Department for Communities and Local Government

Cabinet Office

Fair Chance Fund

Full bid specification documentation

June 2014
Department for Communities and Local Government

This document/publication is also available on our website at www.gov.uk/dclg

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Overview

Introduction

The Fair Chance Fund is a payment by results scheme that was launched by the Department of Communities and Local Government and the Cabinet Office in February 2014. The fund aims to improve accommodation and work outcomes for a group of young, homeless people (predominantly 18 to 24 year olds) whose support needs are poorly met by existing service because of the complexity of their circumstances. It is designed to stimulate innovate approaches which can be built on and replicated in the future and address problems that would otherwise lead to long term benefit dependency, health problems and increased crime.

Due to the complexity of the problems faced by the group, and the lack of quality data in this area, it is very difficult to specify how such services should be run in advance, and we therefore want, instead, to pay for outcomes achieved and allow voluntary sector and other providers the freedom to innovate and adapt to achieve the best possible results.

Following the completion of an initial expression of interest stage which attracted 152 responses, we are now seeking full applications to the fund from selected shortlisted providers.

Grant applications may range in size from a minimum £500K to a maximum £3m. We anticipate awarding between five and fifteen grants, with a total value of up to £15M over the life of the fund.

Successful bids will need to show clear evidence that they will provide additional support to a group of homeless young people with significant support needs, who are unlikely to otherwise be suitably accommodated and who are not receiving adequate help to turn their lives around.

They will also need to demonstrate clear local authority commitment to a robust referral process which can be established and operational by January 2015. Furthermore, bids will need to have full local authority support in each of the areas in which they intend to work.

Bids funded through social investment will have a greater chance of success. Attracting social investment to support applications is likely to require detailed analysis of proposed interventions and their projected impacts prior to submitting a full application.

We cannot accept full bids that do not include an organisation successful at the expression of interest stage as a main service provider. This document provides information about the requirements that would have to be met by any successful proposal.

Policy background

This Government have invested £470m in this spending round specifically to help local authorities and voluntary sector organisations prevent and tackle homelessness. We have made changes to the law to enable councils to help families quickly into settled homes and we are tackling affordability by increasing the supply of affordable and market housing.

Homelessness remains comparatively low and the most recent homelessness statistics showed a reduction in homelessness acceptances this quarter compared to the same quarter last year. But this Government is not complacent. Our work with local partners has shown us that, in many areas, there is a group of homeless young people who are not in priority need under the homelessness legislation yet have a range of support needs and other difficulties which make it hard to successfully accommodate them in supported accommodation. This group sometimes falls through the net and receives little support because of the complex and interlinking problems they are experiencing – they are essentially too hard to help - and many go on to increasing involvement in crime, rough sleeping, substance misuse and long term benefit dependency.

That is why we have developed the Fair Chance Fund – aimed at the most vulnerable young homeless people and offering innovative and intensive support.

This Government believes that people deserve a second chance and that, with the right support, everyone can play a positive part in their communities and live fulfilling lives. Not only is there a moral imperative to ensure that these young people, often the victims of difficult and damaging childhoods are given another chance – there is also an economic imperative – in failing to support this group effectively they are likely to become a long term and substantial cost to the exchequer.

Social investment

The social investment market enables new ways of delivering services that can achieve better results for the public. By encouraging enterprising, local and results-focused approaches to the delivery of public services, the Government can unlock innovative ways to tackle to local issues.

Social sector organisations often understand local needs and problems much better than some larger, purely commercial organisations, and are able to provide more tailored solutions. Social investment models draw in finance that allows social enterprises to compete for public sector contracts. It can also increase the effectiveness of organisations working with disadvantaged groups and tackling complex social problems.

The government is interested in using Social Impact Bonds which allow financial risk to be transferred away from both the Government and social ventures towards investors. Public money is only used to fund interventions that work. This leads to better outcomes for the public and better value-for-money for Government. For investors it allows them to make a positive social impact alongside a financial return. This financial return tends to be below market rates for a given level of risk.

The number of Social Impact Bonds (SIBs) in place has increased from just one at the end of 2011 to 15 now up and running or with contracts signed. These SIBs involve at least 40 social sector organisations.

Over the past two years the Cabinet Office has actively promoted the UK as a global hub for social investment. We are developing new global architecture to enable the sharing of best practice and lessons from around the world.

The Government's vision is for a bigger, sustainable social investment market. Growth in the market so far has demonstrated a range of benefits including economic growth, improved public service delivery and innovation. Most importantly, the social investment market has enabled social ventures to support communities in a more effective and sustainable way.

