

REQUEST FOR DMPC DECISION – DMPCD 2016 43**Title: Gang Exit Programme SIB – Financial modelling****Executive Summary:**

This follows a successful bid to the Big Lottery's Commissioning Better Outcomes Fund. MOPAC were awarded £100,000 to consider the feasibility of using a Social Impact Bond to fund the London Gang Exit programme beyond October 2017. A decision approving MOPAC's intentions to procure these services through a competitive tender process was signed. (DMPCD 2015 138)

Following a competitive tender process, RedQuadrant has been selected to provide specialist technical support in relation to financial modelling to support investment into the London Gang Exit (LGE) programme. This includes financial metrics around identified social outcomes, to enable the visualisation of how payments will be made should a Social Impact Bond (SIB) be applied when the current contract comes to an end.

The value of this contract was £80,000 which had been secured from a successful bid to the Big Lottery's Commissioning Better Outcomes Fund to be used solely for this purpose. RedQuadrant put in a competitive tender at £67,125. The remaining £32,875 is being used to support the outcome development work undertaken by the successful provider for the London Gang Exit Service and any further feasibility work as required.

This split of funding is in accordance to the Development Grant funding conditions as agreed with the Big Lottery's Commissioning Better Outcomes Fund and which you approved in the DMPCD 2015 138.

Recommendation:

That the DMPC approve:

- a) The award of a contract of **£67,125** to RedQuadrant to deliver the financial modelling and stakeholder engagement for the SIB development.

Deputy Mayor for Policing And Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature



Date

17/3/2016

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

Decision required – supporting report

1. Introduction and background

- 1.1. Social Impact Bonds (SIBs) are an innovative new financial vehicle to leverage private and philanthropic investment to achieve social ends, with public agencies only paying if outcomes are achieved. SIBs offer new means to fund programmes, manage risk, and there is potential for them to play a bigger role in the future of commissioning in London.
- 1.2. The London Gang Exit (LGE) programme is an ambition within the *Strategic Ambitions for London: Gangs and Serious Youth Violence*, to create the first ‘collaborative pan-London gang exit service’.
- 1.3. After a competitive grant process, you approved the decision “DMPCD 2015/115 “Award of a £1,250,000 grant to Safer London Foundation for the Pan-London Gang Exit and Resettlement Programme”. This allowed for the award of funds to a successful consortium, led by Safer London, to mobilise a gang exit service which went live in February 2016 and is fully funded by MOPAC and London CRC until October 2017.
- 1.4. The *Police and Crime Plan 2013-2016*, contains a commitment to explore the potential for Social Impact Bonds in the justice and resettlement space, and for other innovative solutions to social problems linked to crime¹. The *Strategic Ambitions for London: Gangs and Serious Youth Violence*², also has an ambition to explore and pursue new opportunities for investment and the use of innovative financial models.
- 1.5. MOPAC has been exploring the use of a SIB as part of the London Gang Exit (LGE) programme.
- 1.6. Should the programme prove successful, MOPAC is keen to ensure sustainability of funding beyond October 2017.

2. Development Fund Award Process

- 2.1. Officers from MOPAC have taken the development of the SIB as far as it can go without expert financial support. Recognising the complex nature of SIBs, the Big Lottery Fund and the Cabinet Office created a competitive bidding process to support innovative ideas that may be suitable for SIB funding.
- 2.2. Through a competitive award process, MOPAC successfully passed a Stage 1: Expression of Interest, and then successfully bid at Stage 2: Development Funding. The funding awarded to MOPAC was the maximum available at the time – £100,000 – which has enabled MOPAC to secure a specialist provider to complete a feasibility study for the use of the SIB. This work will include detailed financial modelling to develop payment by results mechanisms for outcomes and develop and refine outcome metrics for payment. It will also include a stakeholder engagement strategy for the SIB development.
- 2.3. The development funding awarded by the Big Lottery allows us to meet the commitment within the Police and Crime Plan and Strategic Ambitions document, exploring this innovative financial vehicle for the first pan-London gang exit programme. It is recommended that the DMPC approve the award of a contract of £67,125 to RedQuadrant to deliver the financial modelling and stakeholder engagement for the SIB development.

¹ Police and Crime Plan 2013-16; page 60.

² The *Strategic Ambitions* document, page 33.

- 2.4. The remaining £32,875 is being used to support the development and testing of social outcomes within the LGE model, through the outcome development work undertaken by the successful provider for the LGE Service and any further feasibility work as required. This will ensure that there is scope to progress rapidly to a SIB application in the event that initial scoping of feasibility proves promising. The RedQuadrant work will produce its findings by the end of May and any application for a full SIB would need to be complete by end of July, so it is envisaged that additional support may be required should the SIB prove financially viable and investors interested.

3. Contract Award and Conditions

- 3.1. There is no commitment that MOPAC will implement a SIB by awarding this contract. The financial modelling will be used to help understand the feasibility of a SIB and help to inform MOPAC's decision as to whether a SIB approach is the right method to support the LGE programme in the future.
- 3.2. As part of the development award, this work must be completed and funds spent by May 2016.
- 3.3. The Chief Operating Officer will sign the grant on behalf of MOPAC.

4. Timeframes

- 4.1. The timeframe for completing all work is the 31st May 2016. This will provide sufficient time to complete the products required.

Contract Award	16th March 2016
Commencement of Services	21st March 2016
Completion of Service	31st May 2016

- 4.2. Should the feasibility study show that the SIB is a viable option for the LGE programme and this is something that MOPAC would like to proceed with, this allows sufficient time to submit a full application to the Bid Lottery's Commissioning Better Outcomes Fund by the 31st of July 2016, and inform any future commissioning decisions beyond October 2017.

5. Commissioning process

- 5.1. This procurement is for the value of £67,125 for specialist technical support that will provide financial modelling. This has been a competitive procurement process where seven providers were invited to tender. (MOPAC were only required to invite three).
- 5.2. North East Procurement Organisation (NEPRO) led the commissioning approach. NEPRO is a MOPAC approved nationally available neutral vendor solution for public sector organisations to engage consultants, professional services and interim support.
- 5.3. The NEPRO solution offers an OJEU compliant route for public sector organisations to procure professional services.
- 5.4. The Metropolitan Police Service (MPS), including MOPAC (the Mayor's Office for Policing And Crime), has adopted this procurement route and NEPRO manages the procurement process on its behalf.
- 5.5. Two bids were received.

- 5.6. The contract was awarded on the basis of the most economically advantageous bid and in accordance with the evaluation criteria detailed below.

Evaluation Criteria

Element	Weighting
1. Price	50%
2. Quality	50%
i. Experience	40%
ii. Proposed delivery	40%
iii. Resourcing and quality assurance	20%

- 5.7. This was assessed against a set of mandatory essential criteria and passed. The bid was then scored against a single set of quality criteria by a panel. The bid scored highly across the desirable criteria. The overall criteria and scoring standards are set out below.

%	Criteria
40%	Experience
40%	Proposed Delivery
20%	Resourcing & QA

Scoring standards	Criteria	Score
Excellent	Excellent response to the requirement, good range of examples or relevant experience, highly relevant to the services required	9-10
Good	Good response to requirement and good range of examples or relevant experience provided	7-8
Average	Average response to requirement and some examples or relevant experience provided	4-6
Poor	Poor response to requirement and no examples or relevant experience provided	1-3
Non-compliant	No response to the requirement was provided	0

6. Financial Comments

- 6.1. MOPAC has been awarded a grant of £100,000 to procure services to support the development of a Social Impact Bond. MOPAC is using £67,125 of this to fund the financial modelling and stakeholder engagement strategy. The remaining £32,875 is being used to support the development of Social Outcomes, through the outcome development work undertaken by the successful provider for the London Gang Exit Service and any further feasibility work as required.
- 6.2. Pursuant to that decision, MOPAC provided grant funding of £1,000,000 and the London Community Rehabilitation Company, operated by MTCnovo, (herein after referred to as London CRC) are providing the balance of £250,000. CRC will in addition provide in-kind support to the value of £250,000. By using gang exit as a measure of success, the outcomes achieved will go beyond reducing violent crime. Outcomes will include increased job prospects, stable housing, better mental and physical health, while also achieving a greater reduction in crime and victimisation for

London. These broad and ambitious outcomes mean that the programme will appeal to wider partners who will benefit from this work.

