

# The use of social impact bonds in children's social care: A comparative analysis of project justifications and design considerations in the Life Chances Fund

Technical Annex  
May 2021

## Introduction

This technical annex supports a report that investigates seven children’s social care projects commissioned through social impact bonds (SIBs), with top-up outcomes funding provided by the Department for Digital, Culture, Media & Sport’s Life Chances Fund (LCF). The research investigates the justifications and alternative SIB design approaches adopted by local authority commissioners to support children and families ‘at the edge’ of (or already within) the statutory care system. [The main report is available on GOV.UK.](#)

The annex begins by providing summary economic analysis before moving to outline impact bond ‘theories of change’ for each of the impact bond projects described in the full report. Annex 3 provides detailed project development timelines. Annex 4 presents governance diagrams showing the configuration and relationships between the parties involved. The final section provides detailed project-level analyses of procurement processes.

## Annex 1 Brief economic analysis of the seven social impact bonds

This section provides simple economic analysis with a focus on cost factors. Given that the seven projects under study are relatively new with dispersed and sometimes incomplete information, the analysis is based on data provided by projects in LCF application forms and the DCMS Data Portal. Our analysis involves but is not limited to: comparative SIB analysis by policy domain, comparative expenditure analysis by cost factors, and payment time-line comparisons. We also briefly touch upon the concept of benefit to cost ratio based on cashable savings as an indicative measure of benefit. Investigating the economic validity of the LCF SIBs in the domain of children's social care could potentially facilitate the development of future SIBs in this policy area.

### Background on Spending in Children's Social Care

The overall spending on children's services has fallen over the past decade, mainly due to reduction in preventative and early intervention services. However, spending on children's social care (CSC) increased by 16% in real terms (from £6.0bn to £7.9bn) between 2009/10 and 2017/18<sup>1</sup>. This rise in spending is in response to rising demand pressures<sup>2</sup> on children's social care services (discussed in Section 1.1.2). Although local authorities have persistently overspent on these services, this has been insufficient to keep pace with growing demand. According to the NAO, 91% of local authorities overspent<sup>3</sup> on these services in 2017/18 by 14% on average, compared to their originally planned budget. In the same fiscal year, 151 top-tier local authorities in England spent £7.9 billion on children's social care. This is equivalent to 13% of their locally controlled budgets<sup>4</sup>. Despite additional funding, it appears that service quality has declined over the past decade<sup>5</sup>.

The dual challenge of demand pressure and diminishing service quality is exacerbated by financial strain. The Institute for Government and CIPFA project an additional expenditure of £612m a year in real terms by 2023/24 compared to 2018/19, just to keep pace with demand<sup>6</sup>. These considerations feature heavily in local authorities' primary justifications for adopting SIBs within children's social care (as discussed in Chapter 2). The SIB model could potentially (i) reduce local authorities' overspend on CSC in the short term via flexible long-term financing methods, (ii) improve service quality and outcomes for children and young people by turning the focus to effectiveness instead of efficiency, and (iii) deliver future budget savings. Whether or not these anticipated benefits will materialise remains to be seen.

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<sup>1</sup> (Institute for Government and CIPFA, 2019)

<sup>2</sup> (House of Commons Library, 2019)

<sup>3</sup> While local authorities have overspent on other areas during the period, children's services is the only area where overspending has occurred consistently in every year since 2010/11.

<sup>4</sup> (National Audit Office, 2019)

<sup>5</sup> (Institute for Government and CIPFA, 2019)

<sup>6</sup> (Institute for Government and CIPFA, 2019)

## Life Chances Fund SIBs and children's social care

This annex explores some of the economic aspects of the six successfully launched SIBs included in this research<sup>7</sup>. The scope for the economic analysis is limited and only explores the data reported by the LCF applicants at the time of application for LCF top up funding.<sup>8</sup> Some of the figures may have changed since the data were provided. Due to the early stage of these projects and the prospective nature of the data available, we are not in a position to judge the efficiency or the effectiveness of these SIB projects: their actual performance is yet to be reported and validated. However, given the available information, we explore some reasons why a SIB mechanism might be relevant to children's social care services.

