

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1533

Title: Pan-London Edge of Care Social Impact Bond Development

Executive Summary:

After a successful grant application to the Big Lottery's Commissioning Better Social Outcomes Fund, the Intelligence Unit is seeking to procure an expert technical provider to undertake development work for a Pan-London Social Impact Bond to support young people on the "edge-of-care".

This development work will assess a range of interventions to keep young people out of care and recommend those suitable to implement across multiple London boroughs. It will also establish the viability of supporting social investment propositions, and consequently, the overall viability of delivering socially financed projects at city scale.

Decision:

That the Mayor approves:

- receipt of £150,000 grant funding from the Big Lottery Development Fund;
- expenditure of up to £190,000 (made of the income received and up to £40,000 from the GLA Intelligence Unit budget) to procure specialist technical expertise and produce a full business case for a Pan London Social Impact Bond (SIB) aimed at children on the "edge of care"

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

17-9-15

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1 Introduction and background

1.1 The Big Lottery approved the GLA's expression of interest (EOI) to their Commissioning Better Social Outcomes (CBO) Fund. The EOI proposed developing a Pan London Social Impact Bond (SIB) aimed at children on the "edge of care". "Edge of care", typically refers to:

- Children at risk of out-of-home placement due to parental abuse or neglect
- Children who are in high conflict with their families and are difficult for their parents to manage
- Children whose parents suffer from poor mental health, a severe disability or substance misuse problems
- Children who have offended or at serious risk of offending (e.g. children excluded from school)

We would expect a number of divergent views across boroughs in London about the precise definition of this term and would like to explore with each individually their understanding of edge of care based on their individual system.

1.2 Further to this, in June 2015 the Big Lottery awarded the GLA a £150,000 development grant to use in the development of a full business and investment case for this initiative.

1.3 This further work will give the GLA and the (at present) 6 participating Local Authorities) more information on the logistics and viability associated with the application of SIBs at city scale.

1.4 The £150,000 (excluding VAT) contribution from the Big Lottery CBO fund will be matched through in-kind contribution of £60,000 from the Boroughs and with expenditure from the Intelligence Unit budget of up to but not exceeding £40,000.

1.5 Subject to this decision, a formal tender process will be conducted in line with the GLA's Contracts and Funding code.

2 Objectives and expected outcomes

2.1 Through this work, explore and establish the viability of a Social Impact Bond to improve outcomes for vulnerable adolescents at the edge of care, bringing together 6 London Boroughs to address a shared problem across local contexts.

2.2 Development work will produce the analysis required to build a business case based on cost savings from the improvement in outcomes for young people alongside the development of a tariff mechanism to enable flexible referrals across individual boroughs. It will assess a range of evidence-based edge of care interventions and recommend those most suitable to implement across multiple London boroughs. Simultaneously, social investment opportunities, suitable to be taken to the investor market, will be developed.

2.3 The development work will provide the evidence required to secure political buy-in for the Social Impact Bond across the London Boroughs who would be the ultimate commissioners of the SIB.

2.4 In more detail, this work will establish:

Costs of adolescents entering care - analysing historic SSDA903 (DfE) data to calculate the length and placement types of a typical care journey within each borough. The analysis would produce a predicted length of time spent in care; break down by placement type for

those entering care; and, by applying borough cost data, an overall cost figure for this care journey. Comparison would be undertaken of trends over time and across boroughs. This analysis is an essential basis for a robust invest-to-save business case.

Caseloads and volumes - this would be used to establish suitable referral points and the likely impact of different preferred interventions and would inform the design of a tariff mechanism and discussion of minimum referral guarantees from individual boroughs.

Financial modelling – to enable the bringing together the proposed referral volumes, costs of service delivery and SIB structuring, impact on care entry for those referred and potential cost savings to model scenarios and support the establishment of a tariff for boroughs to pay for successful outcomes.

Selection of preferred edge of care intervention model(s) – using analysis of local referral needs, eligibility criteria and evidence base for improving outcomes in a social care context. This would build on previous research and development work around MST and FFT but focus on the applicability of these interventions.