Timelines

Date	**Stage of Process**
Applications opened for expressions of interest	28 February2014
Results of expression of interest assessment announced	19 May 2014
Successful providers at expression of interest invited to submit full bids	2 June 2014
Deadline for full bids	1 September 2014
Winning proposals announced	September 2014
Grants agreed and signed	October - December 2014
Delivery of intervention(s) commences	January 2015
End of period for which outcomes can be claimed	December 2017
Quarterly outcome payments made in arrears by Government over life of the grant	April 2015 – Q4 FY 2017/2018

There is a three month period from the notification of the outcome of the bidding process to the start of delivery. This period is intended to allow time for providers to mobilise the service, finalise due diligence and funding arrangements with social investors, as well as for DCLG to carry out a financial viability assessment and for delivery partnerships to enter into formal grant agreements with DCLG for the payment of outcomes. Providers may begin work with clients as soon as grant agreements are signed but outcome payments will not be awarded until April 2015. Payments will be made for outcomes achieved from the commencement of delivery, which should be January 2015 at the latest.

Objectives

The Fair Chance Fund has two key objectives:

- Objective 1 – To deliver support to help young homeless people not in employment, education or training, helping them to achieve positive outcomes in
    - Accommodation
    - Education
    - Employment

- Objective 2 - Support the development of the social investment market and the capacity of smaller delivery organisations to participate in payment by results schemes

Assessment criteria

60% of the assessment will be based on the quality of the bid. The remaining 40% will be driven by commercial considerations. These factors are set out in more detail below.

In addition to the formal assessment, DCLG will conduct a Financial Viability Risk assessment and ask bidders to outline any conflicts of interest that might result from their proposed approach. Both of these sections will be assessed on a Pass/Fail basis.

QUALITY	TECHNICAL	DEMAND, IDENTIFICATION OF COHORT & REFERRAL PATHWAY	20	10%
		PROPOSED INTERVENTION	30	15%
		SOCIAL INVESTMENT/SOCIAL IMPACT BONDS	30	15%
	DELIVERY	DELIVERY OF AMBITION	20	10%
		ADAPTATION (ABILITY TO ADAPT THE INTERVENTION AS THE PROJECT PROGRESSES)	10	5%
	PERFORMANCE MANAGEMENT	EVIDENCE OF OUTCOMES	10	5%
COMMERCIAL	VALUE FOR MONEY AND PRICE	DISCOUNTED PRICE	40	20%
		COHORT AMBITION	20	10%
		OUTCOME AMBITION	20	10%
TOTAL			**200**	**100%**
CONFLICT OF INTEREST				**Pass/Fail**

A score of less than 1/3 of the marks available in any sub criterion, other than ‘Social Investment/Social Impact Bonds’ will result in automatic failure of the bid.

Grants

DCLG is interested in making grant agreements with organisations that can be accountable for funds received. An organisation is eligible to receive a grant if it is an incorporated body.

This could potentially include a range of different types of organisation including, for example, voluntary sector organisations or a special purpose vehicle which is set up to manage delivery of a social impact bond.

Our financial policy is that we do not in general provide funding to a value of more than 50 per cent of the last year's income of an organisation. This would not be applicable in the case of a newly formed SPV.

It is intended that the fund will catalyse between five and fifteen projects. The projects do not have to be of equal size, but must be worth between £500,000 and £3m.
Grants will be issued by DCLG and signed with the winning bidders and will run from Jan 2015 to Mar 2018.

A copy of the draft grant agreement is included in Annex F.

Bidding requirements

Quality

Demand, identification of cohort and referral

Whilst it is acceptable and may be beneficial to make changes to the chosen intervention for projects of this kind, grant recipients will be required to certify that they have retained the referral eligibility criteria set out in their bids in order to make outcomes claims. This is because bids will be assessed in part on the difficulty of the proposed cohort they intend to work with and the fit of that cohort with the Fair Chance Fund criteria.

Proposed cohort

Outcome payments can only be claimed for young people who meet **all** of the below criteria:

- Aged 18-24 (21 and over if they are care leavers)
- Not in employment, education or training
- Homeless as defined in the homelessness legislation but not in priority need[1] under that legislation.
- A priority for local authority support[2] but unable to be accommodated in a supported housing scheme due to e.g.
    - Previous difficulties in, or eviction from, supported accommodation indicating that available supported housing provision is unlikely to succeed;
    - Security issues e.g. for young people involved in gangs or those who have committed serious offences;
    - Their needs are deemed too high/complex to manage within a supported housing scheme because of e.g. substance misuse, significant mental health issues, low/medium learning disability or personality disorders but not reaching the threshold for Adult Social Care services;
    - Lack of specialist supported accommodation

Young people who are in priority need under the homelessness legislation but found to be intentionally homeless can be assisted through the Fair Chance Fund at the discretion of the local authority.