Headline comparative information for Life Chances Fund projects across all policy areas is provided in **Figure 1** below. All figures in this table represent average values per participant per year. The unit of analysis is harmonised for all figures in this table by using a consistent currency (GBP), annual values and projected participant numbers. In aggregate, the six children's social care SIBs target around 3,000 children. These services often had multiple aims, including preventing entry into care, de-escalation of care level, and improving wellbeing of children and young people. The annual average per head outcome-payment for these SIBs is £11,939 which is almost equal to the annual per head expenditure of local authorities on the children referred to social care - which covers a broader set of services - and is about £12,000<sup>9</sup> per child. It should be noted, however, that the £12,000 per child figure is a unit cost, spent independently of children and young people's outcomes and therefore is not directly comparable to the SIB outcome payment value.<sup>10</sup> Most of the six SIBs target looked after children (LACs). This is not surprising given that (i) on average up to 47% of children services' budget is targeted at this cohort<sup>11</sup>, and (ii) care services are expensive. For the SIBs in this study which aim to keep children out of care and/or in a less intensive type of care (step down), the weekly cost varies between £200-£800<sup>12</sup>, where the alternatives are (a) in-house fostering placements, which cost £475 per week, (b) Independent Fostering Agency placements, which cost about £800 per week<sup>13</sup>, and (c) residential care home placements, which cost about £3,400-£4,700<sup>14</sup>.

It is also suggested that preventative and early-intervention services might be expensive in the short term but could potentially decrease future demand for more intensive services, thereby decreasing expenditure in the long run<sup>15</sup>. This is based on the strong scientific<sup>16</sup> and

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<sup>7</sup> One of the CSC SIBs in this evaluation withdrew from the LCF (Strong Families, Resilient Communities) because of which it lacks comparable economic data. It is therefore excluded from the analysis in this annex.

<sup>8</sup> Policy areas have been interpreted by GO Lab researchers using definitions within the INDIGO Data Dictionary (Government Outcomes Lab, 2020)

<sup>9</sup> £8 billion divided by 660,000 children who got referred to CSC based on 2017/18 figures from Institute for Government and CIPFA (Institute for Government and CIPFA, 2019).

<sup>10</sup> While it would be helpful to compare these SIBs to non-SIB commissioning mechanisms – for example, to compare spending profiles and risk transfer – this would require detailed data beyond that currently available to the GO Lab research team.

<sup>11</sup> (Institute for Government and CIPFA, 2019)

<sup>12</sup> Estimates are based on interpretation of outcome price data within the DCMS data portal by GO Lab researchers

<sup>13</sup> Narey and Owers (2018). Foster Care in England: A Review for the Department for Education. Department for Education.

<sup>14</sup> Curtis and Burns (2019). Unit Costs of Health and Social Care 2019. Unit Costs of Health and Social Care. PSSRU.

<sup>15</sup> Rallings, J. and Payne, L. (2016). The case for early support. Barnardo's.

<sup>16</sup> Allen, G. (2011). Early Intervention: The Next Steps. HM Government.

financial cases<sup>17</sup> for preventative and early intervention programmes. However, the evidence around long-term effects of care on children is inconclusive. While there is some support for keeping young people out of care, there is also robust evidence questioning the size of the future costs saved or the negative impact of care on children's future life chances<sup>18</sup>.