Tariff and payment mechanism - using the financial model as a basis for discussion, we would develop a tariff payment mechanism that set out outcomes metrics and the amount and timing of payments linked to different outcomes.

Suitable structuring and governance - developing a clear proposition for the number of intervention teams to be introduced and the offer to each borough to cover minimum referrals, maximum capacity and the tariff per successful outcome. This would be backed by a financial model that covered benefits to different commissioners and local boroughs will work to develop relationships with co-commissioners on a local basis (e.g. with CAMHS or YOS for additional referrals). We would also develop the appropriate governance structure to support delivery and scaling across London over time.

A Pre-Implementation Plan – developing the plan to take the SIB from concept to implementation including assessing potential delivery bodies for suitability at delivering evidence-based interventions, setting up referral procedures to access the new service and initial discussions with investors to gauge investor appetite.

3 Equality comments

- 3.1 Young people leaving care experience considerable material disadvantage, marginalisation and social exclusion. They are at high risk of poor physical and mental health, suicide attempts, housing instability, homelessness, unemployment, premature parenthood and involvement in the criminal justice system. The final report for this project will identify measures by which the negative consequences of young people entering into care would be avoided through early intervention.
- 3.2 In supporting young people on the edge of care, this project will specifically support people from the protected characteristic background based on their age, and while it will not outright target disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex or sexual orientation, people from this background may be disproportionately affected by entering into care.
- 3.3 This project will operate in line with the GLA's commitment to the Equality Act 2010 and the Big Lottery Fund's equality principles of promoting accessibility; valuing cultural diversity; promoting participation; promoting equality of opportunity; promoting inclusive communities; reducing disadvantage and exclusion.

4 Other Key risks and issues

4.1 The following table sets out the key risks associated with this work:

	Risk description	Mitigation / Risk response	Current probability (1-4)	Current impact (1-4)
1	Boroughs drop out of the development project or do not sign up to resulting SIB	Regular contact with Borough representatives. A SIB should be able to be progressed with 3 out of 6 participating boroughs.	2	3
2	Borough dissatisfaction with results produced	Coordinated communication between Borough representatives and research team to understand implications of findings.	1	2
3	Data does not support a SIB	As an exercise in understand existing evidence base and opportunities for SIB, if the data does not support this, the proposal would not gain political approval and move forward. Boroughs throughout London will be able to learn from the experience.	2	2

Mayoral Strategies

4.2 This project clearly addresses both a Mayoral Priority and an area that boroughs identify as a key priority. Through borough coordination the GLA has been instrumental in ensuring that this project has reached the development stage.

The Mayor believes that London's children in care deserve the same high standard of education, health care and opportunities that we want for our own families. Some of the strongest messages provided to the Mayor's Education Inquiry Panel were on the need to improve opportunities for this group. This development work aims ultimately to improve the experience of young people and where possible, to support interventions before young people enter care.

This work will contribute to Mayoral Objectives 4 and 3.9 by working towards increased social inclusion and addressing health outcomes, with poor health closely aligned to poverty and deprivation.

Finally, this project addresses Policy 4.12 of the London Plan - improving opportunities for all.

Impact Assessment

4.3 This project will give the GLA (and Local Authorities) more information on the logistics and viability associated with the application of Social Impact Bonds at scale. It will enable the GLA to understand how best to maximise its convening role in this setting and insight into the use of Social Impact Bonds as a source of finance.

By developing an objective knowledge of the cost implications for care provision compared with the impact of edge of care intervention, Boroughs will gain an accurate view of their cost-saving opportunities and alternate funding approaches to service delivery. By going through the process of data collection and analysis Boroughs will improve their knowledge of their 'edge of care' cohort and understand better the impact of existing interventions.

A resulting Social Impact Bond is ultimately aimed towards improving outcomes for vulnerable adolescents at the edge of care and promotes service provision.

Consultation

- 4.4 The Greater London Authority contacted Local Authority Directors of Children's Services in October 2013 seeking expressions of interest to test approaches to using social investment as a means of improving outcomes and maximising funding streams in relation to children and youth services in London.

