



## **REPORT OF THE LEADER OF THE COUNCIL**

### **FUTURES ADVICE, SKILLS & EMPLOYMENT GOVERNANCE ARRANGEMENTS**

#### **Purpose of Report**

1. The purpose of this report is fourfold, to:
  - a) note the transfer of internal 'ownership' of Futures Advice, Skills and Employment (Futures) from the Service Director of Commissioning, Resources and Culture in Children, Families and Cultural Services to the Service Director for Investment and Growth within the Place Directorate.
  - b) note that the contract management of existing services delivered for and paid by the Council for children's services will remain with existing contract holders
  - c) seek approval to place the political representation on the company's board with a combination of Members: one from Communities and Place and one from Children & Young People's.
  - d) note the outcome of a strategic review of Future's relationship with the Council and approve for the Council to seek to identify opportunities to work with Futures in order to continue building an employment and skills focused partnership aligned to the County Council's Place Plan implementation, which will enable greater utilisation of the intelligence held within Futures. The aim of this is to enable Futures to successfully bid for funding that enables greater impact on Nottinghamshire residents and businesses, as well as aiding the organisation's long-term sustainability.

#### **Background**

2. Wholly and jointly owned by Nottinghamshire County Council and Nottinghamshire City Council, Futures is a social enterprise at the national forefront of providing jobs and skills advice, training and apprenticeships to support young people and adults into work or training.
3. As agreed at the March 2017 Policy Committee, to maximise Futures contribution towards the Council's core strategies, a strategic review of the Company's relationship with the Council has taken place. A summary of both the scope and purpose of the review and its key findings can be found at **Annex A**.
4. National policy changes have altered the context for both the Council and Futures over recent years. The Council delivers its responsibilities for maintaining low Not in Education, Employment or Training (NEET) levels via Futures, with the company maintaining details of the post-compulsory school destinations for every 16 and 17 year old who is resident in the County. Futures' employees are seconded into the Council's Family Service, where they

work with 8-18 year olds and their families displaying behaviours that require higher levels of intervention. These situations include truancy, drug and alcohol dependency, offending, housing crisis and vulnerabilities that could lead to children and young people entering the care system. The work is an important part of the Council's delivery of the Government's Troubled Families initiative. It prevents young people from entering care and generates an income for the Council. The quality of delivery by Futures staff is high and financial arrangements are efficient due to the subsidy that the company can make via its external contracts

### Operating Context

5. The broader policy changes around D2N2 Local Enterprise Partnership (LEP) has, till now, had less impact. There are partnership arrangements in place between Futures and D2N2 LEP on a number of primarily operational skills based arrangements. Futures has also participated in a number of European Social Fund (ESF) projects that have been administered by D2N2 LEP. The Midlands Engine is yet to clearly articulate its level of ambition or powers relating to employment and skills. Futures' role in promoting the skills required for major infrastructure projects affecting the County, such as High Speed 2 (HS2), could be utilised to a greater extent than is currently the case.
6. Futures subsidises its Council-delivered services by income generated through external sources and connects local efforts from multiple income sources in a way that a national provider would not be able to achieve. The company has worked closely with the Council as part of the Apprenticeship reforms. The company has employed the Council's apprentices since first creating its Apprenticeship Training Agency in 2012. It has also administered the Council's funding programme for Small and Medium Employers (SMEs) to recruit apprentices – the 'YES to an Apprentice' campaign. This work also complements work undertaken by Futures in Nottingham City, which is heavily focused on employment and skills delivery. One of these activities is the 'Nottingham Jobs Hub', which supports local people into job opportunities with inward investors and indigenous employers looking to grow. Whilst focused on the City, it supported over 500 County residents into jobs last year.

### Futures' financial position and medium term plan

7. Futures' turnover has grown by around a third in recent years, to c£18m in 2017/18. The underlying reserves of the company are required to be held at a level that allow the company to meet its current liabilities in the event of a wind up situation. This is currently estimated to be £3.5m, with the level of reserves currently held being around £4m. The level of reserves has grown in recent years as a result of the company breaking even or making financial surpluses from its externally contracted income. These figures exclude the pension liability of the company. Futures is a member of the Nottinghamshire Local Government Pension Scheme (LGPS).
8. With the continued pressure on Council funds and the threat of national policy change and competition creating some risks within the current contracts that the company holds, the Futures' board have agreed a medium-term plan for business development. The plan outlines a vision of the two owner Councils to support further growth and diversification of Futures, by enabling reduced reliance on Council income and increased returns for Nottinghamshire residents and businesses and outlines three main areas for the company's development, which are:

- Supporting individuals with multiple and complex needs to improve social inclusion;
  - Enabling people to enter work to reduce unemployment;
  - Supporting employers and employees to acquire the skills for work to increase productivity.
9. The corporate structure of Futures may need to adapt to the different demands of these three strands of activity and the company is currently exploring options relating to this. A restructuring may provide advantages for the company in being able to win work on a competitive basis, which is critical to its survival. Futures' competitors include smaller voluntary sector organisations at a local level but mostly larger commercially orientated organisations at a national level. The protection of the joint council ownership and control of the company is a key objective within the exploration of a restructuring process.
10. It is the responsibility of the company's executive to realise this medium term vision. However, the role of the owner councils is critical in supporting such a move. Both councils can and should therefore identify opportunities that can support the development of the company by identifying:
- Services that are currently delivered in-house that could be delivered more efficiently by Futures;
  - When the Teckal exemption can be used effectively in place of open and competitive tendering to award contracts to Futures;
  - Existing Council requirements that Futures can either deliver or support, such as the arrangement already in place concerning the Council's apprenticeships.
11. The planned restructuring affords the opportunity to realign the Board representation. The prevailing view is that a blend of elected members, representing both Communities and Place/Policy Committee and Children and Families, will strengthen Futures in driving forward economic growth in Nottinghamshire.

## **Reason/s for Recommendation/s**

12. To provide the outcome of the review of the Council's strategic relationship with Futures in order to maximise the Company's contribution towards the Council's core strategies, as requested by Members in March 2017.
13. It would be an important step forward to have growth and economic development recognised properly, by having a seat at the Board. This adjustment to the Boards configuration will ensure that the needs of young people and adults are represented at both a policy and decision making level across Nottinghamshire.

## **Statutory and Policy Implications**

14. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described in the body of the report.

## RECOMMENDATIONS

15. It is recommended that Policy Committee:

- a) note the transfer of internal 'ownership' of Futures Advice, Skills and Employment (Futures) from the Service Director of Commissioning, Resources and Culture in Children, Families and Cultural Services to the Service Director for Investment and Growth within the Place Directorate.
- b) note that the contract management of existing services delivered for and paid by the Council for children's services will remain with existing contract holders
- c) approves to place the political representation on the company's board with a combination of Members: one from Communities and Place and one from Children & Young People's.
- d) note the outcome of a strategic review of Future's relationship with the Council and approve for the Council to seek to identify opportunities to work with Futures in order to continue building an employment and skills focused partnership aligned to the County Council's Place Plan implementation, which will enable greater utilisation of the intelligence held within Futures. The aim of this is to enable Futures to successfully bid for funding that enables greater impact on Nottinghamshire residents and businesses, as well as aiding the organisation's long-term sustainability.

**COUNCILLOR MRS KAY CUTTS, MBE**  
**Leader of the Council**

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### **Constitutional Comments [SLB 09/10/2017]**

Policy Committee is the appropriate body to consider the content of this report.

### **Financial Comments [RWK 04/10/2017]**

There are no specific financial implications arising directly from the report.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Independent learning provider inspection report for Futures Advice, Skills and Employment, National Careers Services – Ofsted report, published online 21/02/ 2017 at:

<https://reports.ofsted.gov.uk/inspection-reports/find-inspection-report/provider/ELS/1236942>

- *Futures Advice, Skills And Employment Company* – Report to Policy Committee, 15/03/2017
- *Supporting Youth Employment Funding* – Report To Economic Development Committee, 05/07/2016
- *Supporting Youth Employment* (progress update) – Report to Economic Development Committee, 06/01/2015

- *Supporting Youth Employment* (proposal for allocation of remaining funds to E2E project) – Report to Economic Development Committee, 11/02/2014
- *Supporting Youth Employment* (proposal for allocation of remaining funds) – Report to Economic Development committee, 19/11/2013
- *Supporting Youth Employment (proposal for allocation of reserves) for County Apprenticeship Project* - Report to Economic Development Committee, 17/10/2013
- *Apprenticeships Update* – Report to Economic Development Committee, 09/07/2013
- *Supporting Youth Employment* - Report to Economic Development Committee, 17/10/2013
- *Outside Bodies Report: Futures* - Report to Children and Young People's Committee, 14/10/2013

**Electoral Division(s) and Member(s) Affected**

All

# **ANNEX A: REVIEW OF FUTURES ADVICE, SKILLS AND EMPLOYMENT**

## Scope and purpose of the review

The scope and purpose of the review was defined as:

- Maximising the future role that Futures can play as a key strategic partner in supporting delivery of the Council's broad economic development and skills objectives;
- Ensuring that the Council's Board representatives best reflect these objectives;
- Ensuring that appropriate Council senior officers and Departments with responsibility for these objectives lead the Council's operational engagement with Futures; and
- Ensuring that formal reporting on the progress of Futures be reported to the appropriate Council Committee (in this respect, whilst some areas of Futures work delivered since November 2013 had been reported to the Economic Development Committee, formal reporting on the Council's work with Futures has generally been through the Children and Young People's Committee).

## Summary of Key Findings

There are three main conclusions that this review has identified, which are as follows:

- a) The Council's ownership of Futures is mutually beneficial to both parties. The Council is able to exercise control over an important local delivery organisation without needing to incur the burden of more detailed management. The company benefits from the connection to the Council and is able to provide high quality and efficient services as a result of this. These are evidenced through the ground-breaking achievement of the company being the first National Careers Service provider in the country to be judged as Outstanding and the reduction in Council funds that the company has absorbed in recent years without a significant deterioration in service delivery.
- b) The 'Teckal' exemption, where Futures can be treated as an in-house arm of the Council, is an important aspect of this mutually beneficial arrangement as it protects the control of the Council over the company and enables efficient procurement to take place.
- c) The company's major focus of activity has changed during this decade, in line with changes in funding and national policy. The Council's relationship with the company needs to change accordingly. Whilst management of the operational delivery undertaken by the company is effective, more could be done by the Council to utilise Futures' strong presence in the employment and skills arena if there was greater alignment with Growth and Economic Development.