Broader social outcomes for children and young people and value for money are also relevant when considering projects within children's social care. While a healthy family environment is important for children's development, not all family settings are better than care settings for children.<sup>19</sup> Furthermore, there are also disputes around the cost-saving aspect of such projects. For example, the Institute for Fiscal Studies found that an early intervention service (Sure Start children's centres) contributed to savings equivalent to 6% of the total amount spent on the centres. This is potentially a less substantial saving than what might have been expected.<sup>20</sup>

Information provided by projects as part of the LCF administration process indicates that transaction costs are higher for the six launched SIBs included in this study compared to alternative means of commissioning. These could potentially have been driven up by protracted development timelines (described in Chapter 3) involving several new stakeholders, multi-party discussions and resource constraints.<sup>21</sup> Overall, financial risk to commissioners is lowered by paying only upon the achievement of these outcomes over a limited time period, and at a rate that compares favourably with the cost of expensive alternatives (e.g., being in a residential placement).

It is also constructive to compare children's social care SIBs with other projects within the Life Chances Fund. Based on **Figure 1**, it appears that children's social care SIBs spend more on each service user compared to other policy areas within the LCF, with the exception of criminal justice which only contains one SIB. All signed-off projects within the LCF have been aligned to six overarching policy areas<sup>22</sup> and then analysed in terms of aggregate outcome payments, transaction costs, and returns information. All figures are annualised and displayed in per participant terms.

For the six successfully launched SIBs in this research project, the mean annual outcome payment per participant is £11,939. This is slightly lower than the figure for other SIBs in the children and family welfare policy area for the LCF (£12,454). However, it is substantially higher than the average LCF SIB which incurs outcome payments of £3,313 (annual per participant). The same pattern holds when comparing the figures for transaction costs. Simultaneously, investors have committed more funds to service users in this cohort (as represented by the "total investment" row in **Figure 1**). This is perhaps an indication that higher spending is needed in general for these projects. For the six projects in this study, investors provide around £1 for every £10 of potential payment by the outcome

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<sup>17</sup> Mainly on the grounds of future cost saving; e.g. Rallings, J. and Payne, L. (2016).

<sup>18</sup> Sebba, J., Berridge, D., Luke, N., Fletcher, J., Bell, K., Strand, S., ... O'Higgins, A. (2015). *The Educational Progress of Looked After Children in England: Linking Care and Educational Data*. Nuffield Foundation.

<sup>19</sup> Field, F. (2010). *The Foundation Years: preventing poor children becoming poor adults*. HM Government.

<sup>20</sup> Cattan S, Conti G, Farquharson C and Ginja R. (2019). *The Health Effects of Sure Start*. Institute for Fiscal Studies.

<sup>21</sup> Demel, A. (2012). *Second Thoughts on Social Impact Bonds*. *NYU Journal of Law and Business*, 9, 503-509.

<sup>22</sup> These six policy areas are defined in the GO Lab INDIGO Data Dictionary and categorised as follows: employment and training, health and wellbeing, homelessness, education and early years, child and family welfare, and criminal justice.

funderson. On average, across other LCF projects the typical ratio of investor contribution to potential outcome payments is 1:5. This hints that the children’s social care projects may be more efficient in ‘recycling’ outcome payments, that is reinvesting outcome payments back into the same project. However, there might be other factors that underpin this ratio and this could be explored in future studies. In terms of cashable savings and costs avoided<sup>23</sup>, according to self-reported information from project teams, children’s social care SIBs seem to be performing slightly better than an average LCF SIB. This potentially reflects local government priorities around generating savings and using invest-to-save models within children’s social care.

