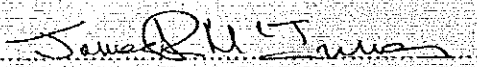


RECORD OF DECISION TAKEN BY CABINET MEMBER

This form must be completed by or on behalf of the relevant Cabinet Member immediately after any decision has been made and sent to the Chief Executive for publication in accordance with the Council's Constitution.

<p>Summary of Matter or Issue Requiring Decision</p>	<p>Following the Cabinet's decision on 11 June 2014 to consider alternative delivery mechanisms for the Devon Youth Service (minute 195(c) refers), an Options Appraisal was undertaken by a panel of young people and officers on 2 February 2015. The results are summarised in the document which accompanies this form.</p> <p>Approval is required for the preparation of a business case for the divestment ("spinning out") of DYS as an independent entity (for example, an employee led mutual, or other social enterprise).</p> <p>The business case will be presented to the Cabinet for consideration at its meeting on 11 March 2015.</p>
<p>Decision Taken (i.e. approved/not approved together with any caveats)</p>	<p>Approved</p>
<p>Summary of Reason(s) for Decision Taken (alternatively, attach copy of any report or other document setting out reasons)</p>	<p>The 2 February 2015 Options Appraisal examined three possible future operating models for the DYS:</p> <p>Option 1: Make: DCC continues to deliver the service in-house (no change/the status quo).</p> <p>Option 2: Buy: DYS is outsourced by DCC to the market.</p> <p>Option 3: Divest: DYS 'spins out' from DCC, as an independent entity, such as Employee-Led Public Sector Mutual.</p> <p>The benefits sought from the future DYS operating model are:</p> <p>A. Further reductions in DCC's annual revenue expenditure on Youth Services can be planned and managed in advance through the next few years. At the time of writing, it looks likely that the Local Authority budgets will face continued challenge through austerity measures during coming years.</p> <p>B. Devon's Youth Services reach as far as possible to meet local community needs whilst continuing to meet DCC's statutory duties.</p> <p>C. Devon's Youth Services are delivered through a sustainable model in the medium and long term which includes support for community-led provision.</p> <p>D. Devon's Youth Services continue to support and deliver a continuum of open access through to targeted youth work for and with Devon's young people which contributes to the Council's vision and priorities.</p> <p>The Options Appraisal assessed the likelihood of each operating model delivering the changes and benefits required. The options appraisal could not anticipate every eventuality, cost or outcome with complete certainty. However, it sought to outline sufficient levels of detail from which a balanced judgment can be made.</p>

	<p>Each of the three options were described in the same format:</p> <p>A. Characteristics B. Ability To Achieve Required Benefits C. Risks and Mitigation</p> <p>The evaluation panel of young people and officers discussed and scored each option for its likely ability to deliver against the changes and benefits required. Their conclusions are summarised in the document which accompanies this form.</p>
<p>Summary of Alternatives or Options considered and rejected (alternatively, attach copy of any report or other document setting out alternatives/options)</p>	<p>See above and the document which accompanies this form.</p>
<p>Details of any personal interest or conflict of interest and dispensation granted to the Cabinet Member(s) involved in or consulted upon this decision</p>	<p>None</p>
<p>Contact for enquiries/further information</p>	<p>Roland Pyle, Policy and Partnerships Manager, Room G60, County Hall, Topsham Road, Exeter, Devon, EX2 4QD. roland.pyle@devon.gov.uk 01392 383000</p>
<p>A copy of this Notice will be published on the Council's website (http://www.devon.gov.uk/dcc/committee/mingifs.html) and any supporting documentation considered by the individual taking this decision and relevant to the matter shall also be made available for inspection by the public</p>	

<p>Signature of Cabinet Member</p> 	<p>County Councillor James McInnes</p>	<p>Date: 7th Feb 2015</p>
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Options for the Future Operating Model of Devon Youth Service Report of the Options Appraisal Evaluation Panel

Panel Members

Anna Matthews – Development Officer, Devon Libraries
 Tim Leishman – Project Manager, Devon County Council
 Maureen Muckersie – Commissioning Officer, Devon County Council
 Roland Pyle – Policy and Partnerships Manager (Strategy, Policy & Organisational Change)
 Stephen Evans – Youth Worker - Devon Youth Service
 Izzy Strawbridge – Young person
 George Downs – Young person – Member of Youth Parliament

Facilitator: Kevin Henman – Head of Service (did not score in evaluation)

Note taker: Stella Newman – Service Administrator (did not score in evaluation)

The Evaluation

The Evaluation Panel met at 4.30 – 7.30pm on Monday 2nd February 2015 at the 100 Club, Exeter.

A scoring mechanism was used to quantify the points of discussion which are summarised on the following pages.

