

MINUTES OF THE YOUTH SERVICE WORKING GROUP

Tuesday, 20 January 2015 at 7.00 pm

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

APOLOGIES: Councillors Pauline Morrison

ALSO PRESENT: David Austin (Head of Corporate Resources), David French (Chair, CYP Voluntary Sector Forum for Lewisham) (CYP Voluntary Sector Forum for Lewisham), Mervyn Kaye (Youth Services Manager), Councillor Joan Millbank (Cabinet Member Third Sector & Community), Councillor Jacq Paschoud, Frankie Sulke (Executive Director for Children and Young People), Warwick Tomsett (Head of Targeted Services and Joint Commissioning) and Charlotte Dale (Interim Overview and Scrutiny Manager)

1. Minutes of the meetings held on 9 and 17 December 2014

- 1.1 **RESOLVED:** That the minutes of the meetings held on 9 and 17 December be agreed as accurate records of the meetings, subject to the inclusion of Councillor Millbank's apologies in the minutes of the meeting held on 9 December.

2. Declarations of Interest

- 2.1 The following non-pecuniary declarations of interest were made:

Councillor Alan Till – Vice Chair of Rockbourne Youth Centre's Supporter Group.

Councillor Paul Bell – Lead for Unison on Co-Operatives, Mutuals and Social Enterprises.

Councillor Alan Hall – Chair of Lewisham Co-operative Party.

Councillor John Paschoud – Member of Sydenham and Forest Hill Youth Forum.

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

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

David French – Director of NCBI London, which provides young people with training and development to better understand and be in relationships with others.

3. Youth Service Working Group: Report and Recommendations

- 3.1 The Chair introduced the item and explained that the Working Group would first consider the additional information supplied by officers, including the draft Mayor and Cabinet report, before agreeing the recommendations it wished to make in relation to the savings proposals.

- 3.2 Frankie Sulke informed the Working Group that the Council was required to make immense savings, including an additional £45m by 2018, over and above the savings made so far and the savings proposed for 2015/16.
- 3.3 Warwick Tomsett introduced the draft Mayor & Cabinet report, highlighted the draft nature of the report and explained the consultation process. The Working Group discussed the options appraisal and it was noted that this section of the report would be expanded prior to submission to Mayor and Cabinet. It was noted that two of the options (A: Commissioning an alternative sole provider from the current market and D: Commissioning an Employee and Youth Led Mutual) were very similar. The main differences were:
- An ELM would potentially be able to operate on tapered funding before becoming self-sustaining after three years.
 - An ELM would have the democratic involvement of staff and young people built into its structure.
 - The clienting arrangements required for the mutual option were likely to be less onerous than those required for Option A and likely to reduce over time.
- 3.4 It was further noted that initial talks with the market, including TeachSport, Wide Horizons and Millwall had suggested a lack of interest in tendering for the whole contract, with organisations more interested in partnering a potential mutual.
- 3.5 The following points were made by Members of the Working Group:
- One of the risks of the mutual option was that the Council would be contracting with a new entity, one without a track record in providing commissioned services.
 - If the mutual option was explored further, it would be essential to consider business planning, governance arrangements and legal models in detail.
 - The costs of setting up a mutual needed to be quantified as, even with Cabinet Office support, the costs were likely to be fairly high and they might be disproportionate to the savings made.
 - The following risks needed to be investigated and taken into consideration as part of the more detailed business planning: potential LGPS and redundancy liabilities; the ELM's liability for VAT and Corporation Tax; funding from the Council being potentially viewed as state aid.
 - A mutual should be grass roots driven and not imposed top down.
 - No public sector mutual delivering youth services had become self-sustaining yet.
 - Retaining the Youth Service in house might be unsustainable as an option given the current climate.
- 3.6 In response, Officers reported that a lot more work was required before a decision could be taken on whether the ELM option was viable and whilst no option was perfect, it was officers' opinion that the ELM option was the

“least worst” option for the future of the Youth Service in terms of delivering savings and maintaining a level of provision.

