

16 July 2018**Agenda Item: 11****REPORT OF THE SERVICE DIRECTOR, COMMISSIONING AND
RESOURCES
DN2 SOCIAL IMPACT BOND INITIATIVE – PROGRESS REPORT****Purpose of the Report**

1. This report provides an update on the DN2 Social Impact Bond project and seeks the Committee's approval to progress to completing the procurement of a Social Impact Bond to fund the intervention programmes outlined in the report. The report also requests that delegated authority be given to the Corporate Director for Children and Families, in consultation with the Chairman of the Children and Young People's Committee, to appoint the chosen bidder and enter into the contract, subject to the parameters set out in this report.

Information

2. Some information relating to this report is not for publication by virtue of Schedule 12A of the Local Government Act 1972 as it would reveal information that would reveal the names of organisations with whom the Council intends to issue a formal legal notice and / or is engaged in major contract negotiations. Having regard to all the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because if the information was made public it would damage the Council's negotiating position and prevent it from obtaining the best deal possible with taxpayers' money. Some information is included within this public part of the report so that there is transparency without undermining the Council's negotiating position. The exempt information is set out in the **Exempt Appendix**.
3. The County Council is working in partnership with Nottingham City and Derby City Councils on an initiative to develop and establish the use of Social Impact Bonds to jointly commission evidence-based services that support children on the edge of care and in care to achieve better social outcomes through achieving stable family type placements and, where possible, to remain at home with their families. At the same time, the Council is seeking to achieve budget savings by commissioning an outcomes based contract, i.e. a form of payment-by-results, and also through using government funding to support 25% of payments for which approval has already been given, subject to the successful conclusion of the current phase of the project.
4. To this end, the three Councils are seeking a consortium to deliver an appropriate range of specialist and evidence-informed interventions to support young people with challenging behaviours and complex needs and who:

- a) currently live in residential care to step down to foster care; or
- b) are currently living in foster care and at a high risk of placement breakdown, or of entering residential care, to remain in stable foster care; or
- c) are currently Looked After by the local authority (LAC) but whom the Council is seeking to re-unify with their birth family or primary carers; or
- d) are currently defined as being *Edge of Care*, i.e. at risk of being taken into care, to remain safely with their families / primary carers.

The project aims to help approximately 160 Nottinghamshire children and young people over four year period during which individual cases may be referred to receive interventions and support from the SIB Provider (out of a total of up to 400 children and young people across the three Councils)

5. At its meeting on 20 November 2017, the Children and Young People's Committee approved the procurement of specialist technical and legal advisors with relevant sector knowledge and experience to assist the three Councils in progressing the project in line with the strict government guidance timescales. It was also agreed that a further progress report be brought back to the Committee during the set up process.
6. The project has progressed well during the past six months and remains on track to appoint a successful delivery partner in line with the government's expected timetable. It is currently in procurement i.e. the three Councils are in negotiations with a number of consortia that are competing to become the Councils' preferred bidder for delivering the range of services and interventions outlined above.
7. The negotiation process concludes on 23 July 2018 and bidders will be invited to submit final bids by 6 August. These will be evaluated by a range of social care, finance, and procurement colleagues from each of the three commissioning Councils who will collectively assess the quality of the bids, i.e. the appropriateness of the proposed interventions and the extent to which they will complement existing services, and cost-effectively deliver the anticipated outcomes for the children and young people who will receive the interventions and support from the appointed bidder. Assuming at least one bid meets the full requirements of the evaluation criteria, the contract will be awarded to the successful bidder in early September, in line with the timelines agreed with government vis-à-vis drawing down its 25% funding contribution to the payments that the three Councils will make to the successful bidder during the life of the contract.
8. Alongside the contract with the successful bidder, there will also be an Inter-Authority Agreement that sets out provisions for management of the project during the 5/6 year period that it will be in operation and clarifies the three Councils' responsibilities in respect thereof and to each other during this period. This is being developed by legal officers from each of the Councils with advice and guidance from the specialist external legal advisors referred to in **paragraph 5** above.