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[1] It is not expected that a formal homelessness assessment will be completed for all referrals but the Homelessness Code of Guidance should be used as a reference point in establishing a robust referral mechanism. https://www.gov.uk/government/publications/homelessness-code-of-guidance-for-councils-july-2006

[2] It is not intended that the Fair Chance Fund will provide support to young people who do not currently receive support because they do not have sufficiently high needs to merit support under existing local arrangements.

Outcome payments cannot be claimed for any of the below groups:

- Those with no recourse to public funds
- Those who are pregnant or with dependent children
- 16/17 year olds
- Those eligible to be housed under Part 7 of the Housing Act 1996
- Current supported housing residents
- Those over 25 years old at the point of referral

Bidders therefore need to specify whether they intend to work with a specific, smaller subset(s) that might have particular characteristics and acute issues such as those mentioned above. We understand for example that the problems, profile and support needs of hard to help young homeless people may differ between urban and rural areas, and between different areas of the country where difficulties in accessing accommodation, employment and support services may also vary. We also recognise that this cohort is highly likely to encompass a range of underlying issues, such as mental health problems, substance misuse, trauma, violent behaviour, offending, gang involvement and other combinations of issues.

The Fair Chance Fund is designed to test this new and innovative approach to service delivery across a range of areas and for a range of client groups. We expect to support bids right across the country with a spread of provision across the South, London, the Midlands and the North of England.

Demand

Bidders will have to demonstrate that there is sufficient need for the service they intend to deliver in the area they intend to work in– using relevant supporting evidence from the referring local partners. This should include details of:

- An estimate of the number of eligible young people in the specified area at any one time.
- The data or intelligence held or available on young people in the area and how that has been used to effectively estimate the demand for the Fair Chance Fund and the expected flow onto the programme.

Given the minimum grant size of £500,000, and depending on the number of outcomes to be achieved for each young person, we would expect a minimum cohort size of 50 to 100 young people within a bid area, although we would expect the average bid to involve working with a higher number than this. If the bid includes more than one local authority area that will refer young people to the scheme, bidders should outline the approximate percentage that each authority area expects to refer.

Where possible, we encourage partnership among neighbouring local authorities to form one bid allowing economies of scale in terms of programme design and delivery.

Data

As the Fair Chance Fund is a voluntary programme, bidders must explain the mechanism by which referrals from eligible young people will be generated by the partnering local authority (ies), as well as all other referral routes that the bidder intends to utilise.

The fund aims to support a cohort that can be notoriously difficult to access so your proposal should outline in some detail how the above will be achieved, including:

- The amount and type of personal data that will be used to determine eligibility, and where this will be obtained from (for clarity, this need not include individual case details)
- How data will be shared between the local authority/referral agency and the provider
- How an identified member of the cohort will be referred to the provider(s) once identified as eligible. How personal data will be managed and evidence that relevant permissions will be sought to share outcome data from Fair Chance Fund clients and providers external to the scheme (education, employment or training and accommodation providers particularly) with DCLG to manage payments

Referral profile

Bidders will only be allowed to take on young people up to the end of December 2015, so there is sufficient time to achieve and claim outcomes in during the period when funding is available (i.e. up to and including 2017/18) All schemes must begin by January 2015. Bidders are therefore required to illustrate that the identification and referral process described above could be rolled out by January 2015 at the latest, and that sufficient eligible referrals can be achieved within the first 12 months of the scheme.

We will favour bids which aim to take on referrals evenly distributed over the first 12 months, rather than those which anticipate taking on more people towards the end of the first 12 months.

Additionally, due both to funding constraints and the need to achieve accommodation outcomes for homeless people quickly, preference will be given to those bids which, at a minimum, look to achieve placement within accommodation within 3 months of referral to the programme.

DCLG reserves the right to terminate grant agreements which do not achieve a specified proportion of projected outcomes over any six month period, and so it is very important that grant recipients ensure they are in a position to get an adequate number of appropriate referrals from the outset in order to be able to achieve the projected outcomes (see delivery of ambition section below).

Identification and referral gateway

Having detailed the criteria by which they will determine eligibility for the programme, bidders must set out how young people will be assessed against them, and explain how the referral gateway will be designed and managed. Local authorities will also need to take responsibility for ensuring that all individuals referred and accepted onto the scheme meet these criteria, and must certify accordingly. See Annex E for a template letter.