Option 1: DCC continues to deliver the Youth Service in house. (status quo)	Scores: 1 to 4 1 = very unlikely to achieve 4 = very likely to achieve	Notes from Evaluation Panel discussion
1. Ability to tailor and manage overheads and running costs according to the developing needs of the service and organisation	2	Tied into DCC contracts, little flexibility; reducing budgets continue to constrain the council and the service. DCC has indicated adopting more flexibility in delivering services, yet these intentions could take years to embed. Could offload assets if needs be but this could reduce scale of delivery. Little scope to reduce corporate contract charges.
2. Ability to match management and administrative systems and support to the developing and specific needs of the service and organisation	2	Strategic needs are met by DCC. Centralisation of support systems and inflexibility can place considerable constraints on the Service. Some support services are of a high quality, but the ability to tailor to individual Service needs are limited. Level of service could be compromised as further cuts hit central support services.

3. Develop local resilience by ensuring sufficient professional and consistent support for communities to develop roles in the governance and/or delivery of services	3	DCC Service would continue to provide support, advice, guidance and mentoring to community based organisations and continue to involve those organisations in partnerships where appropriate and of mutual benefit. Not easy to sustain as budgets are being cut. Communities generally have confidence in the current staff and service Tailoring the needs of local communities can be at odds with DCC overall strategic priorities. Conflicting pressures.
4.. Respond quickly and flexibly to local demand and need, working collaboratively in different ways for different places, for social and community benefit	2	Current DCC commitment to corporate contracts can stifle ability to respond quickly and effectively to local demand. Procurement regime can also limit ability to purchase cheaply (best value approach) thus restricting amount of resource released for front line delivery. DCC policy regime developed (and varied) centrally can hinder localised developments and responses. i.e. recruitment restrictions/freezes.
5. Achieve economies of scale and consistency of training and delivery standards, in county-wide service development	3	This model would retain a County – wide network of directly delivered services that could compliment other services and providers of youth work. Continuation of consistent standards. Future budget cuts in this model would threaten the network and consistency
6. Access different funding sources to develop increased capacity for social value, service innovation and community development	1	Service does attract some funding within this model. Extremely limited and little incentive to raise funds that are often 'clawed back' either in year or at year end. Limited ability to access major funds (Big Lottery, Govt. dept funds) because of being local authority. Cabinet paper (June 2014) indicated that the Service should develop income streams/trading. This in reality becomes difficult given the DCC financial policies and procedures around internal re-charge, carry forwards, income in advance etc.
7 Engage a range of enterprise skills and capacities to develop funding sources, business development and community development within a context of social value	2	Knowledgeable personnel within DCC could assist, although the numbers of experienced staff centrally are reducing rapidly. Difficult, yet not necessarily impossible to bring in short term external commercial and enterprising skill sets.
Total score:	15	

Option 2: DYS is outsourced by DCC to the market	Scores: 1 to 4 1 = very unlikely to achieve 4 = very likely to achieve	Notes from Evaluation Panel discussion
1. Ability to tailor and manage overheads and running costs according to the developing needs of the service and organisation	3	The degree would depend on nature of the organisation or organisations taking on the service(s) (private profit making or otherwise.) Savings to be made on Non Domestic rate relief of 80%. Could be further savings by application of discretionary rate relief on all premises. Would also depend on whether outsourced to one organisation or a number of organisations. Would have ability to purchase externally
2. Ability to match management and administrative systems and support to the developing and specific needs of the service and organisation	3	If outsourced to one organisation, likely to have own back office services in place. If more than one organisation, this would need reviewing. DCC would have to decide what proportion of current back office resources could/would be extricated to be included. New employees could be employed on different terms and conditions.
3. Develop local resilience by ensuring sufficient professional and consistent support for communities to develop roles in the governance and/or delivery of services	3	If Service was outsourced to locally based providers, community engagement in future delivery is likely to be achieved fairly well. If the Service were to be outsourced to a 'national' provider, this would likely be less certain. If the Service were outsourced to a range of community based providers, these may well be focussed on their immediate vicinities. Consistency is less likely to be achieved.
4. Respond quickly and flexibly to local demand and need, working collaboratively in different ways for different places, for social and community benefit	2	Transition time and mobilisation could be significant, particularly if outsourced to a number of organisations. Response to local needs may need to be managed through contract monitoring and renegotiation. More difficult if there were a number of providers. Some local providers could be far more responsive.
5. Achieve economies of scale and consistency of training and delivery standards, in county-wide service development	2	Service currently enjoys a degree of community and client trust which could be affected with change. If Service outsourced to a range of providers, or a provider without the necessary experience of delivering the key open access and targeted elements, consistency and standards could be at risk

6. Access different funding sources to develop increased capacity for social value, service innovation and community development	3	<p>Able to access from far more funding channels than if kept 'in house'.</p> <p>An outside organisation with history (particularly a larger one) could possible achieve greater credit-worthiness at the beginning of the contract. Less likely if contracts awarded to a range of providers.</p> <p>Greater social value likely to be achieved through outsourcing to a 'social enterprise' or charitable organisation rather than a private provider.</p>
7 Engage a range of enterprise skills and capacities to develop funding sources, business development and community development within a context of social value	3	<p>Some established organisations are likely to have these qualities already.</p> <p>Possible limits to wider social value if a profit driven provider were awarded contract(s) rather than socially motivated organisations.</p>
Total score:	19	

