



Department for  
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# Life Chances Fund: 2020 further allocation process

## Overview of the Life Chances Fund

The Life Chances Fund (LCF) is an £80m fund, committed by central government, that aims to help those people in society who face the most significant barriers to leading happy and productive lives.

The LCF provides top-up outcome payments in relation to locally-commissioned contracts that seek to tackle complex social problems.

Three rounds of LCF funding allocations were completed between 2016-2018, with a deadline set for 31<sup>st</sup> December 2019 for final submission of project set-up forms.

As a result of attrition of projects, a further opportunity to request LCF funds will be made available during 2020, to support the scaling of existing LCF SIB projects that have received final sign-off. Details of the process, timeline and eligibility criteria for the 2020 further allocation process are set out in this guidance.

Under the terms of the LCF, local commissioners pay for the majority of the outcomes payments, with minimum contributions to total outcomes payments being met by the LCF. The fund aims for contributions of around 20 percent of total outcomes payments, but the level of LCF contributions is refined to reflect the balance in savings that are generated for the wider public sector.

For the 2020 further allocation process, it is anticipated that projects will receive LCF top-up funding at the same percentage approved for their current operations, in the event that proposals for the scaling of those projects is approved.

## 2020 Further Allocation Process

The further allocation process will be focused on the scaling of live LCF SIB-backed projects.

One of the original objectives of the Life Chances Fund was to increase the number and size of social impact bonds across England. Following three thematic callouts between 2016-2018 and the successful launch of circa 30 LCF projects, we are now providing the



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opportunity for LCF SIBs to apply for further funding to scale their services, by increasing the size of the project cohort and/or by adding new commissioners to projects.

Projects will be expected to apply for a maximum uplift of 50% of their current agreed LCF financial commitment. In exceptional cases consideration will be given to proposals for a higher uplift, where the terms of the proposed scaling, the anticipated cost-savings and/or the benefits to service users demonstrate that an increased sum is justified.

Initially applicants are required to submit their proposals through an Expression of Interest (EOI) and, if successful, through a second written Final Submission. It is anticipated that there will be a further interview stage, allowing an opportunity for clarifications to be requested and for commissioner-backing to be confirmed.

The applicant for the 2020 further allocation process must be the same person/organisation as the lead applicant for the core LCF SIB project.

### **Expression of Interest:**

The initial stage of the process will ensure that applicants are clear on what it is they are applying for and how realistic a proposal they are making.

It will ensure applicants meet the fundamental criteria for applying to the LCF and 2020 further allocation process.

Applicants will be expected, at this stage, to have begun engagement with service providers, commissioners and investors, to ensure that proposals for scaling can realistically be delivered within the 2020 further allocation process timeframe.

A decision will be taken on each EOI form within three weeks (depending upon volume of applications).

### **Final Submission:**

Proposals approved through the EOI stage of the process will be required to complete a Final Submission with more detailed information regarding the proposal to scale their SIB project.

It is anticipated that the final submission will be made via our digital platform, but this will be confirmed to applicants who are successful at the EOI stage of the process.

### **Timeline**

To optimise achievement of the LCF's objectives within the lifetime of the fund, the further allocation process will commence in March 2020.



Past Social Impact Bonds indicate that a minimum term of three years is needed to provide a reasonable timeframe for the delivery of challenging outcomes and to ensure the viability of services.

To allow for services to be mobilised, service-user referrals to be made, interventions to be implemented and outcomes to be delivered, measured and evaluated before expiry of the lifetime of the LCF in March 2025, the application process will be concluded by November 2020.

The anticipated timeframe for the process is set out below:

EOI	Final Submission	Clarification & interviews	Contract award	Mobilisation
17 March - 26 June 2020	20 July - 25th September 2020	28 September - 16 November 2020	27 November 2020	27 November 2020 - 30 June 2021

Applicants to this final round of LCF funding will be expected to begin delivery of services by the beginning of June 2021 at the latest.

All successful projects will be able to draw down money from the fund during the lifetime of the LCF (or for the duration of their SIB, if shorter). Projects can run beyond 2025, but top-up funding will not be available beyond the lifetime of the LCF. We would expect all payments to have been claimed six months before the closure of the LCF (i.e. by October 2024) or closure of the grant, whichever is the earlier.

