

Subject:	Entrenched Rough Sleepers Social Impact Bond Funding Programme		
Date of Meeting:	23 March 2017		
Report of:	Executive Director Adult Social Care & Health		
Contact Officer:	Name:	Sue Forrest	Tel: 20173 292926
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The Department of Communities and Local Government (“DCLG”) invited funding bids from local authorities interested in commissioning a Social Impact Bond programme to drive innovative approaches to tackling entrenched rough sleeping. This council, in partnership with Hastings Borough Council, Eastbourne Borough Council, Arun District Council and Adur and Worthing Council, submitted a successful bid and was awarded funding in December 2016 of £983,792 to address a cohort of 150 entrenched rough sleepers each individually identified.
- 1.2 This report requests delegated power to progress the tender process and to award a contract for the provision of services to the successful tenderer in that process.

2. RECOMMENDATIONS:

- 2.1 That the Policy, Resources & Growth Committee agrees to delegate authority to the Executive Director Health & Adult Social Care, following consultation with Executive Director Finance & Resources, to procure and enter into a contract to secure effective delivery of a service to reduce numbers of entrenched rough sleepers, in accordance with the requirements of funding made available to the Council by the DCLG. The proposed service will be delivered in partnership with Hastings Borough Council, Eastbourne Borough Council, Arun District Council and Adur and Worthing Council.
- 2.2 That the Policy, Resources & Growth Committee notes that the procurement will be aligned with priorities within the Council’s Rough Sleeping Strategy 2016, the Council’s Housing Strategy 2015, Homelessness Strategy 2014-19, and the Council’s priorities for the integration of social care and health through Better Care.

3. CONTEXT/ BACKGROUND INFORMATION

3.1 Background

In December 2016 Brighton & Hove City Council acted as the lead authority in a bid to the Department of Communities and Local Government (DCLG) for funding for a Social Impact Bond to enable innovative approaches to work with entrenched rough sleepers to be developed. Entrenched rough sleepers are classed as those individuals who have spent a lengthy spell in the homelessness system, which may include recurring periods of 'bouncing' between the streets and un-sustained accommodation

The bid was submitted in partnership with Hastings Borough Council, Eastbourne Borough Council, Arun District Council and Adur and Worthing Council.

3.2 Social Impact Bonds

Social Impact Bonds differ greatly from traditional methods of commissioning support services. The DCLG describe a Social Impact Bond as "a method of funding social policy through a payment-by-results contract where up-front costs are temporarily covered by social investment."

3.3 This model of procurement allows the Local Authority to commission a service for which payment will be made solely against demonstrable pre-agreed and measurable outcomes. Providers have the flexibility to design how the service will be delivered in order to achieve those outcomes.

The DCLG programme provides central Government funding to those local authorities successful in the bidding process to finance a programme based on a social impact bond template directed at services for entrenched rough sleepers. Funding is released on reaching a basket of targeted outcomes in accordance with pre agreed rates. A proportion of the funding award is additionally allocated to administrative costs including legal and procurement costs in establishing the programme.

3.4 The service provider, who will be appointed through a competitive procurement process, is will be responsible for ensuring funding is in place which is sufficient to provide working capital to fund and deliver the results which will enable payment to be made. The Provider may have funding available to enable the work to be undertaken without third party resources but more likely the provider will seek investment from a social investor.

The council will be responsible for monitoring the outcomes achieved by the provider and submitting the application for payment to the DCLG.

3.5 The service will go a significant way to meet the needs and demographics of people who are entrenched in homelessness. This also supports the delivery of the:

- Homelessness Strategy 2014-19
- Rough Sleeping Strategy 2016

3.4 Aims

This service model fits with the council's overall commissioning plan for single homeless people and will ensure that:

- Rough sleeping in the city is reduced and by working in partnership with neighbouring authorities that rough sleeping in the region is also reduced;
- Single homeless people receive personalised multi agency support;
- Outcomes for homeless people are improved and that they are supported to develop the skills for independent living;
- Health outcomes are improved, and deaths are prevented;
- People are supported to recover from homelessness, substance misuse, ill health and mental ill health;
- The number of people experiencing revolving door (repeat) homelessness will reduce;
- The effectiveness of accommodation and support services is improved; and
- Services are aligned with the Integrated Homeless Health Model.

3.5 Current Services:

We currently commission a Rough Sleepers Outreach Service and a small Housing First service in the city for entrenched rough sleepers which supports 10 people.

3.6 Proposal for Tendering

The identification of the Service Provider for the SIB must go through a legal procurement process. The outline of the proposed procurement was approved by the Procurement Advisory Board in January 2017.

An "Early Opportunity" notice has been posted to Procurement Contracts Finder to give interested providers advance notice of the SIB and to allow them time to seek investors and put in place the necessary funding arrangements in preparation for submitting a bid.

It is intended to award a contract or contracts in mid-June, to allow successful providers time to mobilise their service effectively, including any required recruitment prior to the commencement of the service in September 2017.