	LCF - Children’s social care <sup>1</sup>	LCF - Total <sup>7</sup>	LCF- Employment & training	LCF - Health & wellbeing	LCF - Homelessness	LCF - Education & early years	LCF - Child & Family Welfare <sup>8</sup>	LCF - Criminal Justice
Annual average values per participant <sup>2</sup>								
Outcome payment	£11,939	£3,313	£469	£604	£896	£2,637	£12,454	£3,201
Total investment <sup>3</sup>	£1,207	£606	£101	£133	£217	£276	£2,219	£1,116
Transaction Costs <sup>4</sup>	£1,347	£516	£110	£111	£65	£438	£1,844	£757
<i>Management and evaluation</i>	£770	£147	£53	£56	£54	£211	£358	£403
<i>Investment costs</i>	£576	£369	£58	£56	£10	£227	£1,487	£354
Share of selected cost components as a percentage of total costs <sup>5</sup>								
Share of transaction costs over total <sup>6</sup> [min, max]	9.8% [5.7, 15.1]	15.2% [6.3, 24.3]	18% [11.5, 24.3]	14.2% [8.1, 17.3]	7.3% [6.3, 9.1]	13% [11.1, 15.5]	16.7% [10.6, 21.9]	19.1% [19.1, 19.1]
<i>Management and evaluation</i>	5.3% [2.9, 6.8]	7.3% [0.9, 11.4]	8.8% [4.8, 11.4]	7.1% [2.9, 9.4]	5.6% [5.3, 5.8]	7.8% [5.9, 9.4]	5.4% [0.9, 7.9]	10.2% [10.2, 10.2]
<i>Investment costs</i>	4.5% [1.6, 12.2]	7.8% [0.8, 14.8]	9.3% [2, 14.5]	7.1% [4.1, 12.1]	1.7% [0.8, 3.3]	5.2% [1.7, 9.5]	11.3% [8.6, 14.8]	8.9% [8.9, 8.9]
Rate of return <sup>9</sup> [min, max]								
Rate of return <sup>9</sup> [min, max]	8.4% [4,15]	9.0% [3, 18.5]	11.6% [5,18.5]	9.7% [6,15]	8.3% [5,13]	7.9% [5.1, 12]	6.7% [3, 12]	10.0% [10,10]
Number of SIBs	6	25	8	5	3	3	5	1

Figure 1 Comparison of children’s social care SIBs to other policy domains within the LCF. Source: GO Lab research team interpretation of data from the DCMS Data Portal. A full list of projects under each policy area is included at the end of the annex

<sup>1</sup> This column represents aggregate figures based on the six projects used in this study, excluding the withdrawn Strong Families, Resilient Communities project in Lancashire.

<sup>2</sup> All figures represent average values per participant per year. The unit of analysis is harmonised for all figures in this table by using a consistent currency (GBP), annual values and intended participant numbers.

<sup>3</sup> Bridges Fund Management describe the investment amount required for an outcomes contract as a function of the timing and quantum of both outcome payments and costs, which are susceptible to change over time. Therefore, investment values used are anticipated values. Final investment values at the end of a project might differ.

<sup>4</sup> Transaction costs are defined here as the total of management costs, evaluation costs, and investment costs. The figures in this row are averages of annualised per participant values.

<sup>5</sup> This includes costs associated with investment (e.g., procurement etc.)

<sup>6</sup> Total cost is outcome payments plus ‘transaction costs’ (management costs, evaluation costs, and investment costs).

<sup>7</sup> This column represents all successful LCF SIBs excluding the six CSC SIBs in this study

<sup>23</sup> Based on analysis of data provided by SIB projects to the DCMS Data Portal. This data has been analysed by GO Lab researchers but the underlying data is provided by SIB projects.

Transaction costs (described as management, evaluation, and investment costs plus returns) on average account for 9.8% of total costs for the children’s social care SIBs under consideration, with a range of 5.7-15.1%. This average value is lower than an average LCF SIB in other policy areas, except ‘homelessness’. This might indicate the relative efficiency of these programmes in using resources, compared to other LCF SIBs.