We will expect successful projects to keep to the referral criteria set out in their bids, as a condition of grant, and to certify quarterly that they have done so as part of the process for claiming outcomes payments. We will ask all supporting local authorities to reiterate their assurance of the gateway process when claiming first outcome payments and payments claimed at the end of 2015/16.

Due to potential for conflicts of interest to arise, leading to a potential incentive to refer clients with lower levels of needs who will more easily achieve the desired outcomes, bidders will need to demonstrate that there is sufficient independence between the referral gateway to the scheme and the organisations that will deliver the FCF project. Bids that are not able to demonstrate this separation, or adequately explain how this risk will be mitigated, will automatically fail the bid assessment.

Proposed Intervention

Nature of intervention

It is recognised that individual Fair Chance Fund bidders are best placed to determine particular models which will achieve the desired outcomes. As such, we have deliberately not specified the types of support or services which must be delivered or particular delivery models, only the requirement to achieve specified outcomes. Whilst some elements of the proposal, for example the cohort eligibility criteria and the requirement to take on referrals over the 12 months from January 2015, remain binding and would require DCLG agreement for a change, the grant is intended to be flexible enough to allow variations to be made by the granted provider to how the service is provided in order to achieve the stated outcomes (see Delivery of Ambition).
Instead we have an open specification which enables bidders to take into account the needs of the specific participants in the locality they are targeting.   Additionally, we recognise that the service may need to evolve over time to achieve the required outcomes.

The bidder must confirm their ability to achieve the outcome requirements in accordance with the grant and provide details of how the service will be provided, to include:

- The concept underpinning your service solution(s) and how it will achieve the accommodation, education and employment outcomes set out in the bid
- The evidence/experience that supports its ability to deliver the stated outcomes
- How the service solution is both additional to and complements/makes best use of existing services within the local authority/ies served by the project.
- How they will assess the needs of the clients (detailed explanation necessary if the bidder intends to claim assessment outcomes as part of their bid)

Additionality

The Fair Chance Fund provision must not duplicate or displace existing national or local programmes or funding arrangements – the provision needs to be genuinely additional and deliver effective support which would not otherwise be available to the clients referred.

Bids will be considered which propose to expand a current successful service, so long as it can be demonstrated by the bidder that there is unmet demand from members of the Fair Chance Fund cohort.

If a bid is proposing to introduce a new service, it must also outline why current provision is inadequate to meet the needs of the cohort e.g. the understood weaknesses/limitations of the current provision, and demonstrate that the proposed intervention does not replicate them.
If a bid proposes to deliver a service which will assist members of the Fair Chance Fund cohort to access existing supported housing that they would not previously have been able to access - for example by the provision of additional support - then the local authority must confirm that Fair Chance Fund funding is not being used to replace or displace existing funding for that accommodation and that the individual would not have been eligible for supported accommodation without the Fair Chance Fund assistance – see Annex C for further details. [3]

Interaction with existing training and welfare to work programme

The Fair Chance Fund is not expected to replace existing provision for this group. It is designed to connect individuals into existing services and address additional support needs that will allow them to play a full part in society. FCF clients can also access existing provision – for example Work Programme, Skills Funding Agency provision, European Social Fund and Transforming Rehabilitation. However, Fair Chance Fund providers must demonstrate in their bid that the services they are providing are necessary and additional to existing provision.

Work programme

Fair Chance Fund providers are expected to encourage voluntary referrals to the Work Programme for appropriate young people, unless they are confident they can move a participant into employment quickly. We expect Fair Chance Fund providers to work closely with Work Programme providers to ensure smooth transitions and handovers wherever appropriate and plans to manage the relationship with mandatory provision like the Work Programme should form part of a Fair Chance Fund bid. Job Centre Plus will determine whether a young person starts on the Work Programme and partnership with Job Centre Plus is expected to be necessary to a successful Fair Chance Fund programme.

Skills funding agency provision

Participants may be eligible to access full funding for an education and training programme before, after, and alongside the Fair Chance Fund and this may well contribute to some outcomes. This cohort of learners will likely already have entitlements to access:

[3] This is shift in policy from the originally stated position that supported accommodation could not be used as the first housing option. This responds to concerns that individuals would be moved into unsuitable accommodation for the first three months simply to comply with the FCF funding requirements.

- English and maths qualifications and units for adults aged 19 and over to progress to GCSE A*- C.

- First full Level 2 qualifications for learners aged 19 to 23, and for all unemployed learners where skills increase their chances of finding sustainable work.

