the need for urgent medical treatment and/or where potential or serious criminal offences were involved.

Connexions Partnerships have systems in place to receive information provided by partner agencies and there are good examples of this working effectively. However, many organisations have experienced difficulty in interpreting the Data Protection Act. These difficulties have usually resulted in information not being shared with the Connexions Service because of fear of contravening the Act.

*Question 154 (Mr Davidson)—Penalties applied for failure.*

Contracts between the Partnerships and contractors are not monitored by the Department. We are, however, not aware of any financial penalties being applied to contractors.

June 2004

**Further supplementary memorandum from the Department for Education and Skills**

**RESPONSES TO QUESTIONS SENT BY RICHARD BACON MP  
AFTER THE EVIDENCE SESSION**

1. *Please send the Committee a copy of the end-to-end review of the Careers Guidance when the review concludes at the end of June.*

The end-to-end review of careers education and guidance is one of a series of internal reviews routinely commissioned by the Department to assess the delivery of Government policies. Guidance from the Office of Public Sector Service Reform and HM Treasury on such reviews does not require them to be reported to Parliament. The internal review is being finalised for presentation to the Board and Ministers. Its findings will inform the Youth Green Paper announced in the Department's Five Year Strategy and it will be published alongside the Green Paper in the autumn.

2. *Please send the Committee a copy of the guidance on the different delivery models which is being produced jointly with HM Customs & Excise and will be issued to Partnerships shortly. (Reference parliamentary question 172658 answered by Margaret Hodge on Tuesday 18 May 2004.)*

A copy of the guidance is at the Annex.<sup>1</sup>

3. *What advice was given to Partnerships in order to manage restructuring and to secure the continuity of service delivery?*

The requirements that all Connexions Partnership structures must meet are set out in *Requirements and Guidance for the Connexions Service*. Following the VAT decision, more detailed guidance on VAT implications of different models of operating was issued to Partnerships, and a copy of this is in the Annex.<sup>2</sup> In addition, a workshop involving DfES and HM Customs & Excise was held for all Partnerships to discuss issues arising from the VAT changes. Partnerships have also been given the "Principles of Good Governance", based on those identified by the Committee on Standards in Public Life.

Throughout this process, it has been made clear to Partnerships that any proposed changes must be based on a robust assessment of cost efficiency and what mode of delivery and/or funding route will deliver the best value and highest quality service to young people.

4. *What impact have the recently announced budgetary changes had on service providers, including the voluntary and private sector providers?*

A number of Partnerships were considering moving to more tax efficient structures before the VAT announcement. The funding to support VAT was a temporary measure and Partnerships wished to investigate whether current provision was the most effective mechanism. It does not follow that sub-contracting to private providers needs to, or will, disappear. A number of areas are moving to the lead body model and leaving private sector careers contracts in place—for example, Surrey, West London and West Yorkshire. Others have decided that they can operate more effectively by delivering services themselves and will terminate contracts with private sector suppliers.

The reduction in Connexions budget is to the temporary funding the Department had planned to make available to support Partnerships with VAT liabilities. The Connexions Grant has not been affected. Mrs Weinstock has made it clear to Partnership chief executives that she does not expect the voluntary and community sector to be adversely affected by this. However, a small number of Partnerships have advised us that they may have to reduce the level of funding support to the voluntary and community sector if they are to cover the costs of VAT. Government offices are working closely with these Partnerships to ensure that the impact on services is minimised.

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<sup>1</sup> Ev 20–23

<sup>2</sup> Ev 20–23

5. *What advice has the department received from HM Treasury to ensure that Partnerships adopt models that are tax efficient and yet still allow fair competition?*

HM Customs and Excise (rather than HM Treasury) have provided advice on the VAT implications of different models. This was issued to Partnerships to help them find more tax efficient models, and is in the Annex.<sup>3</sup>

Our current advice about fair competition is that we expect any procurement process—and the decision that led to that procurement process—to be defensible, and that decisions and actions can be properly justified. Whilst we have not been prescriptive about Partnership procurement procedures, we have encouraged good practice by issuing Procurement Guidance to Partnerships.

6. *What model options are available to Partnerships to ensure they become more tax efficient?*

The guidance in the Annex<sup>4</sup> sets out the different models available to Partnerships and the tax implications.

7. *What will the cost be to the public purse and individual Connexions Partnerships' budgets of moving to a direct delivery model?*

There will be no additional cost to the public purse as Partnerships will meet any costs from their DfES grant allocation. Furthermore, we would expect efficiency savings to be made in the longer term as no profit may be made on direct receipt of grant. (Organisations which share delivery of the service are permitted to make profits on the sub contracts they hold from the Partnership.)