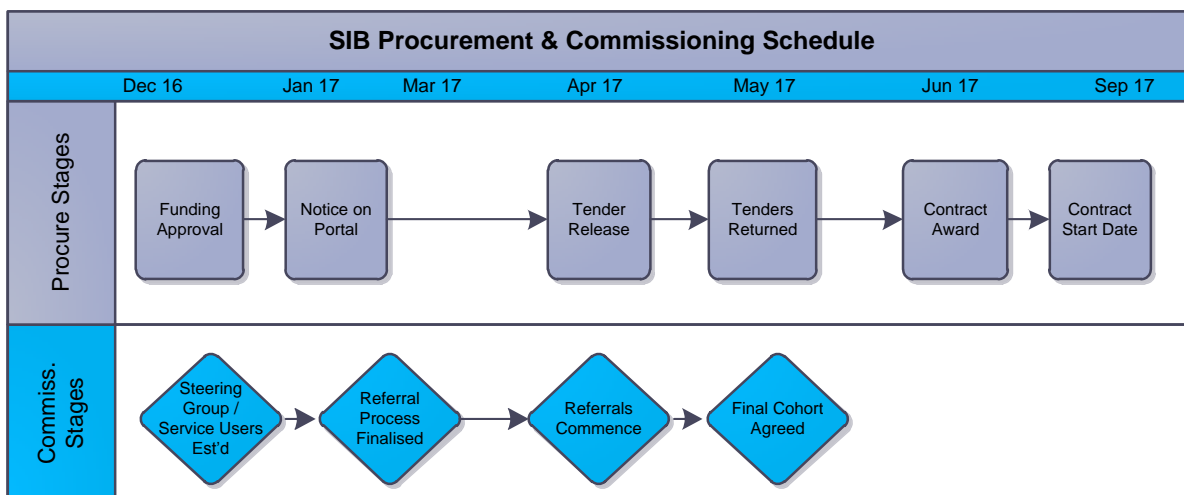
The council's Commissioning Team is working alongside its Local Authority partners to design the governance and referral process for the identification of the cohort of 150 individuals who are to be offered services by the Provider.

3.7 Tender Timetable

An "Early Opportunity" notice has been posted on Contracts Finder to give interested providers advanced notice of the SIB and to allow them time to seek investors in preparation for submitting a bid.

It is proposed that the contract will be awarded in mid-June, to allow successful providers time to mobilise their service effectively, including any required recruitment prior to the commencement of the service in September 2017.

The proposed timetable for the commissioning and procurement of the SIB is as follows:



This complies with the conditions on which the DCLG has awarded funding.

4 Social Investment Bond as an innovative model:

This Social Investment model offers an opportunity to develop innovative practices in the provision of accommodation and support a cohort of the most entrenched rough sleepers in a highly focused and targeted manner. This personalised, asset based model of support which will involve multi agency and integrated working between services is expected to reduce the number of ‘revolving door’ clients (people who move between services without reaching a positive sustainable outcome), .

Innovation in Service Delivery

As part of the new service model a number of developments are already taking place in line with national good practice and locally identified need these include:

- A bespoke IT system to support referrals and client data collection is in development. This will enable Commissioners to closely monitor services, trends, client journeys and identify gaps. It will also enable services to quickly share information and prevent service users having to repeatedly tell their stories to different services.

5 Eligibility for the Social Impact Bond

The eligibility criteria for the Social Impact Bond has been set by the DCLG and is as follows:

- A history of rough sleeping (seen rough sleeping at least 6 times over the last 2 years) or have spent at least 3 years interacting with homelessness services (including hostels).

and

have at least two other complex needs, including, but not necessarily limited to:

- Substance misuse or addiction problems (including New Psychoactive Substances)
- A history of offending (5+ offences in the last five years or 1 offence in the last year) or street based anti-social behaviour
- Mental health problems (including self-reported)
- Long-term health conditions

and

- are currently not being adequately or effectively supported through existing services.

6 Payment By Results

The rates card that will be used has yet to be finalised however this was published with the bid guidance and provides an indication of what the likely rates of payment to the provider will be.

Draft Outcome Rates Card Outcome		Rate
Accommodation	Entering accommodation	£600
3 months any accommodation		£2,500
12 months sustainable accommodation		£5,600
18 months sustainable accommodation		£8,100
24 months sustainable accommodation		£9,900
Better managed needs	General wellbeing assessment x2	£100
MH entry into engagement with services		£200
MH sustained engagement with services		£600
Alcohol misuse entry into engagement with structured treatment		£100
Alcohol sustained engagement with structured treatment		£1,100
Drug misuse entry into engagement with structured treatment		£120
Drug misuse sustained engagement with structured treatment		£2,600
Entry into employment	Improved education/training	£500
Volunteering/self-employed 13 weeks		£400
volunteering/self-employed 26 weeks		£800
Part time work 13 week		£1,900
Part time work 26 week		£3,700
Full time work 13 weeks		£2,400
Full time work 26 weeks		£4,600

8 COMMUNITY ENGAGEMENT & CONSULTATION

- 8.1 Consultation was undertaken with partners, stakeholders and providers prior to the development of the remodelling of supported accommodation to identify service demand, gaps and barriers. This consultation has confirmed the need for a bespoke and personalised approach to working with entrenched rough sleepers.

9. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 9.1 The funding available is dependent on the delivery of a programme meeting the requirements and targets set by the DCLG. Some aspects of the programme are still to be finalised such as determination of the rate card.

A failure to comply with the DCLG requirements may result in the offer of funding being withdrawn and the council (and its partners) not being able to instigate this targeted approach through lack of resources.

10 LEGAL IMPLICATIONS

The *Open Public Services White Paper* (HM Government, 2011) laid out a comprehensive policy framework to promote a fundamental shift in public services. The White Paper identified Social Impact Bonds (SIBs) as an innovative opportunity to access new forms of external finance for the delivery of services. It also promoted greater use of payment by results (PbR) contracts.

SIBs are one product within the growing social investment market. Social investment provides funding to social ventures to expand their services, exploit new opportunities in order to achieve greater social impacts. The first UK SIB was introduced in 2010.

PbR contracts are an integral part of SIB models and mark a shift towards paying providers for the *outcomes* they deliver in markets that have traditionally purchased *activities* measured by *outputs*. PbR contracts have begun to be widely used (outside of SIBs) and are a cornerstone of the Government's '*Open Public Services*' agenda. They are a risk transference tool as commissioners only pay for those results that are evidenced, transferring the risk of paying for 'failure'.

Achieving a balance of risk is critical to the future of the SIB model. Structures for transferring the risk to investors are new and the pricing of risk and return is key for potential providers who must be able to support the delivery of the service

It is anticipated that the service provider will be a voluntary, community or social enterprise organisation with the technical skills, but not the capital reserves, to deliver a contract on a payment for outcomes basis.

The Provider will need to source investors to finance the contract by providing working capital to enable the delivery of services. Investors will assume a large part of the risk that the interventions they fund will be successful. If interventions

succeed, the investors will, in addition to enabling these outcomes, receive a financial return on their investment.

A template contract between public authorities and contractors has been developed and published by the Cabinet Office providing the framework for public authorities, investors, intermediaries and service providers. The use of the standard form is recommended leaving only genuinely project specific elements such as specification and payment mechanism to be developed thereby saving time in the drafting of the project documentation. This has the advantage of the basic contract terms being familiar to the providers and their potential investors.

There are various ways in which such projects may be funded. Template funding documents are not available as central government took the view that it was not appropriate to be prescriptive about the funding arrangements which will be negotiated by the Provider and investor.

It will be essential to ensure that the contract entered into with the Provider, especially in relation to the way in which the results are measured and verified are in the same terms as required to obtain the release of funding from the DCLG.

The process for the procurement of the Provider falls within Schedule 3 of the Public Contracts Regulations 2015 and will therefore be “light touch”. A notice will be required in the Official Journal of the European Union advertising the opportunity. The Opportunity will also be advertised on Contract Finder.

10. CONCLUSION

- 10.1 This new Social Impact service model is integral to improving outcomes for rough sleepers and meeting their more complex needs.
- 10.2 The service must commence from September 2017 and is for 4 years.
- 10.3 This report recommends that delegated authority is provided Executive Director of **Health & Adult Social Care** Services to procure and enter into a contract to secure effective delivery of the support services detailed in this report.

11. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 11.1 There are no budgetary implications to this contract, if agreed, as it will be solely funded by the DCLG Grant totalling £0.984m.

Finance Officer Consulted: Sophie Warburton

Date: 14/03/2017

Legal Implications:

- 11.2 The legal implications are set out in the body of the report.

Lawyer Consulted: Judith Fisher
13.03.2017

Name Date:

11.3 Equalities Implications:

An Equalities Impact Assessment has been completed and is under regular review in relation to the tender and remodelling process regarding supported accommodation.

The client group for these services tends to experience multiple exclusions, and have multiple and complex needs and the aim of the newly commissioned service is to ensure better outcomes are delivered for the most vulnerable.

The full Equalities Impact Assessment is available as additional information.

11.4 Sustainability Implications:

Procurement processes are taking into account the sustainability of housing stock and the principles of social value in order to achieve best value for money and sustainability of services.

11.5 Any Other Significant Implications:

Single homeless people and rough sleepers are subject to multiple disadvantages in terms of mental and physical health, substance misuse and worklessness.

Brighton and Hove has the second highest numbers of rough sleepers in England, the estimate in November 2016 was 144 rough sleepers on the streets of the city.

SUPPORTING DOCUMENTATION

Appendices:

1. DCLG Bid application

Documents in Members' Rooms

1. Equalities Impact Assessment for remodelling supported accommodation

Background Documents

- Rough Sleeper & Single Homeless Needs Assessment 2013
- Homeless Health Audit 2014
- Homelessness Strategy 2014-19
- Overview & Scrutiny Report on Homelessness & Rough Sleeping 2014
- Rough Sleeping Strategy 2016