## Eligibility

Applications will be considered from all LCF projects that submitted final set-up forms by 31st December 2019 and have received final sign off, subject to the further criteria stipulated in this guidance.

There is a firm expectation that any applications for the scaling of LCF projects will be on the basis of the same cohort definition, outcomes and payment structure as the applicant's core LCF project.

In exceptional cases, consideration will be given to adjustments to proposals, where there is clear and compelling evidence of learning from earlier operations or where geographic scaling and specific local needs supports the case for adaptation. It must be demonstrated that any such variation of terms would benefit service-users.

Where appropriate to the circumstances, proposals for changes to service providers or interventions will be considered for the scaled service (not for the applicant's existing LCF



SIB project), provided there are clear plans in place for mobilisation and delivery within the timeframe for the 2020 further allocation process.

Options for scaling include:

- bringing other commissioners on board with projects, where there is firm commissioner buy-in; or
- expanding the cohort size, working with existing commissioner(s)

## Criteria

In view of the timeframe for further allocation of LCF funds, applicants will be required to meet the following criteria, which supplement the requirements of earlier funding rounds.

### **Criteria 1**

Applicants must have successfully completed the application process for previous rounds of the LCF and received final confirmation of funding allocation.

### **Criteria 2**

Applicants will need to evidence written commissioner backing and investment commitment, for the proposed scaling, during the six-month application process. This will require evidence of sign-off or confirmation in writing from the service director responsible for the budget, within the commissioning authority, of commitment to the proposals for the scaled service. Applicants will also be required to provide a letter from the Investment Committee confirming any necessary investment commitment for the proposed project to scale services. Commissioners will be expected to attend all interviews related to the application process, accompanying provider-led approaches where applicable.

### **Criteria 3**

Applicants must be able to demonstrate clear plans to deliver outcomes by October 2024.

### **Criteria 4**

Applicants will be required to demonstrate that a strong partnership exists between service providers, commissioners and investors, confirming that all stakeholders are firmly on-board with proposals to scale services and will be in a position to mobilise services within the timescale for the 2020 further allocation process. Written confirmation will be requested from partners involved in the project to scale services, during the application process.

### **Criteria 5**

Applicants should be able to demonstrate the need for the scaling of services and plans for the timely referral of service-users.



### **Criteria 6**

Applicants must agree to the sharing and publication of information about its project, to meet the learning and dissemination objectives of the LCF and to allow the monitoring and evaluation of the LCF grant programme. This includes a commitment to transparency and data sharing, together with co-operation with the Government Outcomes Lab (GO Lab) to produce a comprehensive and useful database of Social Impact Bond projects. Any contracts with delivery agents, intermediaries or management agents should reflect this commitment.

### **Life Chances Fund Principles**

The original principles of the LCF will continue to apply to the 2020 further allocation process as follows:

- The LCF will enable VCSE providers to take a lead role in transforming public services, as service delivery providers, SIB managers and project managers, managing SIB arrangements on behalf of commissioners. This service transformation will be delivered by SIBs that take a real systems change approach through genuine risk taking, and through focusing on prevention and early upstream action.
- The LCF will end in March 2025, with projects required to claim all outcomes payments by October 2024 or closure of the grant, whichever is earlier
- The LCF will contribute towards payment for outcome contracts focused upon tackling complex social problems. The fund will not contribute towards non-outcome based payment models, because the LCF's aim is to promote greater use of outcome based commissioning models on the basis that they can generate greater value for money than non-outcome based models.
- At least 50% of revenue funding the LCF programme is expected to be on an outcomes basis.
- The LCF will only top up locally commissioned payment for outcome contracts, and will not subsidise other central government outcomes funds.
- The LCF will provide a minority contribution to outcome payments for SIBs where the majority of outcome payments are made by local commissioners.
- By scaling projects approved under earlier LCF rounds, the LCF will drive SIB development in specific social policy areas.
- The LCF now aims to scale the size of SIBs currently in existence.
- The LCF will help to build the evidence base for SIBs on both the costs and effectiveness of interventions.
- The LCF will ensure value for public funds based on appropriate and proportionate risk and return levels.
- The LCF will ensure high levels of local VCSE and pro-active service user engagement and involvement.
- The LCF will encourage SIBs that support early action to improve people's quality of life and reduce the burden upon public services.
- The LCF will also aim to increase transparency in the SIB market which will help reduce transaction costs and support more commissioners to develop SIBs.