The cost distribution across time is another key aspect of achieving value for money in payment by results (PbR) or SIB programmes. For instance, payments made later in time lower the present or discounted future costs. They also lower the risk and opportunity cost for the commissioner(s), while providing more cashflow. **Figure 2** shows the share of total payment against time, as originally anticipated by the children’s social care projects. This figure enables comparison across the children’s social care SIBs with each SIB project shaded a different colour. In the projects shaded light blue and orange a large proportion of total outcome payments are due to be realised in the initial years if outcomes are achieved (more than 50% of outcome payments may be made before the midpoint of the SIB’s life). On the contrary, the projects represented in green and navy blue appear to apportion these more evenly across the life of the SIB. This model may potentially incentivise the achievement of outcomes across the length of the programme while also incurring lower risk for commissioners. On average, slightly more than 40% of total outcome payments are anticipated to be made within the first three years of each project. The largest portion of outcome payments for the children’s social care SIBs is scheduled to be made in the fourth year, when on average 27% of the total is projected to be spent.

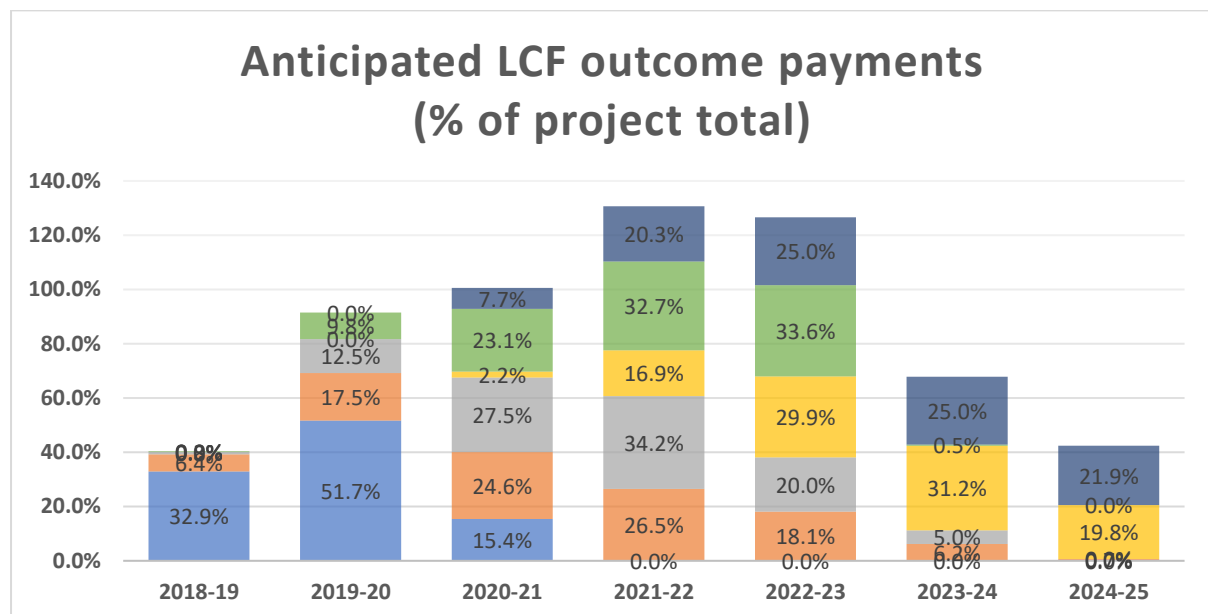


Figure 2 Anticipated outcome payments across the six CSC SIBs in this study. All figures are percentages of the total outcome payments anticipated from the LCF over a project’s lifetime. Source: DCMS Data Portal

\* Each colour represents a CSC SIB in a particular fiscal year, for instance 2020/21. Hence, although a SIB may deliver services for four years, the outcomes payment structure of the SIB are likely to stretch out over a longer period of time.

\*\* All years are UK fiscal years (1 April - 30 March).

## List of projects under each policy domain

In **Figure 1** above, GO Lab researchers have classified LCF projects into policy areas on the basis of outcome metrics and intervention design. A full list is featured below in Figure 3.