- 6.3. It should be noted that as the SIB Development funds were awarded to MOPAC by Big Lottery, the award of this contract does not require MOPAC funds now and does not commit MOPAC to further funds for a SIB in the future.

7. Legal Comments

- 7.1. Section 143 (1) (b) of the Anti-Social Behaviour Crime and Policing Act 2014 provides an express power for MOPAC, as a local policing body, to provide or commission services "intended by the local policing body to help victims or witnesses of, or other persons affected by, offences and anti-social behaviour." Section 143(3) allows MOPAC to make grants in connection with such arrangements and any grant may be made subject to any conditions that MOPAC thinks appropriate.
- 7.2. Under MOPAC's Scheme of Delegation, approval of the strategy for the award of individual grants and the award of all individual grants (for crime reduction or other purposes) is a matter generally reserved to the DMPC (paragraph 4.8). The release of funding in accordance with the proposals set out in this decision form can accordingly be approved by DMPC. The delegation of responsibility for the finalisation of planning and contractual/grant arrangements, including relevant terms and the signing of agreements, to the Chief Operating Officer is in accordance with the general power of delegation in paragraph 1.7

8. Equality Comments

- 8.1. There are no specific equality concerns relating to the bid itself, however London gangs do disproportionately impact on particular protected characteristics as outlined in detail in previous decisions (e.g. DMPCD 2015 115).
- 8.2. As part of the Strategic Ambitions document an Equality Impact Assessment was completed and found that young people, particularly Black, Asian and minority ethnic (BAME) young people, are disproportionately affected both as victims and perpetrators of gang violence. It is therefore anticipated that services to support those affected by gangs may be of particular benefit to these groups.

9. Background/supporting papers

- 9.1. Decision paper 'London Crime Prevention Fund – Final Allocation 2015/16'
<https://www.london.gov.uk/sites/default/files/DMPCD%202015%2016%20London%20Crime%20Prevention%20Fund.pdf>
- 9.2. Decision paper 'Award of a £1,250,000 grant to Safer London Foundation for the Pan-London Gang Exit and Resettlement Programme.' <https://www.london.gov.uk/priorities/policing-crime/mopac-decisions/2015/october-2015>
- 9.3. Decision paper 'Development Bid for a Social Impact Bond for London Gang Exit'
<https://www.london.gov.uk/what-we-do/mayors-office-policing-and-crime-mopac/governance-and-decision-making/mopac-decisions-11>

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the MOPAC website within 1 working day of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of **this** form to be deferred? NO

If yes, for what reason:

Until what date (if known):

Is there a **part 2** form – No

If yes, for what reason:

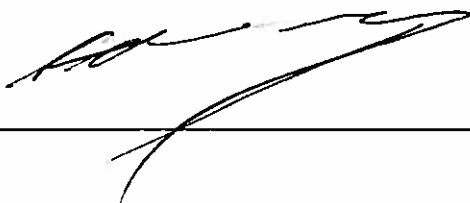
ORIGINATING OFFICER DECLARATION:

	<i>Tick to confirm statement (✓)</i>
Head of Unit: Samantha Cunningham has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
Legal Advice: Legal advice is not required.	✓
Financial Advice: The Head of Strategic Finance and Resource Management has been consulted on this proposal.	✓
Equalities Advice: Equality and diversity issues are covered in the body of the report.	✓

OFFICER APPROVAL**Chief Operating Officer**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature



Date 18/03/16