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## Fund themes

As the 2020 further allocation process is focused on the scaling of existing LCF projects, we anticipate projects falling within the original six themes of the LCF, or the innovation strand originally advertised. The six original LCF themes were:

- Drug and alcohol dependency
- Children's services
- Young people
- Early years
- Healthy lives
- Older people's services

## Development Support

The cost of SIB governance, legal arrangements, procurement work and all other administration resources needed to complete LCF applications, must be borne by the applicant organisation and their partners in all cases.

Support will be available to applicants through the Government Outcomes Lab (GO Lab), including:

- Technical online guidance from [GO Lab](#) (see Resources at the end of this guidance).
- Advice Sessions via [GO Lab](#)
- Events - [details to be confirmed](#)
- Peer Learning Groups / [SIB Knowledge Club](#)

Further details will also be provided in feedback to successful applicants throughout the application process.

**An event is expected to be held for applicants who are successful at the EOI stage of the process, at the Government Outcomes Lab (GO Lab) in Oxford, date TBC.** This will provide an opportunity to connect and share learning and experiences with Life Chances Fund peers, as well as an opportunity for further discussion of development support needs.

## Fund Administration

The National Lottery Community Fund ([TNLCF](#)), will continue to act as the fund administrator for the LCF, and will manage the main £80m outcomes fund and the development support fund on behalf of Her Majesty's Government (HMG). They will be responsible for managing the fund day-to-day, partnering with HMG for some processes.

Their responsibilities will include:



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- Managing the application process: TNLCF will be the main point of contact and will provide support to applicants prior to and throughout the application process. They will be responsible for reviewing EOIs and final submissions, supported by the Centre for SIBs.
- Funding grants and managing finances: TNLCF will be responsible for creating and sending grant letters and schedules, collecting invoices, making timely payments of funds and record keeping.
- Collecting outcomes evidence: TNLCF will be responsible for timely collection of performance data and evidence, and validation of independently verified data and evidence / auditing of performance data against evidence. They will also be responsible for ensuring the data is recorded in a robust manner.

TNLCF will act as the main point of contact for the fund and will engage HMG and others as necessary.

Potential applicants can liaise with their current TNLCF Funding Officer / Manager with queries on the 2020 further allocation process.

### **Government Outcomes Lab**

HMG has also partnered with GO Lab, part of the Blavatnik School of Government at the University of Oxford, expanding the support available to local commissioners in understanding and developing SIBs.

The GO Lab will continue to provide support to local commissioners including expert advice and guidance. It will also produce and disseminate practical tools and resources, analyse data and conduct evaluations. This will help local commissioners exploring outcomes-based commissioning and build capacity within these organisations to develop outcomes contracts in the future.

Further information regarding the GO Lab and the support they can provide can be found on their [website](#).

## **Useful Information**

### **Contact details**

For queries regarding the 2020 LCF further allocation process, please contact TNLCF by [email](#).

## **Resources**

### **Web:**



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HMG social impact bonds [web page](#)

HMG Life Chances Fund [web page](#)

The National Lottery Community Fund [website](#)

Government Outcomes Lab [website](#)

### **Practical Tools:**

[SIB Readiness Framework](#)

[Social Impact Bond Provider Toolkit](#)

[Setting and Measuring Outcomes Guide](#)

[Pricing Outcomes Guide](#)

[Awarding Outcomes Based Contracts Guide](#)

[Evaluating Outcomes Based Contracts Guide](#)

[Outcomes-based Contracting / Results-based Financing Introductory Guide](#)

[Social Finance Technical Guides and Publications](#)

### **Wider support resources:**

[Peer Learning Groups](#)

[Advice Surgeries](#)

[Events and Webinars](#)

[Directory of SIB Investment Funds](#)

[Directory of SIB Technical Support Providers](#)

[Directory of SIB Evaluators](#)

### **SIBs reading:**





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[Impact Bonds Guide](#)

[Social Impact Investing Guide](#)

[Guidance for Life Chances Fund Projects](#)

Bridges Fund Management - [Better outcomes, better value: the evolution of SIBs in the UK](#)

Bridges Fund Management - [Choosing Social Impact Bonds: a practitioner's guide](#)

Social Finance [Publications](#)

Big Issue Invest - [Investing for Outcomes - A Thought Piece](#)