Other Options Considered

9. The option to pursue a project funded through a Social Impact Bond, i.e. involving an element of social investment, arose through an opportunity to bid for government funding via its Life Chances Fund. This will provide 25% of the payments made by the County Council to the appointed bidder when it successfully achieves the outcomes as set out in

the contract in terms of ensuring the young person remains in a stable family environment. Working with the other two Councils to jointly commission a partner to deliver these services enables the three Councils to offer a higher volume of service to attract the necessary social investment. At the same time, it also provides an attractive and innovative proposal for government funding to the extent that there are currently relatively few similar multi-authority projects in operation.

Reason/s for Recommendation/s

10. To enable the project to progress in a timely manner towards delivering a range of services to support some of the most vulnerable children and young people, including many for whom the Council is the Corporate Parent, to remain in a stable family environment including with foster carers.

Statutory and Policy Implications

11. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Data Protection and Information Governance

12. A Data Protection Impact Assessment is being completed for the project to ensure any information the Council might share with the successful consortium is compliant with the new General Data Protection Regulations (GDPR).

Financial Implications

13. In addition to the sector-specific financial advice provided by the technical advisors referred to in **paragraph 5** above, finance officers from the County Council have also been involved in developing and informing the financial parameters for the project and in evaluating the bidders' financial submissions – for veracity, relative value and cost effectiveness, and the potential to deliver overall financial benefit to the Council. The actual prices and thus the potential level of savings attaching to this project are not yet known but provisional figures set out in the Option for Change estimated £250,000 in 2019/20 and a further £250,000 in 2020/21. Any delay in the implementation of the contract would impact on the achievability of those savings. At the same time, the 25% contribution from the government's *Life Chances Fund* towards payments made by the County Council for outcomes successfully achieved through this contract does mitigate the overall level of financial risk for the Council. All of the other outcome payments made under the contract will be made from within existing budgets.
14. As the nominated *Lead Authority* for the project, the County Council will also be responsible for administering the drawing down and distribution of the government funding via its Life Chances Fund. The process for managing this will be set out within the Inter-Authority Agreement referred to in **paragraph 8** above.

Human Resources Implications

15. There are no TUPE or other Human Resources implications attaching to this report. The services are being commissioned to complement the existing services and support provided for Looked After Children and those deemed to be at risk of being taken in to care.

Safeguarding of Children and Adults at Risk Implications

16. The bidding consortia comprise established children's services organisations that have a successful track record in the social care sector. Equally, it is a key requirement that the proposed interventions are underpinned by a successful evidence base. Moreover, there is an appropriate process of due diligence built into the selection process.

Implications for Service Users

17. Each of the bidding consortia has committed to engaging with children and young people in the process of mobilising their services if selected and it is anticipated that this will be facilitated through the Council's established processes for engaging with children and young people.

RECOMMENDATION/S

That Committee:

- 1) considers the information contained in the Exempt Appendix and the presentation when considering the recommendations below
- 2) gives approval to progress to completing the procurement of a Social Impact Bond to fund the intervention programmes outlined in **paragraph 4** of the report
- 3) gives approval for delegated authority be given to the Corporate Director for Children and Families, in consultation with the Chairman of the Children and Young People's Committee (or Vice Chair in their absence), to appoint the chosen bidder and enter into the relevant contract/s, subject to the parameters set out in **paragraphs 7 and 8** of the report.

Laurence Jones
Service Director, Commissioning and Resources

For any enquiries about this report please contact:

Jon Hawketts
Group Manager, Commissioning and Placements
T: 0115 9773696
E: jon.hawketts@nottsc.gov.uk

Constitutional Comments (CEH 20/06/18)

18. The recommendations fall within the delegation to the Children and Young People's Committee under their terms of reference.

Financial Comments (SAS 29/06/18)

19. The financial implications of the report are contained within paragraphs 13 and 14 above.

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.

DN2 Social Impact Bond Initiative – procurement of advisors: report to Children and Young People's Committee on 20 November 2017

Electoral Division(s) and Member(s) Affected

All.

C1133