LCF- Children’s social care <sup>24</sup>	LCF- Employment & training	LCF- Health & wellbeing	LCF- Homelessness	LCF- Education & early years	LCF- Child & Family Welfare	LCF- Criminal Justice
<ul style="list-style-type: none"> <li>• Integrated Family Support Service (IFSS)</li> <li>• Fostering Better Outcomes</li> <li>• Stronger Families Suffolk</li> <li>• Pyramid Project</li> <li>• Stronger Families Norfolk</li> <li>• DN2 Children’s Services SIB</li> <li>• Strong Families, Resilient Communities<sup>25</sup></li> </ul>	<ul style="list-style-type: none"> <li>• DFN-MoveForward</li> <li>• FutureImpact</li> <li>• IPS employment support for people with drug and alcohol addictions</li> <li>• Mental Health and Employment Social Impact Bond Haringey and Barnet</li> <li>• MHEP Tower Hamlets Learning Disabilities</li> <li>• Mental Health and Employment Partnership Limited Enfield</li> <li>• Mental Health and Employment Partnership Tower Hamlets MH</li> <li>• Mental Health and Employment Partnerships Shropshire</li> </ul>	<ul style="list-style-type: none"> <li>• Cornwall Frequent Attenders Project</li> <li>• Adults with Complex Needs</li> <li>• Enhanced Dementia Care Service</li> <li>• Chances</li> <li>• Provision of a social prescribing framework and offer at scale across Northamptonshire</li> </ul>	<ul style="list-style-type: none"> <li>• Single Homeless Prevention Service (SHPS)</li> <li>• Kirklees Integrated Support Service - KISS</li> <li>• Opening Doors</li> </ul>	<ul style="list-style-type: none"> <li>• Big Picture Learning in Doncaster</li> <li>• ParentChild+</li> <li>• West London Zone, place-based support for children and young people: scale up</li> </ul>	<ul style="list-style-type: none"> <li>• Reducing the prevalence of mothers experiencing recurrent care proceedings</li> <li>• Promoting Independence</li> <li>• Midlands Regional Pause Hub</li> <li>• Gloucestershire Positive Behaviour Support</li> <li>• A Norfolk SIB for Carers</li> </ul>	<ul style="list-style-type: none"> <li>• The Skill Mill</li> </ul>

Figure 3 List of LCF projects under each policy domain

<sup>24</sup> This category includes all the children’s social care projects analysed in this study.

<sup>25</sup> While this project is included in the study, it is not featured in the economic analysis within this annex and in **Figure 1** as it later withdrew from the LCF and did not launch.



## Annex 2 Theories of change for the seven social impact bonds

Members of the research team worked with local authority SIB development teams to develop a detailed Theory of Change<sup>26</sup> or logic model for each of the seven SIBs as a commissioning mechanism. These articulate both explicit and implicit assumptions about how the SIB model is expected to bring about desired change. The research team worked collaboratively with project stakeholders to explore the following questions:

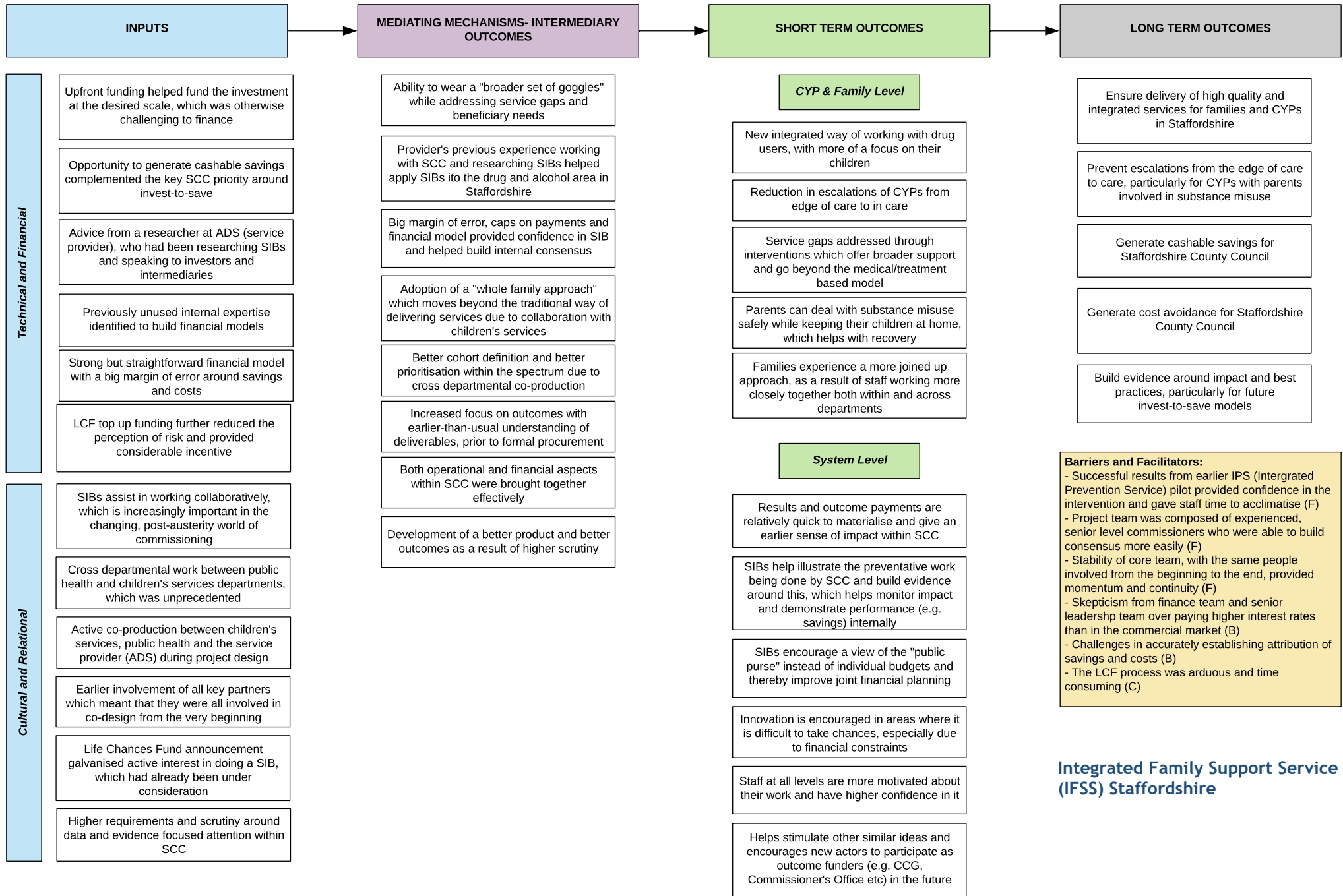
- What is the overall aim of the SIB?
- What will be the key inputs (including technical/financial and relational) in the SIB project?
- What mediating mechanisms are likely to influence the programme/intervention?
- What short term outcomes would indicate that the desired change is taking place (both at the individual/family and system level)?
- What are the ultimate long-term outcomes? In other words, what does success look like?
- What are the anticipated barriers and challenges to success?

Project names are indicated at the bottom right in the pages that follow. These theories of change are complemented by detailed timelines for each SIB in Annex 3.

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<sup>26</sup> A theory of change explains the channels through which programmes can influence final outcomes. It describes the causal logic of how and why an intervention will reach its intended outcomes. A theory of change is a key underpinning of any impact evaluation, given the cause-and-effect focus of the research. (Government Outcomes Lab, n.d.)