8. *Who will be liable for the cost of transfer of staff, premises and on-going liabilities?*

Costs of restructuring will be met from existing grant allocation. Upon transfer and where appropriate, responsibility for staff will rest with the new employing organisation. On going liabilities, including leases will be the responsibility of the new accountable body.

9. *What impact will these changes have on service delivery?*

The Department's expectation is that the changes that Partnerships are making to their structures will ensure efficient and effective use of resources and preserve continuity of service to young people.

10. *What assessment has been made of "on cost" and back office costs which will fall to Connexions Partnerships if they move to in-house delivery?*

We do not anticipate there will be additional costs of this kind if Partnerships move to in-house delivery. An independent review of Partnerships' administration costs completed last year concluded that there was no significant variation between the core costs incurred by different Partnership structures.

11. *What are the implications for individual local authorities if they agree to become a "Lead Authority"?*

The local authority would be accountable to the Department for the propriety of the grant and meeting delivery requirements. Performance will be monitored and supported through Ofsted inspections, Government Office reviews and management information provided to the Department.

12. *Has the Supporting Children and Young People Group (SCYPG) been given advice from HM Treasury on which of the possible models available is the most tax efficient?*

HM Customs and Excise (rather than HM Treasury) provided advice on the VAT implications of different models. Guidance was produced jointly with HMCE on the VAT implications of different delivery models, a copy of which is in the Annex.<sup>5</sup>

<sup>3</sup> Ev 20–23

<sup>4</sup> Ev 20–23

<sup>5</sup> Ev 20–23

13. *Some Partnerships have been advised that a dual or multi authority model is possible. What does this mean? How will it work? How does this deal with the VAT problem?*

This model would involve more than one local authority acting as a delivery body for services. The precise roles and responsibilities of each of the bodies in a consortium would be a matter for the Connexions Partnership including the local authorities concerned to decide. Where local authorities act as delivery bodies, they will be able to recover VAT according to the rules in section 33 of the VAT Act 1994.

14. *How will changes to Connexions Partnerships impact on the emerging Children's trusts?*

Trusts will be formed through the pooling of budgets and resources across LEA, Children's Social Services, Connexions and some health services. *Every Child Matters : Next Steps* set out that as Trusts will emerge at different times we want to explore the feasibility of devolving funds to local authorities with an explicit intention of their commissioning a basket of services for teenagers.

Although Connexions has only recently finished rolling out it is important to bring further coherence across all children's services. It is too early to say precisely how Connexions will be aligned with Children's Trusts. We will want to see the experience of the pathfinders before taking decisions and take account of the End to End Review of Careers Education and Guidance. We also recognise that there is much to learn from Connexions as a model of service provision particularly its experience of Partnership and multi-agency working.

9 July 2004

ANNEX

#### ACTION NOTE FOR PARTNERSHIPS

REF NO: CXP158  
DATE: 12 MAY 2004

#### GUIDANCE ON THE VAT IMPLICATIONS OF DIFFERENT CONNEXIONS DELIVERY MODELS

For the attention of:

Connexions Service Partnerships.  
cc: Government Office Colleagues

#### *Action to be taken*

The flowcharts in this note are to be used as a guide to the VAT implications of the different delivery models.

#### BACKGROUND

At the VAT workshop held on 20 April 2004 we agreed to provide guidance on the VAT implications of different Connexions delivery models.

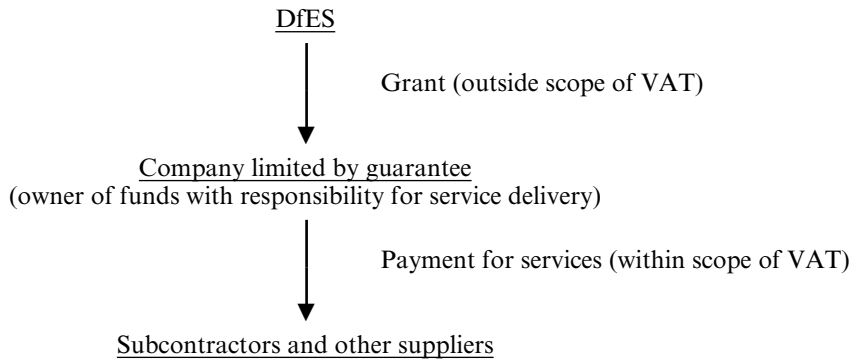
This guidance has been produced jointly by DfES and HMCE. The following options are included:

- Options 1-3 relate to the delivery models currently used by Partnerships.
- Option 4 provides for subcontractors to be grant funded by Partnerships (rather than through contracts).
- Option 5 is the consortium model which formed the basis of much discussion at the workshop.
- Options 6 and 7 are contrary to DfES' Connexions delivery policy and are only included because we have received enquiries about these arrangements.

