
REPORT FOR: CABINET

Date of Meeting:	7 March 2018
Subject:	Life Chances Fund Adolescence Collaborative Multi – Channel
Key Decision:	No
Responsible Officer:	Paul Hewitt, Interim Corporate Director of People
Portfolio Holder:	Councillor Christine Robson, Portfolio Holder, Children, Young People and Schools Councillor Adam Swersky, Portfolio Holder, Finance and Commercialisation
Exempt:	No
Decision subject to Call-in:	No, as the recommendation is for noting
Wards affected:	All
Enclosures:	Appendix 1 – Adolescent Collaborative Multi – Channel Service Specification.

Section 1 – Summary and Recommendations

The purpose of this report is to provide up to date information on the progress of the Life Chances Fund for the Adolescence Collaborative Multi - Channel Service, and specifically on the opportunity to develop it further through successfully bidding for funding through the Life Chances Fund.

The paper also provides additional information on Social Impact Bonds and how they could benefit this type of service model. A glossary of terms is supported at the end of the document.

RECOMMENDATION: To

- 1.1 Note the progression of the Life Chances Fund so far;
- 1.2 Note the key activities, deliverables and next steps (including soft marketing activities etc.)

Reason for Recommendation:

To make sure that all cabinet members are aware of the success of the Life Chances Fund Bid and its purpose; before any key decision has to be made at a future Cabinet.

Section 2 – Report

2 Introduction:

2.1 Harrow has been Successful in Bidding to the Big Lottery Life Chances Fund for a £7.9 million programme with £1.9 million funded by the Big Lottery Fund. This was announced by the government on 6th February 2018. The investment will be by means of a Social Impact Bond [SIB].

2.2 The investment will allow Harrow to develop a new Adolescence Collaborative (edge of care service), which covers three strands:

- **Strand 1:** To build upon a pilot Keeping Families Together [KFT] Model by expanding and up scaling it to deliver a responsive 7 day intensive family coaching service;
- **Strand 2:** Development of a mobile app as a mechanism to engage young people;
- **Strand 3:** Development of a flexible menu of therapeutic intervention offer for young people and their families.

2.3 The Business case; including the underlying financial assumptions about care costs, the metrics underpinning the existing service and its further expansion, will need to be re-worked before a decision can be recommended to Cabinet. It is anticipated that this will be presented at Cabinet in May 2018.

2.4 Cross party engagement and stakeholder consultation has already commenced and will continue, as the Business Case is re-developed to address the aforementioned issues.

2.5 Procurement led market testing engagement, and allied activity, will be commenced as soon as possible, and will be overseen by a Corporate Life Chances Steering Group comprising of relevant Senior Officers and Members and chaired by the Portfolio Holder for Finance and Commercialisation.

2.6 The Life Chances Fund Adolescence Collaborative Multi – Channel project has a national profile and will enable Harrow to position itself as an innovative Local Authority [LA] – due to its development of the first ever SIB in the country to deliver a Multi-dimensional delivery model: - combining intensive family coaching, flexible therapeutic intervention and digital technology.

Additionally there are scalability and commercial benefits of the model and digital app beyond Harrow.

3 Background:

3.1 The Life Chances Fund was introduced by central government in 2016. It is an £80million top up fund to help those people in society experiencing significant barriers to achieving better outcomes. Harrow was recently successful in achieving ministerial approval for a Life Chances Fund bid to deliver an innovative Adolescence Collaborative Multi - Channel Service designed to prevent young people entering care and reunifying young people home through a social impact bond mechanism.

3.2 A Social Impact Bond [SIB] is a tripartite financial contract between Harrow, a Social Investor and the Big Lottery. The Big Lottery has awarded Harrow 25% in top up (£1.9 million) as a subsidy towards outcomes achieved over 6 years of the project. As part of the Life Chances Fund process Harrow will be required to secure external social investment to fund upfront delivery costs of the service over 6 years.

4 Social Impact Bonds:

4.1 Social Impact Bonds [SIBs] is an approach to attract external funding through social investment that can enable organisations to deliver outcomes contracts and make funding for services conditional on achieving results. Social Investors pay for the project at the start, and then receive payments based on the results achieved by the project. Through a Payment by Results contract the delivery costs and returns to investors are directly linked to outcomes.

4.2 The investors will receive their return on investment back if social outcomes are achieved through outcomes payments made by the Council. If the social outcomes are not achieved the Council does not repay anything and the investors stand to lose their investment.

4.3 The outcome metrics form the foundation of the SIB contract between the public sector and investors. All stakeholders need to trust that there is an objective mechanism for assessing and agreeing the degree to which social outcomes have been achieved.

4.4 The SIB appears to offer the Council a relatively low risk financial opportunity to exercise a programme, which potentially provides long term sustainable outcomes, demand risk reduction and long-term savings. However, any final decision on such a model needs to consider the full risk to the Council, as the financial risk may be low, but any risk around failure of delivery of the outcomes will still have a direct impact on the Council. In addition the referrals process will need to be managed carefully to ensure that young people and families who would not have ordinarily received a future service or incurred the Council a future cost are not counted towards outcomes.

5 Overview of Adolescent Collaborative Multi – Channel Service:

5.1 The Adolescent Collaborative Multi-Channel is an innovative and forward thinking

reunification and prevention of care service. It combines seven-day intensive young person centred and family coaching; a menu of flexible therapeutic support and an innovative mobile app with 24/7 accessibility that enables young people to plan, coordinate and accelerate progress towards their goals. It will target young people (10-18) in care and on the edge of care:

1. Those who are at imminent risk of becoming looked after, supporting them to remain at home;
 2. Those who are in care, supporting reunification home or step down to foster care;
- *Please see Appendix 1 for information regarding Adolescence Collaborative Multi – Channel Service Specification.*

6 Headline Progress & Milestones Completed to date:

6.1 Harrow submitted an Expression of Interest to the Big Lottery Life Chances Fund on the **31st March 2017**. The expression of interest was successful and progressed to the full application – this was submitted on **31st October 2017**.

6.2. Life Chances Fund awarded Harrow a development grant (£35,000) to develop the feasibility study (Business Case) in April 2017.

6.3 An intermediary partner was procured to partner with Harrow to develop a Business Case for the Adolescence Collaborative Multi – Channel Service.

6.4 Harrow delivered an extensive consultation programme engaging parents and children in the co-design process of the Adolescent Collaborative Multi – Channel Service. (Including a bespoke design session with Harrow Youth Parliament);

6.5 Harrow successfully concluded the work packages completed as part of the development phase with The Children’s Society (TCS) and Braithwaite Wells Bates (BWB).

6.6 The Adolescent Collaborative Multi- Channel Bid received ministerial approval from the Big Lottery Life Chances Fund on 6th February 2018 and it was confirmed the Council received the maximum award of **25% of £1.9 million over 6 years**;

6.7 The London School of Economics have been commissioned to evaluate the impact of Keeping Families Together Service (KFT) – a 1-year pilot service. The evaluation process is imperative to Harrow in demonstrating strong evidence of impact and sustained outcomes for young people in utilising 7 day intensive coaching as a viable intervention to prevent care and to reunify young people home from care. This evaluation will help with securing investment from social investors.

6.8 A Cross Party workshop was successfully delivered on 12th February 2018 to engage Members, Senior Officers and Members of Youth Parliament in raising awareness on the Adolescence Collaborative Multi – Channel Service;

6.9 The Big Lottery Life Chances Fund intends to release a national press release comprising of the successful awards and applicants ^{by} mid - March 2018.

Important to note: Harrow has sole intellectual property rights (IPR) and ownership of the Adolescent Collaborative Multi- Channel Service (including IPR for the digital solution - app) – this is in regards to potential scalability and commercial opportunities beyond Harrow.

7 Investor Engagement Progress:

7.1 As part of the Life Chances Fund process, Harrow consulted with four social investors (Bridges Ventures, SASC, CAF venturesome, and Triple Point Ventures) to assess interest and engagement in this type of service model. Key points were:

- All four social investors were interested in further detail on this project subject to: Provision of a financial model.
- Procurement decision to select a service provider (they will need to undertake due diligence on the appointed provider).
- Review of draft legal documentation (to be prepared at a later stage – during mobilisation stage (as not included within the permitted scope of Life Chances Fund development work).

7.2 Further extensive investor engagement activity is required to secure upfront capital and investment to ensure the scheme has viability in an investment market. This is a critical stage in the development of the SIB and Investors will need to feel assured throughout, that there is an appropriate balance between risk and reward in this project.

7.3 Investors have highlighted that the Adolescent Collaborative Multi – Channel is an innovative project in two key aspects:

- *Focus on reunification of families, working with a portfolio of different levels of risk and the need to balance the cohort; and*
- *Use of the App, which has many potential benefits for service efficiency (e.g. data collection, extension of service offer), but also has potential for future scalability and commercialisation beyond the Borough.*

7.4 Harrow has not yet engaged with any service providers during the Life Chances bid phase; however it will now commence soft market testing to assess the service provider market before any tendering processes begins.