- 3.7 David French suggested that formalised VCS involvement might reduce the risks associated with the mutual option. In response Mervyn Kaye reported that 25% of current VCS contracts funded by the Commissioning Fund were failing. However, it was inconceivable that the mutual would not work with the VCS and commission some provision through them, including specialist provision such as football training. At this point, however, it was not possible to confirm what sort of provision, or at what cost, this should be.
- 3.8 Mervyn Kaye was asked to outline his personal feelings about the option and he stated that, whilst in an ideal world he would probably like to remain a Council employee, in the current economic climate he felt that the ELM was the best option available as it would generate income, it would provide a better service and it would be created using a staff team who were great and dynamic.
- 3.9 Kath Nicholson explained the options that would be available to the Council should the ELM option be taken but then fail; and it was noted that when the contract came to an end, whatever the reason, the service would revert to the Council unless it wanted to re-let the service and the Council would need to agree on the budget available.
- 3.10 It was noted that the Council would have no control over the ELM once it ceased to provide funding but that its ethos was unlikely to change overnight and the Council was used to working with a number of organisations over which it had no direct control, relying on influence and negotiation. In addition, if the mutual was self-sustaining after three years the Council could decide to provide youth services in addition to those provided by the mutual if a budget was available to do this.
- 3.11 It was also noted that there would be resource implications in investigating more than one of the options in detail, but should it be agreed to investigate the ELM option in detail and it be found non-viable, the other options would still be on the table and able to be investigated further.
- 3.12 Councillor Maslin made the following points:
- There might be only a few public sector mutuals from which to learn lessons, but the Council was keen to do something new and innovate, not imitate.
 - Being entrepreneurial requires a high tolerance for risk and an acceptance of the potential for failure.
 - A radical option is required because in the current climate, if we don't do something, we might lose the service.
 - A section 114 notice could be served not only if a balanced budget cannot be set, but also if the Council fails to take the necessary actions to achieve a long term balanced budget.
- 3.13 The Working Group discussed the recommendations it would like to make.

3.14 **RESOLVED:** That

- (1) Officers be thanked for sharing the draft Mayor and Cabinet report.
- (2) The Chair be thanked for her role in leading the Working Group.
- (3) The following recommendations be included in the Working Group's final report:

2015/16 Base savings

1. Should the base savings be agreed by Mayor and Cabinet, the Working Group recommends that the ward members for Ladywell and Perry Vale be kept updated on progress in terms of finding alternative providers for youth provision at Ladywell Youth Village and Rockbourne Youth Centre.

2016/17 onwards

2. Should Mayor and Cabinet agree that a detailed plan to mutualise the Youth Service be developed within the next financial year, the Working Group recommends that this plan includes a governance framework that aims to ensure that:
 - The local voluntary sector is involved and represented, possibly via the Voluntary Action Lewisham CYP Forum, in the governance arrangements of the ELM.
 - The governing body of the ELM is represented as a stakeholder in public services, possibly through representation on the CYP Strategic Partnership Board.
 - Staff, Young People and the Council are democratically represented in the ELM.
3. The plan should also cover:
 - Achieving the necessary asset locks.
 - Completing the business planning / preparation of a business case that will be required for a single tender action.
 - Ensuring that the ELM, throughout its existence, serves to meet the needs and aspirations of young people in the London Borough of Lewisham, in particular addressing disadvantage and inequality.
4. The following risks should be fully investigated:
 - Potential LGPS and redundancy liabilities.
 - The ELM's liability for VAT.
 - The ELM's liability for Corporation Tax.
 - Funding from the Council being viewed as state aid.
5. The Working Group notes that the development of a detailed plan to mutualise the Youth Service does not exclude other options for the future of the Youth Service being considered, should the ELM option not prove viable.

4. Items to be referred to Mayor and Cabinet

- 4.1 The Working Group's report would be submitted to the Public Accounts Select Committee on 5 February 2015; and forwarded on to Mayor and Cabinet on 11 February 2015.

The meeting ended at 9.25 am

Chair:

Date:
