

For changes to project cashable benefits of £100,000 in-year or in total

Project information			
Project Reference	CFS1803	Department	CFCS
Project name	Social Impact Bond	Date	25 th August 2020

1. What were the project objectives and what issues have been encountered with the delivery of these?

DN2 is a partnership comprising Nottinghamshire County Council, Nottingham City Council and Derby City Council. The overall objective of the DN2 Social Impact Bond is to support children and young people to remain in a family type environment or return to live with birth families or primary carers, where it is safe and in their best interests to do so. Alongside this the service aims to deliver cashable efficiency savings of £0.5million

Original projected savings on the intervention:

Financial Year	Projected Savings
2019/20	£250k
2020/21	£250k
Total savings	£500k

DN2's contract would be with a provider called Outcomes for Children (Core Assets) Ltd. To access grant funding from the government Life Chances Fund (LCF) which provide a funding contribution of 25% of the outcome payments (circa £3m across DN2), the provider required a social investor. The original social investor pulled out in November 2018 and other investors were approached.

The National Lottery Community Fund (who manage the LCF grant funding on behalf of the government) have continued to be supportive throughout the project's progress and have confirmed they continue to ringfence the £3m of grant funding for DN2.

A new social investor has been sourced. Futures, a Teckal company (jointly owned by Nottinghamshire County Council and Nottingham City Council) have agreed to invest in the DN2 SIB. The negotiations with Futures as an investor are now in their final stages with contract signature scheduled in September 2020.

The delay in securing a social investor (exacerbated by COVID-19) has resulted in the deferral of contract signature and consequentially a delay in the start of implementation. DN2 are now proposing to begin a phased implementation from September 2020, quickly after contract signature. The projected savings of £500k for the County Council remain the same, although there has been slippage in the timescale for delivering the savings.

2. What efforts have been made to mitigate those issues and what has been the outcome?

Once the initial investor communicated that they had some issues, several meetings and discussions took place between all parties involved to try and resolve the issues raised. However, the original investor said they did not wish to proceed.

The provider (Core Assets Group) engaged the services of an independent social investment broker to source a new investor. Two potential investors reviewed the project but were concerned about a recent change in the ownership of the provider. Various other potential means of social investor finance were explored to mitigate delays which led to the current investment agreement with Futures. This is now expected to draw to a positive conclusion with implementation planned for 14th September.

3. What change is being requested (describe the proposed alternative way of delivering the savings) and what is the impact on the cashable benefits (profile and total)?

Due to the significant delays, as previously described, encountered by the project, cashable budget savings will not be achieved this financial year but will be moved back to 2021/22.

Although the implementation of the project will start in September 2020, actual outcome payments (which are the trigger point for realising savings) will not be made until 6-7 months after the start of the programme (Q1 2021/22). This factors into account a 3 month 'stabilisation period' where outcome payments will not be made to the provider. This was deliberately done as part of the contractual negotiations to incentivise the provider and maximise success as the first 3 months of each 24-month tracking period for outcomes is at the provider's risk.

The request is for savings of £250k from 2019/20 being re-profiled into budgeted savings for 2021/22 resulting in a total saving of £250k in 2021/22 and £250k in 2022/23 respectively.

Double click in embedded spreadsheet to enter details of proposed changes

<u>Year</u>	<u>Expected</u>	<u>Revised</u>	<u>Change</u>
2019/20	250,000	0	-250,000
2020/21	250,000	0	-250,000
2021/22	0	250,000	250,000
2022/23	0	250,000	250,000
Total	500,000	500,000	0

4. Describe any wider impacts on other programmes projects as a result of the proposed change?

No wider impact on other programmes projects expected.

The savings target was submitted as part of the 2018 Options for Change a new Options for Change, increasing the savings target, will be submitted later this year.

5. What lessons can be learned from this change (these will be collated within the wider organisation programme lessons log).

Lesson Description	Learning Point
The longer a project continues the more changes it is likely to experience in personnel and other factors. New personnel may view the same project differently or may require additional due diligence	View all possibilities to minimise this risk by looking at options to take the project on a faster track.
It takes a long time to get partner authorities to sign up to a complex project, such as a Social Impact Bond, which has not been tried before by Nottinghamshire County Council. This therefore increases the timescales (for example, timescales allowing for elections and getting Members on Board) and the risk to the project. Having a social investor increases the complexity further.	Consider if it is in NCC's best interests to work in partnership for a project, balancing it against the risk to reach a successful conclusion because of increased timescales. If relying on third party investment, recognise that despite the provider being willing to sign the contract, the investor may require further due diligence and approval by an Investment Committee this can create significant delays to project implementation.
Maintain regular communication with government departments providing funding and give them updates on issues encountered.	The government departments understood the issues being faced by DN2 as these were also being encountered elsewhere in other social impact bonds. By maintaining the open communication with them, the government departments have continued to be supportive of the work the DN2 partnership is aiming to achieve.

6. Recommendation

Corporate Leadership Team is asked to agree the change request as set out.

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Position: Programme Officer

Department: Programmes and Projects Team, Chief Executives Department.

7. Comments on the impact of the change request on the in-year budget and the MTFS (to be completed by Finance)

8. Comments on the impact of the change on the wider Transformation Portfolio etc (to be completed by PMO)

9. Background Papers

CLT - Decision Record (INSERT DATE)	
Approval / Rejection Options	Conditions / Commentary
Change Request Approved	
Change Request Rejected	
Change Request Deferred	

To be submitted to PMO@nottsc.gov.uk. The submitter will receive an acknowledgement of receipt and liaison will take place about scheduling on the CLT agenda.

Change Request to be presented at CLT by Sponsor or designated representative.