Interested boroughs attended a meeting in December 2013 together with representatives from the Cabinet Office's Centre for Social Impact Bonds and other experts in the social finance area. At this meeting it was agreed that it would be beneficial to complete further work on a proposition around interventions that could help prevent young people entering care. This proposition was discussed at an Association of London Directors of Children's Services (ALDCS) meeting in March 2014, and a well-attended Local Authority workshop was held by the GLA in May 2014 after which the GLA submitted the successful expression of interest to the Big Lottery CBO fund. Boroughs were further consulted in November 2014 and confirmed their commitment to the project early 2015.

5 Financial comments

- 5.1 A total of up to £190,000 will be utilised to procure specialist technical expertise to support this project funded from the receipt of Big Lottery Funding totalling £150,000 and a GLA contribution of £40,000 from the Communities & Intelligence 2015 -16 budget, Intelligence Unit Minor Projects budget, GG.0220.001.
- 5.2 This will be a one-off investment and it is expected that any full SIB application to the Big Lottery CBO fund will be led by a Local Authority rather than the GLA and that a Local Authority will take on the lead commissioner role.
- 5.3 Any changes to this proposal, including budgetary implications will be subject to further approval via the decision-making process. All appropriate budget adjustments will be made.
- 5.4 The Intelligence Unit (Communities & Intelligence Directorate) will be responsible for managing the GLA's activities relating to this project and ensuring all associated expenditure adheres to the Authority's Financial Regulations, Contracts & Funding Code and Expenses & Benefits Framework.

6 Legal comments

- 6.1 Section 30 of the Greater London Authority Act 1999 (GLAA) provides that the Greater London Authority (GLA) shall have power to do anything which it considers will further any one or more of its principal purposes. The most relevant principle purposes in relation to the proposal are promoting economic development, wealth creation and social development in Greater London.
- 6.2 Section 31(3)(c) provides that the GLA shall not incur any expenditure in providing any social services in any case where the provision in question may be made by a London borough council or any other public body. Section 31(5) provides that the provision of social services is a reference to the exercise of any social services function within the meaning of the Local Authority Social Services Act 1970. The GLA does not intend to provide any social services in connection with the proposal.
- 6.3 Section 31(6) provides that the limitations on the GLA's powers in sections 31(1) to (5A) shall not prevent the GLA incurring expenditure in co-operating with, or facilitating or co-ordinating the

activities of bodies mentioned in those subsections, which includes London borough councils. The GLA is facilitating and/or co-ordinating the activities of 6 London borough councils in this proposal, enabling the borough councils to decide whether to apply and commission the SIB.

- 6.4 Officers must ensure that they are content that the GLA can comply with the terms applicable to the proposed Big Lottery Development funding and ensure that they have a legally binding commitment from the Big Lottery Fund before relying upon the same.
- 6.5 The services required must be procured by Transport for London Procurement who will determine the detail of the procurement strategy to be adopted in accordance with the GLA's Contracts and Funding Code and officers must ensure that appropriate contract documentation is put in place and executed by the successful bidder(s) and the Authority before the commencement of the services.

7 Investment & Performance Board

- 7.1 The Board discussed and approved in-principle at its meeting of the 16 July 2015 the proposal to purchase expert technical support to develop a city-scale Social Impact Bond application.

8 Planned delivery approach and next steps

Activity	Timeline
Procurement of contract	10/9/2015
Announcement	24/9/2015
Delivery Start Date	30/9/2015
Delivery End Date	30/12/2015
Project Closure	1/3/2016

Appendices and supporting papers:

n/a

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:**Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason:

Deferral is sought until after the procurement has been undertaken and the successful organisation appointed, as this MD provides detail of the likely budget for this research, which could be used by bidding organisation as a guide to the amount the GLA is willing to pay for this research, therefore there is a risk of not achieving value for money. It is the Intelligence Unit's preferred approach for organisations to state how much they would charge for research without providing guidance as to the budget available.

Until what date: (a date is required if deferring) 30 September 2015

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm (✓)

Drafting officer:

Nerida Devane has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Andrew Collinge has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

Jeff Jacobs has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Munira Mirza has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. J. [Signature]

Date

11.9.15

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

E. [Signature]

Date

16:09:15

