

# MINUTES OF THE YOUTH SERVICE WORKING GROUP

Wednesday, 17 December 2014 at 7.00 pm

PRESENT: Councillors Liz Johnston-Franklin (Chair), Alan Till (Vice-Chair), David Britton, Brenda Dacres, Jim Mallory and Hilary Moore and Alan Hall

APOLOGIES: Councillors Paul Bell, John Paschoud and Luke Sorba

ALSO PRESENT: Rebecca Anscombe (Officer, Budget Strategy), David Austin (Head of Corporate Resources), Councillor Janet Daby (Cabinet Member Community Safety), Mervyn Kaye (Youth Services Manager), Councillor Paul Maslin (Cabinet Member for Children and Young People), Councillor Joan Millbank (Cabinet Member Third Sector & Community), Barrie Neal (Head of Corporate Policy and Governance), Frankie Sulke (Executive Director for Children and Young People), Warwick Tomsett (Head of Targeted Services and Joint Commissioning), Adam Ruchman (Fundraising Officer, Youth Service) and Charlotte Dale (Interim Overview and Scrutiny Manager)

## 1. Declarations of Interest

1.1 The following non-pecuniary interests were declared:

Cllr Mallory - Chair, Lee Green Lives, which hosts a youth club

Cllr Hall – Chair of Lewisham Co-operative Party

Cllr Johnston-Franklin – Ward Member for Ladywell where it is proposed to remove youth service provision from one site

Cllr Till – Vice Chair of Rockbourne Youth Centre's Supporter Group

## 2. Youth Service Report

2.1 The Chair introduced the meeting and made the following points:

- Putting forward this proposal cannot have been easy for the staff involved.
- Given the relevant deprivation indices, it was clear that a large number of youngsters in Lewisham were reliant on the youth service; 30 per cent of the borough's children lived in poverty and 77 out of every 10,000 young people were in care; and nearly 600 children were impacted by severe domestic violence.
- Whilst the budget situation necessitated savings to be made, it was important that the youth service wasn't seen as a "Cinderella service" that could be easily cut as youth workers played a vital role in the community and the Council had a responsibility to provide educational and recreational activities for young people, as enshrined in statute.

2.2 Warwick Tomsett gave a presentation on the options for the future of the youth service and the following key points were made:

- The current Youth Service budget was £3.46m and approximately 85 people were employed.
- A mixture of direct and commissioned provision was provided.

- The last Youth Service restructure established a vision that was embedded throughout the service and the savings proposals were not intended to change that.
- The new structure allowed the collation of more accurate data and the service was getting better at assessing the impact of provision.
- There were five broad options under consideration:
  - 1) Reducing the service to providing the statutory minimum, which would generate the savings required immediately but end a lot of the current provision.
  - 2) Putting a Youth Service contract out to tender and commissioning from the private or voluntary sector, but market testing had suggested that providers were not interested in such a large scale contract and full cost recovery might reduce the savings generated.
  - 3) Dividing the youth centres and adventure playgrounds, incorporating each individually as a charity and trust, mutual and/or social enterprise and commissioning these separately, which would reduce economies of scale and might end up costing more.
  - 4) Retaining a full council-run service, which wouldn't deliver any savings next year, necessitating savings in future years.
  - 5) Spinning out the Youth Service, establishing a young person and employee-owned mutual, and legally incorporating the enterprise, which would sustain the youth service with fewer resources but which posed a number of risks.
- An officer appraisal of the options favoured the mutual option, although the results of the current consultation could change the appraisal.

2.3 Mervyn Kaye outlined the reasons why the mutual was the preferred option, which included:

- Empowering staff and young people
- The emphasis on income generation
- Buy in from youth workers and young people
- Allowing staff to play to their strengths
- Incentivising staff (who have a 'stake' in the business)
- Potential 'back office' savings such as ICT
- Opportunities to access new funding (such as Children In Need)
- Interest from partners (such as Millwall)
- The opportunity to learn from best practice in this area.

2.4 Frankie Sulke reiterated the fact that, whilst the mutual was currently the preferred option, a full options appraisal would be presented to Mayor and Cabinet in February. It was also noted that, should the Mayor ask for this option be investigated further, Mervyn Kaye as the potential contractor would need to declare an interest and officers would need to be more careful about when he might have a conflict of interest. She and Warwick Tomsett would need to ensure that they were clear about what the Council's interests were as opposed to the mutual's interests. It was further noted that the investigations and business planning would take at least a year and, whilst the Council would need to be clear on its expectations over the three

years it funded a mutual, the head of the mutual would need to be given the entrepreneurial freedom required to make it self-financing after three years.

2.5 The following points were made by members of the working group:

- There were lots of risks inherent in forming a mutual and up to now, this option had only been described positively.
- One option available to the Council was not making the full cut that had been put forward.
- If the mutual option was explored further, a “pull-back” option should also be investigated.
- The impact on the 35 organisations currently commissioned to provide 37 youth projects needed to be considered.

2.6 In response to questions from members of the working group, officers made the following points:

- Initial appraisal of the impact of services provided through the commissioning fund suggested that 11 or 12 projects were showing some degree of non-performance. However, making required savings by simply not commissioning these services next year would not be possible as a good mix of provision (by type and location) needed to be provided.
- Analysis of the cost of provision (based on full cost recovery) suggested that the youth service was able to provide services more cheaply than the commissioned organisations for a variety of reasons.
- The current specialist 1:1 service supported approximately 250 young people a year.
- The NEET Traineeship scheme was a 12 week programme that ran 3 times a year with 16 young people on each programme.
- Officers were looking to facilitate better use of school grounds and better advertising of school-run activities.

2.7 Kath Nicholson gave a detailed presentation on the potential legal models for mutuals, which included the following key points:

- The various mutual models could be differentiated from each other by considering (a) who controlled them; (b) what legal form they took; and (c) their status.
- The four key features of a mutual were a shared purpose, ownership by members, control by membership (one member, one vote) and stakeholder representation.
- Models for the delivery of mutual included:
  - Companies limited by shares – where members would own the company
  - Companies limited by guarantee - a common form for mutuals, members would not own the company
  - Community Interest Companies (CICs) – designed for social enterprises, organisation must meet the community interest test, seen as a ‘badge of commendation’

- Industrial and Provident Societies (IPSs) – very flexible with light touch regulation, which could take the form of a co-operative society or a community benefit society (which might help attract grant funding)
- Unincorporated Associations – very flexible but very little protection (members would have personal liability).
- All of these models could have charitable status but any asset transfers to charities were usually irreversible.
- Having limited liability status was important.
- Asset locks could be applied to CICs and community benefit societies.
- Unless the Council retained the service a contract would need to be entered into following contract law.
- EU law should not be an issue as draft regulations exempting mutuals were likely to be in force by the time Lewisham’s mutual was established. The contract, under the Council’s constitution, would be a Category A contract, but a single tender action might be possible.
- TUPE would apply to staff transferring to the mutual, staff would keep their terms and conditions and pensions would need to be fully funded at the point of transfer.

2.8 In response to questions from members of the working group, the following points were made by officers:

- A mutual would be managed in the same way as any other contract with monitoring, penalties for non-performance, default provisions and exit plans.
- A really clear specification might improve staff performance as everyone would know exactly what they needed to provide.
- Much more detailed work would be required if a mutual option was pursued.
- A thorough consultation on all the options was being carried out.
- Officers would advise against ring-fencing part of the mutual’s budget for the voluntary and community sector (VCS) to allow the head of the mutual the entrepreneurial headroom to start an income generating business. That said, it was inconceivable that the mutual would not work solidly with the VCS and commission some provision through them, including specialist provision.

2.9 Councillor Maslin suggested to the working group that a key decision was whether or not the Council wanted a self-funding option; and that if it did, the requirements you could impose would be limited. He further suggested that it was important to realise what was realistically deliverable in the current climate.

2.10 The working group discussed the tight timetable for commenting on the savings proposals before the Public Accounts Select Committee on 5 February and Councillor Hall suggested that one of the recommendations of the working group might be to suggest further scrutiny work on this issue post the Mayor’s decision.

2.11 **RESOLVED:**

(1) That the following information be provided to the working group:

- A current activities programme for the youth service
- Information on the staff employed in commissioned services (as far as this is available)

(2) That the draft Mayor and Cabinet report providing a full options appraisal and a summary of the consultation results be provided to the meeting on 20 January 2015.

**3. Items to be referred to Mayor and Cabinet**

3.1 None.

The meeting ended at 9.25 pm

Chair:

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Date:

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