

Title: Care Leaver Social Impact Bond – DfE Innovations fund award and next steps	
Ward(s):	<i>Citywide</i>
Author: Ann James	Job title: Acting Director of Children and Families Services
Cabinet lead: Helen Godwin	Director lead: Jacqui Jensen
Proposal origin: <i>City Partner</i>	
Decision maker: Cabinet Member	
Decision forum: <i>Cabinet</i>	
Purpose of Report:	
<ul style="list-style-type: none"> • To inform Cabinet that Bristol City Council, in partnership with 16-25 Independent People and South Gloucestershire, North Somerset and Bath and North East Somerset Councils has been successful in its bid to secure Innovations funding from the Department for Education in order to deliver a social impact bond focussed on supporting care leavers across those local authorities into education, training and employment • Inform Cabinet that the social investment company Bridges¹ is the confirmed investment partner for 16-25 Independent People, providing the investment for the delivery of the pilot. • Inform Cabinet of the value of the award and mechanism for payment of this additional funding to Bristol City Council as lead local authority • Outline and gain agreement to accept the award and progress with this innovation as a proof of concept pilot undertaken in partnership with 1625ip, Bridges Investment Company, South Gloucestershire, North Somerset and Bath and North East Somerset Councils • Confirm agreement to commit its share of resources to the partnership in order to meet the governance, monitoring and administration requirements of the Social Impact Bond (SIB). 	
Evidence Base:	
<ol style="list-style-type: none"> 1. Care leavers are young people who have moved on from their foster or other care placement aged between 16 and 25 years and to whom the local authority owes a range of duties under the Children Act 1989 (as amended by the Children (Leaving Care) Act 2000) and Children and Social Work Act 2017. 2. Nationally, care leavers are overrepresented in a number of vulnerable populations, including the unemployed. In Bristol, the percentage of care leavers in education, training and employment has improved since 2015 when it was 41% to 56% in 2016 and 2017. Whilst that places Bristol's care leavers in the second quartile of all local authorities and third amongst statistical neighbours, it still places them well below their same age peers. A localised approach and support to access and maintain education, employment and training (EET) is a significant factor in enabling active participation in society, supporting tenancy sustainment and avoiding future poverty and deprivation². Bristol is an ambitious corporate parent, committed to taking action to improve outcomes for its care leavers by supporting more young people into education training and employment. 3. If we are to achieve our ambitions we must take a holistic approach to supporting care leavers who are not in education, training or employment (NEET) or who are at greatest risk of NEET. In January 2017, Bristol's Senior Leadership Team approved Bristol partnering with 16-25 Independent People (1625ip) to progress the submission of an Expression of Interest to Spring Consortium³ for DfE funding of a Social Impact Bond aimed at supporting a higher proportion of care leavers into education, training and employment⁴. Neighbouring local authorities of South Gloucestershire, North Somerset and Bath and North East Somerset subsequently joined the bid in order to deliver change across the sub-region for care leavers. The innovation proposed by 1625ip centred on the delivery of an evidence-based, psychologically informed approach to supporting a greater proportion of care leavers into EET. This was developed by the partnership into an initial proposal that was 	

¹ [Bridges Fund Management](#) have a Social Impact Bond Fund that invests solely in Government Commissioned Outcomes Contracts.

² Learning and Work Institute 2017 [Localised approaches to supporting care leavers](#) Robey, Aylward and Pickles

³ <https://springconsortium.com/innovation-programme/>

⁴ Round Three – targeted Funding Opportunity 2017-2020 invited applications in four policy areas where there is a need to develop and test new approaches. The four policy areas were set out in the DfE's policy paper, [Putting Children First](#) and included the use of social investment to improve support for care leavers: <http://springconsortium.com/wp-content/uploads/2018/01/SIBs-policy-brief.pdf>

submitted in February 2017 the success of which led to the invitation in August 2017 to submit a full proposal to Spring Consortium by October 2017. SLT agreed the submission of that partnership bid with Bristol City Council acting as lead local authority. On 27th February 2018, Nadhim Zahawi, the Minister for Children and Families announced that Bristol's partnership proposal was one of three proposals nationally to receive funding.

