

20 November 2017**Agenda Item: 11****REPORT OF THE INTERIM SERVICE DIRECTOR FOR COMMISSIONING
AND RESOURCES****DN2 SOCIAL IMPACT BOND INITIATIVE – PROCUREMENT OF ADVISORS****Purpose of the Report**

1. This report seeks approval for the procurement of specialist advisors to work with the County Council and two neighbouring local authorities on setting up a Social Impact Bond.

Information and Advice

2. Social Impact Bonds (SIBs) are a commissioning tool that delivers outcome-based contracts and makes funding for services conditional on achieving results. Social Investors fund the upfront costs incurred by providers in delivering the services to children and young people and then receive payments based on the positive outcomes achieved for those children and young people. SIBs incentivise the investor and their partners to use evidence based approaches, i.e. approaches that are known to deliver results, but provide the freedom to adapt their services to the needs of the children and young people throughout the contract duration. A short presentation on Social Impact Bonds will be available to share with Committee members immediately after the conclusion of the Committee meeting.
3. The County Council, working in partnership with Nottingham City and Derby City Councils, has been successful in securing £3m of government funding, via its Life Chances Fund, 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. The services will support young people to achieve stable family type placements and, where possible, to remain at home with their families.
4. As well as better social outcomes, the Council expects cashable efficiency savings to be delivered through commissioning the services through a SIB and these form part of the department's budget savings proposals over the coming years. The £3m of government funding will contribute approximately 25% of the payments made in relation to successful outcomes, which correspondingly reduces the financial risk to the Council. The remaining element of the payment will be made from existing budgets, though these payments – based on young people successfully remaining out of care and / or out of high cost residential placements – will be lower than the cost that the Council would otherwise have incurred in bringing these young people in to care and / or in paying for specialist residential care.

5. The DN2 project is one of nine that the government has agreed to fund from the first tranche of monies from the Life Chances Fund, focused around tackling drug dependency as well as supporting children in care. However there are over 30 SIBs in existence across the UK, supporting tens of thousands of beneficiaries in areas like youth unemployment, mental health and homelessness. Once established, it is anticipated that the DN2 SIB will last for four years from the point of service launch which itself is expected to be in summer / autumn 2018.
6. The intervening period will be spent in setting up the SIB. This is a new and challenging process involving the procurement of a social investor and appropriate provider/s within a market that is still maturing. It is an area of work in which the three councils do not have sufficient internal expertise. It is therefore proposed that external advisors are procured to support the SIB set up and procurement processes over the course of the coming months. In particular, technical advisors with the necessary sector knowledge and expertise to provide overall advice, guidance and project management, and legal advisors to support the contractual negotiations.
7. The councils benefitted from engaging technical advisors to support the project during its earlier bidding stage and this proved very helpful in securing the £3m of government funding. The lead officers from each of the three authorities consider their engagement will be equally crucial to the successful establishment of the SIB and in securing the improved outcomes for the children and young people whom it will serve moving forward.

Other Options Considered

8. Not to engage sector-specialist advisors and rely solely on in-house resources to lead and manage the project; however, the three councils have acknowledged that they do not have the necessary knowledge, skills and experience in-house. If the SIB is not set up to the satisfaction of the government, or to its challenging timetable, then there is a significant risk that £3m government funding could be lost.

Reason/s for Recommendation/s

9. To enable the DN2 SIB successfully to be set up to meet the government requirements for drawing down its £3m funding , and also to help ensure the SIB is sufficiently robust in its set up to deliver the desired outcomes for the children and young people whom it will serve.

Statutory and Policy Implications

10. 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.

Financial Implications

11. The estimated cost of procuring external technical and legal advisors is approximately £160,000, which will be shared equally between the three councils. The County Council's contribution will be met by a request from contingency.

Safeguarding of Children and Adults at Risk Implications

12. The advisors will be sourced from existing frameworks and will be evaluated to ensure the appointed advisors have the necessary SIB and social care expertise and experience.

Implications for Service Users

13. Children and young people will be engaged and involved in the process of setting up the SIB and this will be managed through the existing processes for engaging with children and young people.

RECOMMENDATION/S

That:

- 1) the procurement of specialist technical and legal advisors to support the setting up of the DN2 SIB, as set out in this report, is approved
- 2) further progress reports are brought back to Committee at key points during the set up process.

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Constitutional Comments (LM 03/11/17)

14. The Children and Young People's Committee is the appropriate body to consider the contents of the report.

Financial Comments (SAS 08/11/17)

15. The financial implications of the report are contained within paragraph 11 above.

Background Papers and Published Documents

None.

Electoral Division(s) and Member(s) Affected

All.

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