- For learners aged 19 to 23, Entry Level and Level 1 provision to help them progress to their first full Level 2. Unemployed learners account for a large proportion of those receiving funding for Entry Level and Level 1 qualifications.)

- Traineeships, the newly launched programme that helps young people aged 16 to 24 progress to an Apprenticeship or other job within 6 months.

- For learners aged 19 to 23, their first qualification at Level 3 where skills increases will help them enter and sustain work.

Information on eligibility and funded offer can be found in the Skills Funding Agency's Funding Rules: https://www.gov.uk/government/publications/sfa-funding-rules%20

Transforming rehabilitation

Where Fair Chance clients are subject to supervision in the community by the National Probation Service or a Community Rehabilitation Company, we would encourage Fair Chance Providers to work collaboratively with offender managers. It will be important to ensure that any FCF provision offered to these clients does not inhibit the successful completion of their sentence.

European social fund

Clients may also be on European Social Fund programmes provided the bidders can clearly set out that their Fair Chance Fund provision will be additional to the existing programmes. This will require cooperation between the European Social Fund programme providers and the Fair Chance Fund providers.

Social impact bonds

Social impact bonds contracts are contracts entered into by public sector bodies ("Commissioners") with contractors to deliver social outcomes. Payment under the social impact bonds Contract is made by the Commissioner according to performance by the contractor (i.e. payment by results). Dates of payment under the contracts will differ between arrangements but it is an essential feature that they are substantially performance related. In turn, under the arrangement, investors:

a. provide finance to the Contractor (often working capital);

b. aim to achieve a positive social impact in addition to a positive financial return;

c. receive returns (or the majority of their returns) only if desired (predetermined, measurable) social outcomes are achieved by the Contractor (i.e. most of the risk of not achieving the social outcomes is passed from the contractor (delivery body) to the investor).

It should be appreciated that the role of the investor in the arrangement is crucial and this is what makes a social impact bonds contract different from other forms of public finance.

An additional weighting will be available to bids that propose to use a social impact bond

For the FCF a bid will be considered a social impact bonds if it meets the following four minimum conditions:

1. it has at least two separate legal entities: An investor(s) and a provider(s). The entities should not control one another and nor should they each be controlled[4] by the same third entity (directly or indirectly);
2. the investor is not a public sector body[5]. If there are multiple investors then at least 75% of the investment must come from non-public sector entities;
3. the investor(s) commits to providing at least 50% of the upfront working capital that the provider requires; and,
4. at least 50% of the potential payments to the investor are on the basis of achieving the social outcomes outlined in the rate card. Interest payments, for example, made by the provider on a loan from a social investor would not count towards this 50%[6].

In addition a bid may:

5. bring the investor(s) and provider(s) together into a special purpose vehicle for the purposes of delivering the social impact bonds; and/or
6. involve an intermediary which brings together investors and providers and may provide performance management instead of or as well as the investor(s).

Social investors

There is no standard definition of a social investor but in broad terms for social impact bonds they are usually a person or organisation that:

1. provides working capital (upfront money) for use by an organisation which works to achieve social outcomes related to their social mission in a payment by results contract;

2. aims to achieve a positive social impact in addition to a positive financial return; and

[4] "Control" means, for these purposes, that one entity has the power to secure (through the holding of shares, voting or other powers) that the affairs of a second entity are conducted in accordance with the first entity's wishes.
[5] "Public sector" in this context refers to organisations which have direct recourse to tax payer funding to fund themselves. Therefore local authorities count as public sector but Housing Associations or Local Authority pension funds do not.
[6] Debt instruments can be used but only if held by a special purpose vehicle specifically set up to deliver the Fair Chance Fund intervention. This means that risk is still transferred away from the provider organisation.

3. accepts a lower level of return than the market rate of return for a given level of risk.

Investors do not have to class themselves as ‘social investors’ for the purposes of the FCF.

Bidders will also need to need to set out the total amount of investment that has been agreed with social investors in the Financial Submission attached at Annex A

Delivery of ambition

Bidders must complete the attached financial schedule at Annex A to demonstrate:

- The number of young people they anticipate starting the programme each quarter from Quarter 4 financial year 2014/2015
- The number of young people they anticipate achieving each of the outcomes stated in the bid, and an indication of the quarter in which this will happen
- Budgeted service costs in each quarter of the project.

In order to assess the deliverability of ambition we will need to judge whether it is plausible for the stated outcomes to be delivered for the specific cohort:

- using the proposed intervention; and,
- in the proposed timeframes.