Option 3: DYS 'spins out' as an independent entity (for example, an employee led mutual, or other social enterprise)	Scores: 1 to 4 1 = very unlikely to achieve 4 = very likely to achieve	Notes from Evaluation Panel discussion
1. Ability to tailor and manage overheads and running costs according to the developing needs of the service and organisation	4	Can and will have to manage own costs – ability to go to market place and negotiate. Greater potential to bring down costs than options 1. Greater motivation to be more productive and efficient if sense of employee ownership is greater. Some DCC central contract costs have recently increased. Savings to be made on Non Domestic rate relief of 80%. Could be further savings by application of discretionary rate relief on all premises. This option could go to the market as well as retaining economies of scale.
2. Ability to match management and administrative systems and support to the developing and specific needs of the service and organisation	4	Ability to go to market as well as option to negotiate to purchase services from DCC. DCC would have to decide what proportion of current back office resources could/would be extricated to be included. Could be some new costs i.e. Governance costs, which would require budgeting for and managing.
3. Develop local resilience by ensuring sufficient professional and consistent support for communities to develop roles in the governance and/or delivery of services	4	Organisation would retain staff with established and strong community links. Continuity. The new organisation would retain a large degree of community and client trust. The entity could be formed in such a way to harness real community involvement in the governance of, as well as the delivery of services. Partnerships with other VCS organisations would need reframing as the organisation joined 'their' market. As many opportunities as challenges.
4. Respond quickly and flexibly to local demand and need, working collaboratively in different ways for different places, for social and community benefit	3	The ability to manage resources without reference or hindrance from conflicting priorities or complicated processes covering recruitment, finance and other areas would allow for more responsive and quicker services. Organisation would be established on social foundations with commitment to reinvest any surplus into the aims of the organisation rather than draw profit.

5. Achieve economies of scale and consistency of training and delivery standards, in county-wide service development	3	Current professional workforce of paid staff and volunteers already operate at agreed national occupational standards. These practices will be carried forward into any new entity. New organisation would provide economy of scale and could provide localised responses while retaining agreed standards and quality of services.
6. Access different funding sources to develop increased capacity for social value, service innovation and community development	3	Able to access from far more funding channels than if kept 'in house'. Staff innovation in developing trading arms to increase provision as well as sustainability can be far realised through this model. Greater social value likely to be achieved through outsourcing to a 'social enterprise' or charitable organisation rather than a private provider. Current Government policy supporting such moves and providing support and start-up assistance for newly established organisations.
7 Engage a range of enterprise skills and capacities to develop funding sources, business development and community development within a context of social value	3	Staff and managers would need to learn quickly. Non-exec directors or Board members would be recruited to add business acumen and more enterprising ways of working. All main political parties' statements indicate that Cabinet Office support likely to continue whatever the outcome of the General Election
Total score:	24	

Summary

Option	Score (Maximum available: 28)
Option 1: DCC continues to deliver the Youth Service in house. (status quo)	15
Option 2: DYS is outsourced by DCC to the market	19
Option 3: DYS 'spins out' as an independent entity (for example, an employee led mutual, or other social enterprise)	24

The panel discussed and appraised each option for its potential to meet the change criteria listed and ultimately deliver the 4 agreed benefits listed in the Options Appraisal, in brief:

- A. That further reductions in DCC's revenue expenditure on youth services can be planned and managed in advance through the next few years.
- B. That reach is wide and that local and statutory needs are met.
- C. That a sustainable model in the medium and long terms.
- D. That a continuum exists of open access through to targeted youth work for Devon's young people.

The Panel believes that Option 3, an independent social enterprise such as an employee led mutual provides the greatest opportunity to achieve these requirements.

The panel also noted the following points:

- Whichever option is finally agreed, further decisions on the location and relationships with the Participation and REACH/CSE teams require attention in order to maximise outcomes for young people and DCC as a whole.
- Whether particular buildings may or may not lend themselves to being run outside of DCC because of their current configuration.
- That whichever option is selected, the contribution of the Service to DCC's Early Help agenda will require refinement, and if the Service is to be delivered outside of DCC, will require specific reference within any contract(s).
- Staff must have confidence in whichever model is selected. Having a sense of ownership and self-determination has been shown elsewhere to improve productivity, reduce sickness rates and reduce staff turnover, so adding to continuity.
- That strong leadership will be crucial, whichever model is selected.
- The success of a new organisation will depend in part on the outcome of negotiations with DCC. It is therefore essential that at all levels of the organisation, DCC is an enthusiastic participant in these processes.