4. The proposal is summarised in Appendix A1.
5. It has the following features:
 - Political fit and strategic fit with the Mayoral vision of a city for all, Our Corporate Parenting Strategy, Learning City and passport to employability, work experience and apprenticeship.
 - It will build upon existing programmes in the city, and will add capacity and capability across the sector through partnership working arrangements between public, voluntary, business and social finance sectors.
 - It will train staff in the use of an evidence based, psychologically informed approach that will enable young people to achieve their goals and build connections.
 - Focused on all care leavers who are NEET or at risk of NEET it is designed to deliver success with those care leavers furthest from the labour market
 - It offers participating local authorities the opportunity to work across borders to deliver the same offer to care leavers resident in each of the three local authority areas.
 - Linked to 1625ip's current areas of delivery; the provision of supported accommodation and Future 4 Me programme, 1625ip will use their full range of provision to provide stability for care leavers progressing into training and employment.
 - Developed with in-put from care leavers on how best to achieve the policy intentions set out in the Government paper Keep On Caring in July 2016.
6. The value of the award is £1.7m (base rate). The award will be paid to Bristol through Section 31 grant funding. Payment will be made to Bristol as the lead local authority and from which Bristol will make payments in line with the rate card Appendix A2 and the agreement developed with 1625ip and Bridges. The lead authority is required to establish the terms of the agreement, governance and monitoring arrangements including establishing the payment by results mechanism in line with the DfE published rate card and terms of the proposal. Appendix A3 depicts proposed governance arrangements.
7. The award is of £1.7 to £2.2m (highest success rate) and will be paid for outcomes achieved over the forthcoming 4 years. Bristol will benefit from approximately 50% of the total funding amount as its care leavers make up approximately 50% of the cohort who will take part in the pilot.
8. Bridges, who will provide the social investment, have established the Special Purpose Vehicle⁵ named 'Reboot West', in order to manage the payment mechanisms of their funding to the provider 1625ip and from the Bristol on behalf of the 3 local authorities from the DfE grant.
9. During and at conclusion of the pilot period (4 years) there is no requirement for Bristol or partners to make a longer term commitment. However, there is an expectation that the LA considers the effectiveness of the programme and integrates successful features into future service delivery and commissioning. The premise of the SIB is that the investment reduces costs elsewhere in the system. This will be tested and independently evaluated as part of the pilot. The final 6 months of the project will include de-commissioning/transition planning that will include Bristol City Council working with 1625ip to ensure that there are no unwanted or residual costs that go beyond the end of the pilot period.

Next steps

10. Bristol will develop a partnership agreement to share administrative and legal costs with partner local authorities in order to establish the necessary agreements and meet the cost of administering funding in line with the rate card. It is estimated that legal costs will be between £5k and £8k and that on-going administration and monitoring costs will be £27k per annum (equivalent to a half time BG13 officer plus on-costs). There may be additional costs associated with requirements for independent audit and establishment of arrangements for the Social impact Bond. All such costs will be shared proportionately between the local authorities according to the benefit being derived from the SIB. This means legal costs will be split equally between the four local authorities and the running costs for administration and monitoring will be met 50% by Bristol and 16.67% from each of the other three local authorities.

⁵ A Special Purpose Vehicle (SPV) is a legal entity (usually a limited company of some type or, sometimes, a limited partnership) created to fulfill narrow, specific or temporary objectives. SPVs are typically used by companies to isolate the firm from financial risk.

11. Bristol will develop the agreement by which payment will be made to the SPV for outcomes delivered.
12. Bristol will work in partnership with 1625ip, South Gloucestershire, North Somerset and Bath and North East Somerset to implement the proposal summarised in Appendix A1.

Timescale / deadline:

The high level project plan (revised February 2018) outlining timescales is attached as Appendix A4.