Bidders are therefore required to demonstrate that they have plans and structures in place that can reasonably be expected to achieve these. In evidencing this, the bidder will need to set out staffing levels (total number of project workers and their skill sets) and other resources sufficient to deliver the intervention to the required standard. If the intervention is to be delivered by a consortium of organisations, bidders will have to outline the role to be played by each organisation and which outcome(s) they will each be looking to achieve.

We will also scrutinise high level project and programme management plans and how accountability will be managed. DCLG will make a grant with one accountably body that has responsibility for the delivery and financial propriety of the programme. Local authority support and agreement to their role within the referral gateway must form part of a successful bid.

We recognise that some outcomes may be achieved more quickly than anticipated, while others may take longer. We therefore will allow for some flexibility in the timing of delivery of outcomes, and will not necessarily hold providers rigidly to their original profile.

However, where overall_outcomes fall below 50% of those projected in bids over three months, or below 75% of those projected over six months, there will be a requirement to set out and take action for improvement.

Where overall outcomes fall below 50% of those expected over six months, or below 75% of those expected over six months and where expenditure by grant recipients is also less than 85% of the anticipated expenditure specified in bids, then DCLG reserves the right to terminate grant agreements with three months notice.

Ability to adapt

DCLG recognise that it is difficult to predict with certainty the exact profile of young people referred to the programme, and the outcomes which they will achieve whilst on it. We will therefore be willing to pay for over achievement of some outcomes compared to those predicted in bids up to an overall cap related to the total value of outcomes stated in the bid.

Bidders are however expected to outline their ability to adapt their planned approach once delivery is underway if it is not delivering the desired results.

Some examples of situations/risk that the provider may have to mitigate are listed below:

- Interventions do not have the success predicted
- Changes in local service provision
- Changes in welfare benefits
- Withdrawal of a delivery partner

The payment model

Scoring in the Value for Money and Price elements of the Commercial section will be based on a comparative assessment of three factors:

- the tariff price at which tenderers bid
- the level of outcomes ambition that the bidder has for the cohort
- the difficulty of the cohort including particular local circumstances that make achievement of outcomes difficult e.g. shortage of accommodation, cohort dispersed across a wide area with poor transport links.

Tariff price

The Discounted Price element will be assessed with reference to the Weighted Average Discount to DCLG maximum tariffs at which the bid is made. This method allows comparability between submissions. Bidders will be able to offer different discounts across different outcomes, but may not offer a discount to the tariff on the assessment fees

The Weighted Average Discount is calculated based on the ratio of:

- The total forecast outcome payments calculated using the provider's bid tariffs and the provider's outcomes expectations; and
- The total forecast outcome payments calculated using DCLG's maximum tariffs and the provider's outcomes expectations.

An illustrative example of this calculation (across only three metrics) is displayed below:

Outcomes	Maximum Tariff	Bidder Tariff	Implied Discount to Tariff	No. expected to achieve the outcome	Implied outcome payments at proposed tariff level	Implied outcome payments at maximum tariff level
Move into accommodation	£500	£350	30%	100	£35,000	£50,000
Accommodation sustained for 3	£1,500	£1,350	10%	80	£108,000	£120,000
Accommodation sustained for 6	£1,500	£1,000	33%	65	£65,000	£97,500
Total					£208,000	£267,500
Weighted Average Discount					22%	

Bidders will be awarded marks based on their Weighted Average Discount compared to that of other bids.

Outcomes ambition

The outcome ambition element will be assessed with reference to the total value of outcomes that bidders target per referral/member of the cohort. This will be calculated simply by summing the value of all outcomes the bidder proposes to achieve, and dividing by the cohort size (i.e. the number of young people the bidder is proposing to take on). This information will be taken from the financial submission at Annex A.

Levels of ambition for the cohort will be cross-referenced with bidder submissions in the quality section and evidence of credible expenditure on service provision in the finance schedule to ensure that bidder capacity to deliver proposed outcomes is demonstrated and that outcome expectations are well-founded. Bidders whose plans for delivering their stated ambition are not realistic will be penalised under the Delivery of Ambition assessment.

Bidders will be awarded marks based on outcomes ambition compared to that of other bids.

Both the discounted price and outcome ambition calculations are based on the Financial Schedule submitted by the bidder. The template for this is included at Annex A.

Guidance on how to complete the Financial Schedule is included at Annex B.

Cohort difficulty

As part of the assessment of 'Cohort Difficulty', bidders will also need to outline the particular challenges their chosen cohort faces in achieving the specified outcomes, and explain how this has informed the price for which they will deliver those outcomes.