8 Future Work –March 2018 onwards:

Mobilisation

8.1 Following Ministerial approval Harrow will now enter into the 12-month mobilisation phase of the Adolescent Collaborative Service SIB development subject to Cabinet Approval. This next phase comprises of a number of significant stages and milestones to undergo as part of the Life Chances process until its proposed launch in April 2019.

8.2 As well as pre procurement and procurement activities Harrow will need to continue infrastructure design and business planning. This will include:

1	Business Plan with illustrative modelling
2	Risk and sensitivity analysis
3	Consultation with investors
4	Develop corporate / contractual / governance structures and control environment
5	Legal advice on draft contracts
6	Obtain legal advice on corporate structure and governance options including tax / VAT advice / future scalability

8.3 The Mobilisation period from March 2018 – April 2019 provides Harrow the opportunity for an extended period of feasibility, viability and investment. The table below indicates the high-level pre Cabinet and post Cabinet activities that need to be undertaken during the 12-month mobilisation period.

Pre Cabinet Activities (March – May 2018)
1). Further interrogation of the Life Chances business case and examination of financial modelling and viability testing;
2). Delivery of Investor engagement & consultation programme to scope, test and assess the social investor market and carry out due diligence;
3). Enable social investors to carry out due diligence on appointed service provider and investment assessments on this scheme;
4). Delivery of soft market engagement and testing service events to gauge interest and to assess suitability of service providers to deliver the Adolescent Collaborative Multi-Channel Service;
Post Cabinet Activities May 2018 (May 2018 – 1st April 2019)
1). Continue delivery of Investor engagement & consultation programme to scope, test and assess the social investor market and carry out due diligence;
2). All Procurement activities undertaken to identify and procure a service provider to deliver the service provision;
3). Final tender evaluation & award contract to appointed service provider;
4). Commence investor diligence – investor due diligence will commence in August 2018 once the service provider is identified. We will expect investor due diligence to be completed to align with the procurement of the service provider at the end of October 2018;
Proposed Launch date of service: 1 st April 2019.

8.4 Due to how the SIB is formed some key engagement activities will need to be carried out simultaneously to assess interest from social investors and service providers. It is expected for Harrow to procure a service provider initially in order for the investor to carry out his or her own diligence before securing investment.

8.5 There are a number of variables and interdependencies Harrow must consider in finalising its decision to launch the SIB and enter into a contractual arrangement between Harrow, a Social Investor and the Life Chances Fund. This mobilisation period (**March 2018 – 1st April 2019**) provides an opportunity for due diligence for both Harrow and the Social Investor; this will enable Harrow to make an evidence based decision about risks, benefits and financial viability of whether to launch the SIB or not.

8.6 It is important to note: Harrow can rescind its involvement in the Life Chances Fund during the mobilisation phase. This is why it is vital to ensure the mobilisation phase is a robust and exhaustive process. Harrow must have full confidence and be clear about the financial risks and benefits before any final decisions are made regarding the launch of the SIB on 1st April 2019.

9 Proposed Key milestones & delivery plan (high level):

9.1 Below is an indicative timeline of key deliverables to be undertaken in the immediate, short term and long term during the lead up to cabinet May 2018 and post cabinet decision. It is recognised that forming a delivery plan to deliver the complex Life Chances SIB will continually require review and reassessment over the coming months to check that financial assumptions are correct and that the metrics around the cohort of young people are up to date.

Key Deliverables	Milestone
<ul style="list-style-type: none"> Re-examination of the Business case and financial modelling for Adolescence Collaborative Multi Channel Service 	Ongoing
<ul style="list-style-type: none"> Corporate Life Chances Steering Group 	8 th March 2018
Pre – Procurement Activity	
<ul style="list-style-type: none"> Devise Investor engagement and service provider engagement strategy programme & plan 	March 2018
<ul style="list-style-type: none"> Set up & planning of soft marketing and investment engagement events & activities 	March – April
<ul style="list-style-type: none"> Attend Life Chances Social Investor Network Event 	28 February 2018
<ul style="list-style-type: none"> Youth Parliament Feedback Session 	March 2018
<ul style="list-style-type: none"> Commence pre-procurement soft marketing engagement events & activities with service providers 	April 2018
<ul style="list-style-type: none"> Commence pre-procurement social investor engagement and consultation events with social investors 	April 2018
Cabinet - Decision on progressing with Procurement	
Post –Decision Activity (NB: this is indicative as it is dependent upon Cabinet approval)	
<ul style="list-style-type: none"> Service Specification 	May – July 2018