HMCE are also working on some more general guidance on partnership/consortium arrangements and we will issue this to you as soon as we receive it.

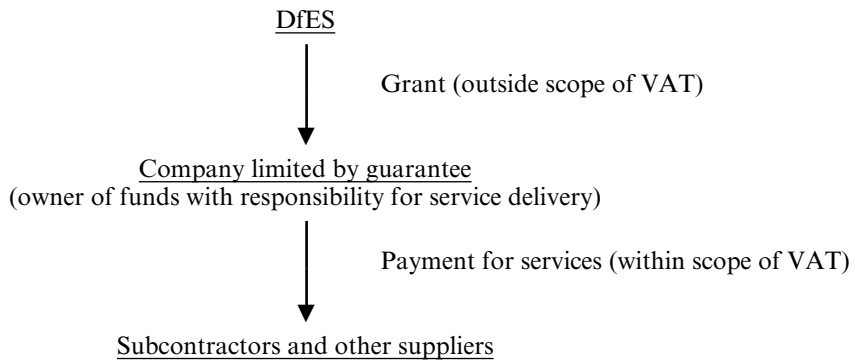


OPTION 1—DIRECT DELIVERY MODEL



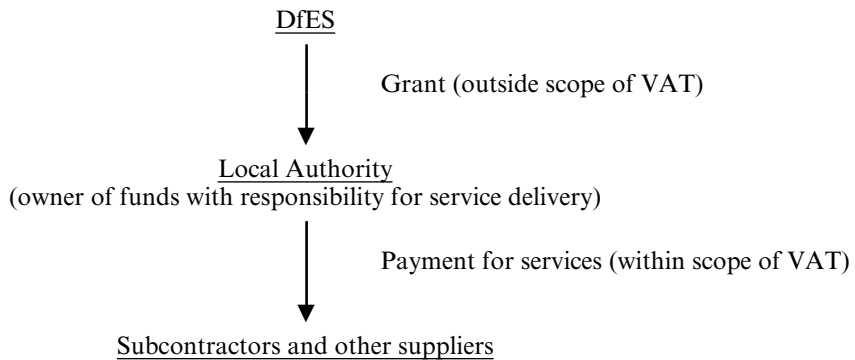
This is the current direct delivery mechanism. Where the partnership delivers the service by employing its own staff, there is no VAT to pay on service delivery. However, the disadvantage is that it will have to pay VAT on any purchases/services it procures and will be unable to reclaim this.

OPTION 2—SUBCONTRACTING MODEL



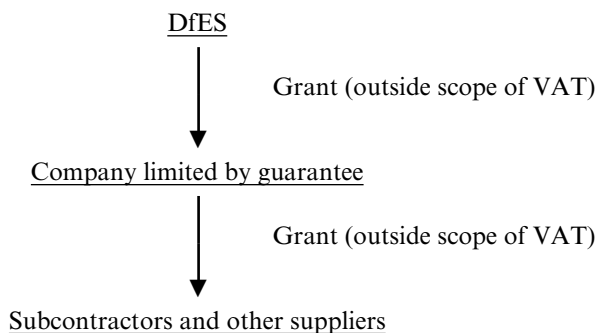
This model is the current arrangement where the partnership delivers through one or more subcontractors. The disadvantage—similar to Option 1—is that VAT charged to suppliers is irrecoverable, and in this model the cost of irrecoverable VAT is usually substantially higher than in Option 1