Bidders are therefore expected to outline the difficulties faced by their chosen cohort, highlighting any particular support needs, risks or local challenges. This should be clearly linked with their stated cohort eligibility criteria in the relevant section of the application.

Bidding requirements

Evaluation

DCLG is considering commissioning an evaluation of the Fair Chance Fund to establish its effectiveness in providing a better service to the target group, to capture successful practice and to investigate the fund's potential to deliver savings.

Delivery organisations and Investors must fully cooperate with any Fair Chance Fund evaluation activity commissioned by DCLG and participate in interviews, surveys and the collection of Management Information. Delivery organisations should also encourage participants to take part in any evaluation. As well as having direct contact with a selection of the FCF cohort, researchers would be likely to want to visit and interview Delivery organisations and Investors/Intermediaries as part of the evaluation and would be in contact in advance of the fieldwork to arrange a suitable time/date.

Bid structure

The proposal must clearly: explain the relationship; demonstrate that the Investor/Intermediary and each delivery body are separate legal entities; and demonstrate that, as part of the group, as a result of inter-group arrangements or otherwise, the delivery body is not incurring any risk or liability arising out of or in connection with the Fair Chance Fund outcome payment model.

We encourage Investor/Intermediary and Delivery Bodies to be flexible in their arrangements for sub delivery so that they can respond to the needs of individuals referred to the programme.

Financial viability

A separate, staged financial viability assessment will be carried out to ensure each service provider within a bid who proceed have sufficient resources to successfully deliver the contract with a minimal risk of failure. This assessment is a separate element of the financial evaluation and does not form part of the financial scoring. Depending on the outcome of the assessment, DCLG may wish to engage in dialogue with the bidding organisation.

This will be assessed based on the information submitted in the Financial Schedule at Annex A

Grant and performance management

Decisions to award funds will be dependent on the satisfactory completion of due diligence checks

Grant recipients will be responsible to DCLG for the conduct of service delivery organisations, including addressing poor performance. They will also need to ensure that all systems and processes used for the monitoring and recording of performance are robust, provide a clear audit trail of evidence, and give confidence to DCLG that the required evidence of outcomes required by the DCLG is obtained and made available for scrutiny, and that the providers are delivering the Fair Chance Fund in accordance with the overall obligations of the grant.

If you are selected to proceed to grant, your proposal and other elements of the tender documentation will form part of that grant. The information you provide in your application on your expected number of starts and outcomes will also form part of the grant agreement and DCLG will have the right to take action, if those expectations are not met. It is therefore essential to accurately estimate the realistic volumes that are achievable.

Bids must include signed confirmation from each of the delivery organisations involved in the proposal that they are content to be involved and that they are in agreement with any outcome based payment risks they are taking (if they are taking any). These delivery organisations will be identified in a schedule to the grant

Letters will be required from each investor listed in the financial schedule as evidence of their expectation of investment consistent with the statement in the financial schedule. A standard template is available as part of the published documents at Annex D.

The payment model

Outcomes

The maximum tariffs for each outcome metric are shown below. Bidders are able to offer discounts to the maximum tariff (with the exception of the assessment fees, which are not discountable) and can offer different discounted tariffs across different outcomes.

The maximum outcome payment that can be claimed for any given individual is £17,000

Initial Assessment Fee *(Can be claimed within 9 months of registering an individual onto the scheme)*	£500
Second Assessment *(Can be claimed within 9 months of registering an individual onto the scheme)*	£500
Third assessment *(Can be claimed within 9 months of registering an individual onto the scheme)*	£200
Maximum assessment fee payment	**£1,200**
Move into accommodation	£500
Accommodation sustained for 3 months	£1,500
Accommodation sustained for 6 months	£1,500
Accommodation sustained for 12 months	£1,500
Accommodation sustained for 18 months	£1,500
Maximum total accommodation payment:	**£6,500**
Entry into Education or Training	£500

Individuals first Entry level qualification (inc Maths and/or English)[7]	£1,500
Level 1 Qualification[8] (eg NVQ)	£2,500
Individuals first full level 2 or equivalent[9]	£3,500
Maximum total education payment	**£8,000**
6 weeks volunteering (6 to 16hrs)	£500
13 weeks volunteering (6 to 16hrs)	£500
20 weeks volunteering (6 to 16hrs)	£250
26 weeks volunteering (6 to 16hrs)	£250
Entry into Employment	£500
13 weeks P/T Employment:	£3,000
26 weeks P/T Employment:	£2,000
13 weeks F/T Employment:	£4,500
26 weeks F/T Employment:	£3,500
Maximum total employment payment	**£15,000**

A summary of the metrics and evidence requirements is provided in Annex C

Additional cohorts

The Fair Chance Fund targets young homeless people not in education, employment or training, aged 18-24 who are currently not in priority need under the homelessness legislation. There is a rate card which sets a maximum price for a set of housing, employment, education and training outcomes. The FCF has up to £15m to spend in this way up to 2017/18.