Appendices:

- Appendix A1: Summary of the project proposal
- Appendix A2: Rate card
- Appendix A3: Governance diagram
- Appendix A4: High level project plan (revised February 2018)
- Appendix E: Equalities Impact Assessment

Recommendations:

1. To accept the Innovations fund award and enter into grant agreement with the DfE in relation to this funding.
2. To establish a partnership agreement between the Bristol, South Gloucestershire, North Somerset and Bath and North East Somerset councils, including sharing the administration and legal costs of establishing and running the social impact bond.
3. To establish the partnership arrangements outlined in the report with or on behalf of the three participating local authorities with the SPV, including the terms by which outcome payments will be made to the SPV in line with the published rate card to deliver the proposal to support an increased proportion of care leavers into education, employment and training.
4. To commit BCC resources in line with its share of the legal and administration costs of the partnership agreement and outcomes payment mechanism, including any requirement for independent audit.
5. To delegate authority to the Director of Children and Families Services to enter into the agreements detailed in recommendations 1 to 4 and any others required to give effect to the proposal contained in this report of delivering a social impact bond focussed on supporting care leavers across those local authorities into education, training and employment

Revenue Cost: £ n/a	Source of Revenue Funding:
Capital Cost: £ n/a	Source of Capital Funding: e.g. grant/prudential borrowing etc.
One off cost <input type="checkbox"/> Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/> Income generation proposal <input type="checkbox"/>

Finance Advice: The bid for funding from the DfE is in the form of a Social Impact Bond paid to a single provider via a partnership agreement with four South West Local Authorities. The funding would be £1.7m to £2m over four years, received by way of a Section 31 Grant. The indicative share of resources is that Bristol City Council will have 50% with 16.67% for each of the other three local authorities. The final shares will be determined, based on the final data analysis should the bid be successful. Each of the other authorities has confirmed their agreement to submit the bid and has provided data to enable the bid to be prepared.

The provider would be paid on the basis of a schedule of rates, set out in Appendix 3, which would be reimbursed by the DfE. The schedule of rates has been prepared by the DfE and there will be scope for improvement prior to any final agreement, should that be necessary. Bristol would act as the lead authority and would enter into a partnership agreement to ensure there was an equitable share of the costs of contract management, legal, financial and other support costs. The DfE has confirmed that the provider takes the risk of under-delivery and the DfE takes responsibility for over-achievement beyond the baseline (£1.7m), up to a maximum of £2m; achievement beyond the maximum will not be rewarded.

The bid is still at an early stage, but there is no indication that the Authority's liability would extend beyond paying for the milestones delivered, using funding provided by the DfE. This would need to be confirmed in the detailed contracts with the DfE and the partnership agreement. This is not a social impact bond instigated by Bristol City Council in order to deliver savings; this has been initiated by the DfE and the savings are expected to benefit the wider public sector.

Any agreements would have to be clear about how any disputes about eligible data would be dealt with and these should ensure that the Authority did not incur costs that were not reimbursed by the DfE. Risks associated with

failure to deliver are borne by the social investor and provider and not by the LA or DfE - there are no early termination costs for the LA and this is due to be written into the agreements that will be drafted. There may be risks associated with early termination of the agreement and this would need to be addressed in final contract / partnership documentation. Also, costs incurred by Bristol in being lead partner would need to be shared with partners and this has to be reflected in the final partnership agreement; these costs would not be covered by the DfE funding, this would be recognition of each partner's commitment to the project. In practice, these costs are likely to be modest and would be absorbed within existing resources.

Finally, there is a risk of partners withdrawing from the agreement part way through the 4 year period. This is not a likely scenario, given that the partner would be foregoing DfE resources to support their own care leavers. If it were to happen officers would discuss with the DfE, the provider and the social investor and either:

- a) look to increase our referrals across the remaining LAs or,
- b) continue on with a smaller scheme delivering in the remaining LAs - this would require the social investor to reduce their investment and the provider to scale back the service much as with the risk of insufficient referrals or achievement of outcomes; or talk to DfE about changing rates to help us manage the development.