OPTION 3—LOCAL AUTHORITY LEAD BODY MODEL



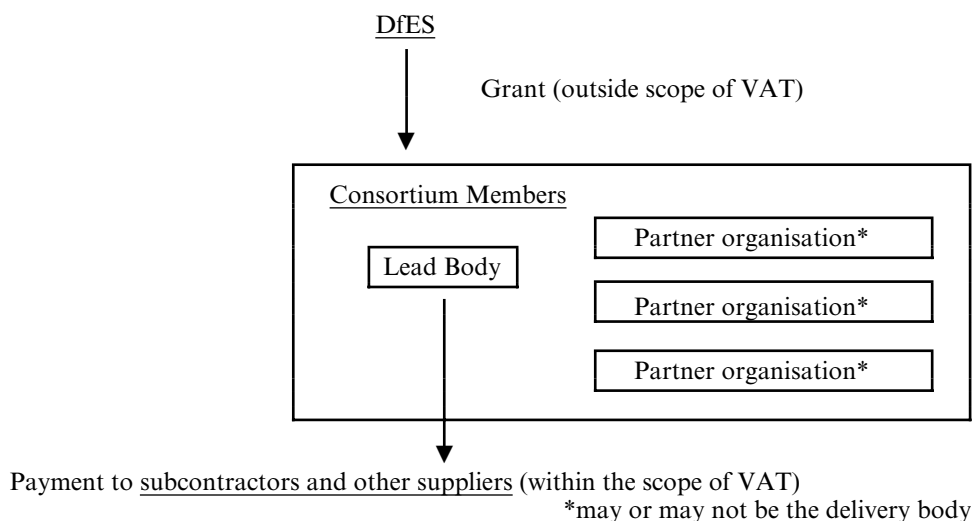
In this model responsibility for delivery should lie with a local authority, with other partners as advisers. Because of the special arrangements for local authorities VAT charged by suppliers and subcontractors is recoverable by the local authority. The disadvantage is that the local authority carries sole responsibility, and other partners may not have the influence they would expect.

OPTION 4—GRANT FUNDING SUBCONTRACTORS MODEL



This option provides for the subcontractors to be grant funded by partnerships (rather than using contracts). A grant funded subcontractor would not charge VAT, so the question of irrecoverable VAT does not arise, except in relation to the purchase of other goods and services. The difficulty with this arrangement is that grant can be paid only on a not for profit basis and remains public money in the hands of the recipient. It is ineffective where a commercial relationship exists.

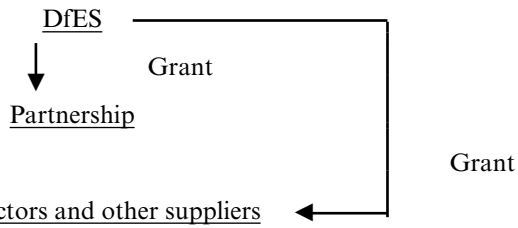
OPTION 5—CONSORTIUM ARRANGEMENT MODEL



This model is where DfES pays grant to a consortium of organisations rather than a company created for the purpose, which may not be a legal entity. One of the organisations must be the lead body and must take responsibility for delivery, including responsibility for ensuring accountability by signing the Financial Memorandum. Other organisations within the consortium may deliver some of the services and receive grant on a non-profit basis. Transfers of funding and the provision of services by consortium members is outside the scope of VAT. Where members enter into contracts for the supply of goods and services, including services from subcontractors, these transactions will in the majority of cases incur VAT. VAT is recoverable if the local authority enters into contracts—but the local authority does not have to be the lead body to do this.

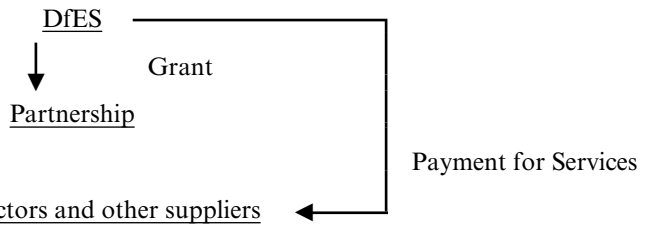
Note: Options 6 and 7 are contrary to DfES' Connexions delivery policy but are included as we have received enquiries about them.

OPTION 6—DIRECTLY FUND SUBCONTRACTOR BY GRANT



- Advantages VAT advantage.
- Disadvantages Subcontractor is accountable to DfES—Limited Role for Partnership.  
Difficult to realistically grant fund subcontractors in many cases.  
Subcontractor must be not-for-profit and treat funds received as public money in its hands.
- VAT implication No VAT chargeable by partnership or subcontractor if activity is truly grant funded.

OPTION 7—DIRECTLY FUND SUBCONTRACTOR BY CONTRACT FOR SERVICES



- Advantage None.
- Disadvantages Subcontractor delivers to DfES—No role for Partnership.  
DfES must go to competitive tender.  
EC procurement rules probably apply.
- VAT implication No VAT chargeable by Partnership.  
VAT chargeable by subcontractor and not recoverable by DfES.