A local commissioner may decide it wants to pay for additional cohorts, who are outside the Fair Chance Fund criteria, for example because the local authority owes them a statutory duty. Cabinet Office (CO) is willing to support this local flexibility and will therefore match fund local commissioner outcomes payments where agreement is reached on a suitable group to work with.

For example, a local authority could seek match funding from the CO to pay for outcomes for a group of people not in the FCF cohort, where the local scheme may want to include some care leavers who are under 21. As care leavers under 21 are in priority need under the homelessness legislation, they are not part of the standard FCF cohort. Under this scenario part of the cohort could be made up of care leavers and payments would be made if the care leavers achieved the outcomes in the rate card e.g. stable housing or employment. The outcomes payments for the care leaver group would be paid by a local commissioner at an agreed level, and matched by the Cabinet Office. The outcomes payments for the standard FCF cohort would be made as normal by the department for communities and local government (DCLG) and the CO.

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[7] Minimum 45 guided learning hours
[8] Minimum 120 guided learning hours
[9] Minimum 325 guided learning hours. Where a client is enrolled on an apprenticeship the provider can claim both the work and education outcomes if they are equivalent to the FCF outcomes above.

Other potential additional groups who could be considered for inclusion on this basis could be homeless 16/17 year olds, 25 – 30 year olds or 18 - 24 year olds who are sufficiently vulnerable to be considered in priority need under the homelessness legislation. Additional cohorts must be under thirty years of age, homeless and not in education, employment or training.

This will allow interventions to be augmented to meet local demand. However, the bid must primarily use the outcomes limits in the rate card and the cohort that the FCF targets. Payments for additional cohorts from both the LA and the CO cannot exceed 25% of the total outcomes payments in the bid. Bids therefore could not work purely or mainly with a cohort outside of the target cohort. In addition the CO will only match funding from a public sector organisation, on a payment by results basis. Investors and providers cannot receive a match if they put in their own funding.

Requirements for bids with additional cohorts

In order to set the outcomes in the FCF rate card DCLG and CO have done a thorough analysis to estimate the savings and the value to government of achieving these outcomes for the given cohort. Using this to set the pricing in the rate card ensures that the government achieves value for money. If local authorities (LAs) or other types of local commissioners decide to pay for a wider group they are likely to require an analysis to set these payments. If match funding is sought from the Cabinet Office the LA will need to demonstrate that the funding sought from central government represents value for money in terms of generating economic benefits for the public sector. More detail is provided below.

Outcome claims related to the match-funded, additional cohort, will be processed through the same mechanisms as normal FCF outcome payments.

Evidence of value for money

Where an additional cohort has been identified, as described above, local authorities may agree with CO to make match funded payments for the people that fall outside of the cohort while the FCF will pay for those that are part of it.

We expect the outcomes and the pricing for the match funded group to be in line with the FCF rate card (i.e. the CO match to be up to half the maximum outcomes payment specified in the rate card). If a match is sought an LA will need to demonstrate that this work is additional to its statutory duties and additional to work currently done with the suggested cohort in order to demonstrate that it represents value for money for central government. This should be done in terms of why the additional cohort is being targeted. For example it could be because there is a particular demand in the local area. This calculation should:

I. consider the short, medium and long term benefits of targeting an additional group;

II. be converted into a monetary value;

III. consider how effective the intervention is likely to be; and

IV. consider what would have happened to the additional cohort in the absence of an intervention e.g. how many would have achieved the outcomes anyway. A baseline or counterfactual measure would be useful for this.

Mechanics of payment

The evidence required by the FCF will also be gathered for the additional cohort. Both sets of evidence would be sent to DCLG while only the evidence on the additional cohort would be sent to the LA in order to generate a payment. The Local Authority and CO would make payments once evidence on additional cohort had been received.

Proposals for delivering additional outcomes will only be considered for those proposals that are awarded a grant as part of the Fair Chance Fund, and consideration of proposals to work with additional cohorts will not from part of the FCF assessment process. We would expect to enter into detailed discussions on additional cohorts with successful FCF bids who are interested in this possibility immediately after a decision to award a grant (subject to due diligence) has been made.