<ul style="list-style-type: none"> • Tender documentation • Instructions to Tender, method questions, pricing schedule, evaluation criteria, terms and conditions of contract 	
<ul style="list-style-type: none"> • Competitive procedure with negotiations • Issue OJEU and selection Questionnaire at the beginning of March 2018 • Issue the Invitation to Participate in Negotiations • Initial tender evaluation • Negotiation period opens • Call for final Tenders • Final tender evaluation & Award 	July – September 2018
<ul style="list-style-type: none"> • Commence investor diligence – investor due diligence will commence in August 2018 once the service provider is identified. We will expect investor due diligence to be completed to align with the procurement of the service provider at the end of October 2018 	September – November 2018
<ul style="list-style-type: none"> • Mobilisation 	December 2018 – March 2019
<ul style="list-style-type: none"> • Contract start date and launch of the SIB 	1 st April 2019

10 Governance:

Corporate Life Chances Steering Group- The Life Chances Corporate Steering Group will oversee the Adolescence Collaborative Multi-Channel Life Chances Service development. The group comprises of senior representation from Children Young People’s Directorate, Strategic Commissioning, Procurement, and Finance. The steering group is chaired by the Portfolio Holder for Procurement and Commercialisation.

11 Glossary of Terms:

Term	Description
SIB’s	Social Impact Bonds are a commissioning tool that can enable organisations to deliver outcomes contracts and make funding for services conditional on achieving results. Social Investors pay for the project at the start, and then receive payments based on results achieved by the project.
LCF	Life Chances Fund
VCS	Voluntary Community Sector
KFT	Keeping Families Together Service is a prototype delivery service for 1 year providing intervention and support to young people on the edge of care and young people in care.
IPR	Intellectual Property Rights
ACM	Adolescent Collaborative Multi – Channel service is a multi-dimensional model of delivery for young people and their families. The service combines a range of innovative methodologies providing young people and their families with an integrated offer of support.
LA	Local Authority
TCS	The Children’s Society
BWB	Braithwaite, Wells & Bates

Risk Management Implications

Not applicable

Legal Implications

Legal will provide ongoing advice throughout the duration of this project in relation to the legal and governance implications raised at each stage of the process detailed within this report. Primarily, the main issues arising are:

- The contractual arrangement between the Big Lottery Fund, the social investor and the Council;
- The formation of an appropriate corporate structure and governance options;
- Adherence to the procurement rules in accordance with the Public Contract Regulations 2016 and the Council's Contract Procedure Rules.
- The legal implications relating to Children's Services duties specifically relating to young people and how this impacts on Council provision will be reported on at May 2018 Cabinet.

Financial Implications

The mechanisms for Social Impact Bond funding and repayments are covered throughout this report. In summary the Council will be required to make outcome based payments where it reduces the number of days in care of a young person already in care, through reunification, or where it avoids the cost of days in care through preventing a young person on the edge of care from being accommodated by the Council. For every outcome achieved the Big Lottery Fund will contribute 25% of the outcomes payment. The Council will fund the outcome payments from the placements and accommodation budget from the savings of reducing and avoiding care costs. The outcomes payments will be made at milestone points for each case, over a 2-year period.

The current business case uses trend data from the previous three financial years and estimates that the Council will achieve net savings (after repayment of outcomes payments) of £2.6m and avoid costs of £0.7m over the six years. Over the past 12 months significant inroads have been made in the Council to reduce the numbers of young people coming into high cost residential placements and stepping down young people into semi-independent or low cost foster placements, or reunification where it has been safe to do so. Therefore the business case needs to be reworked to reflect the current cohorts of referrals for edge of care and young people already in care. This may have an impact on the overall business case and financial viability. This will be carried out over the next two months and presented to Cabinet in May 2018. In addition the referrals process will need to be managed carefully by the Council. This is to ensure that young people and families who would not have ordinarily received a future service or incurred the Council a future cost are not

counted towards outcomes as the Council would have to be making outcomes payments on a cohort who would not ordinarily have incurred a cost to the Council and the current budget does not allow for an increase in projected demand. The anticipated start date is April 2019 and no funding will be drawn down before this date.

Equalities implications / Public Sector Equality Duty

The equalities implications will be considered as part of the next phase of this project and will be reported back to Cabinet in May 2018.

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

This service model supports the following priorities:

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for families.

Section 3 - Statutory Officer Clearance

Name: Jo Frost	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 5 March 2018		
Name: Sarah Inverary	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 2 March 2018		

Ward Councillors notified:	impacts on all Wards
EqIA carried out:	Not applicable
EqIA cleared by:	Not applicable

Section 4 - Contact Details and Background Papers

Contact: Title: Charisse Monero, Head of Troubled Families & Transformation. Direct telephone: 0208 424 7505
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Background Papers – None.

**Call-In Waived by the
Chair of Overview and
Scrutiny Committee**

NOT APPLICABLE

*[Call-in does not apply as the
recommendation is for noting]*