Finance Business Partner: David Tully

Corporate Strategy alignment: This award aligns with delivery against all of the five themes in the Corporate Strategy: Empowering and caring, Fair and Inclusive, Well Connected, Wellbeing and Belonging. Specifically it will support delivery of the following commitments under those five themes: being great corporate parents, improving educational attainment, delivering quality work experience and apprenticeships, reducing social isolation and supporting connectedness, improving physical and mental health, building resilience, promoting lifelong learning and tackling inequality/increasing opportunities for participation in city life.

Legal Advice: Whenever the Council procures services (the value of which is over £180k) it must comply with the Public Contracts Regulations 2015 (the Regulations). Under the Regulations, services must be procured via a compliant tender procedure unless an exemption is available.

Under Regulation 32 (2)(b), no tender procedure is required where competition is absent for technical reasons. This exemption is only available where no reasonable alternative or substitute exists and the absence of competition is not the result of artificial narrowing of the parameters of the procurement. It is arguable that no organisation other than 1625ip has the means to provide these services as it is the only organisation that has put forward a successful bid in relation to the funding.

The selection of Bridges as an investment partner was due to its strong relationship with 1625ip. The risk of a challenge in respect of this would be low as any investors interested in this opportunity would have attended the DfE's events in relation to the Care Leaver SIB programme, and would have had the opportunity to bid if interested at those events.

The Council will need to ensure its position is protected as far as possible in the legal arrangements. Our understanding is that the DfE will only release funding to the Council to make payments if certain objectives are met. The Council must ensure these objectives are mirrored in its agreement with the provider, so that it is only liable to make payments to the provider if terms which the DfE has set to release the funding to the Council are met. This will reduce the financial and other risks to BCC and the other Councils involved. The terms on which the DfE funds will be given to the Council are not yet known.

There will also need to be a formal agreement between the Councils to ensure that all costs and risks are shared appropriately between them.

Consultation

On the basis that under this proposal we are not providing a mandatory statutory service but additional services no formal consultation has been carried out. As a matter of good practice some young people's views were sought and contributed to the development of the proposal, but there is no statutory duty to consult.

Equalities

The decision maker must also comply with the Public Sector Equality duty to consider the need to promote equality for persons with "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and have due regard to the need to

i) eliminate discrimination, harassment, and victimisation
 ii) advance equality of opportunity
 iii) foster good relations between persons who share a relevant protected characteristic and those who do not share it.

In order to do this Cabinet will need to have sufficient information about the effects of the proposed changes to the provision of the services on the aims of the Equality Duty. The Equalities impact assessment is designed to assist with compliance with this duty and so the decision maker must take in to consideration the assessment and the Public sector equality duty before taking the decision.

Legal Team Leader: Sinead Willis, Commercial and Governance Team Leader, I have provided comments on the report provided to me on 5 February 2018.

Implications on ICT: No direct IT implications are evident from the narrative in this paper and any such implications would likely fall to the nominated partner organisation. Any other BCC IT implications would need to be co-ordinated via the Business Change partners in order to ensure successful implementation.

ICT Team Leader: Ian Gale (IT Service Delivery Manager) – 10:12 14 February 2018

City Benefits: This funding will be used to support a greater proportion of care leavers to achieve sustained EET outcomes. As such it will reduce inequality, help reduce poverty and associated poor health outcomes and enable care leavers to be active participants of city life. It will support delivery of our Corporate Parenting Priorities, specifically Priority 6: Hold high aspirations and close the attainment gap for children in care and increase the percentage of care leavers in education, training and employment.

Consultation Details:
 Young people’s views were sought and contributed to the development of the proposal. Partners also contributed to its development.

EDM Sign-off	Jacqui Jensen	07/02/18
Cabinet Member sign-off	Cllr Helen Godwin	19/02/18
CLB Sign-off	Jacqui Jensen	20/02/18
For Key Decisions - Mayor’s Office sign-off	Mayor	01/03/18

Appendix A – Further essential background / detail on the proposal	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal -	YES
Appendix F – Eco-impact screening/ impact assessment of proposal -	NO
Appendix G – Financial Advice	As above
Appendix H – Legal Advice	As above
Appendix I – Combined Background papers	NO
Appendix J – Exempt Information	NO