**OVERALL AIM:  
TO OFFER MORE COMPREHENSIVE AND INTEGRATED SERVICES FOR FAMILIES WHILE INCURRING COST SAVINGS FOR STAFFORDSHIRE COUNTY COUNCIL**



**Technical and Financial**

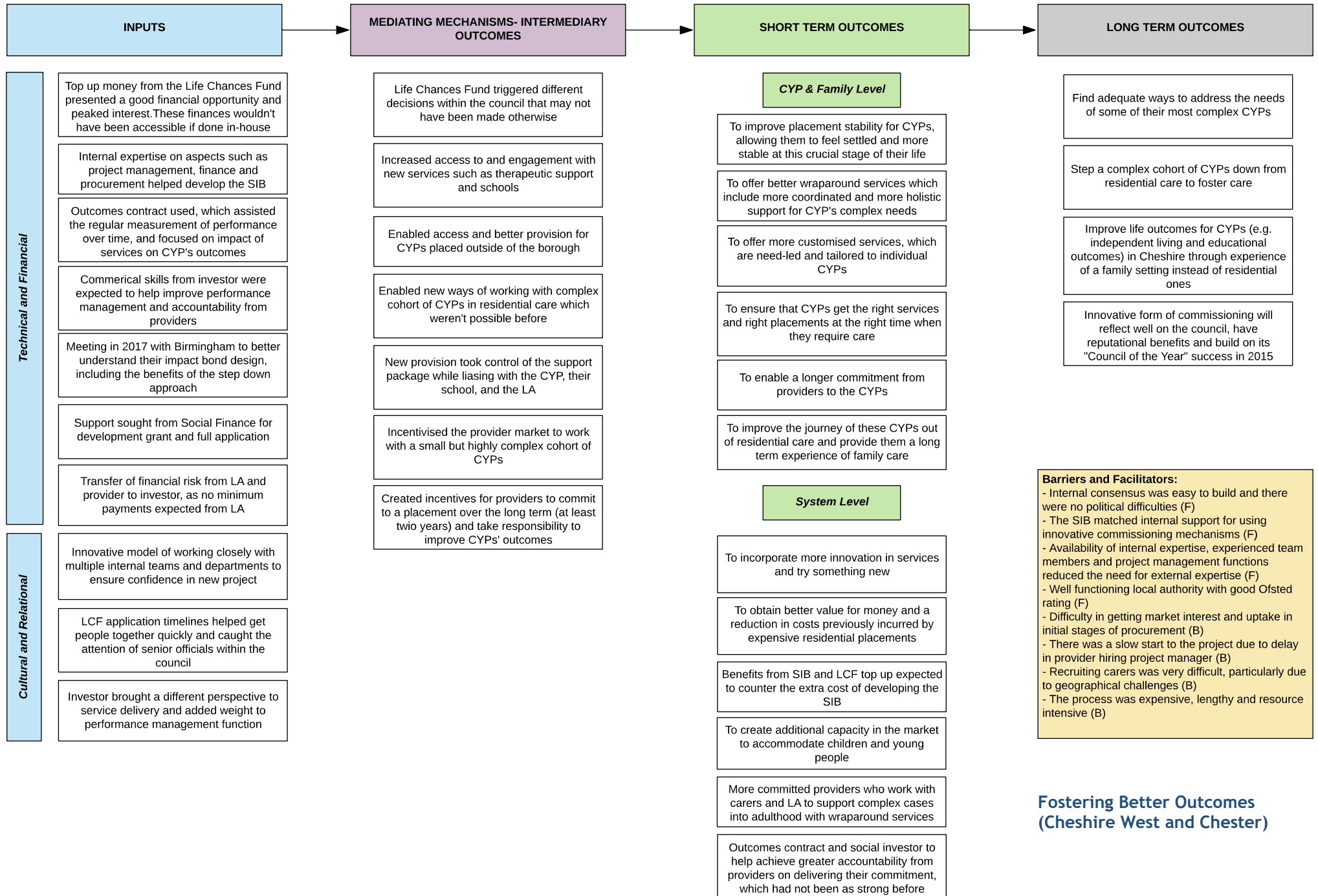
**Cultural and Relational**

**Barriers and Facilitators:**

- Successful results from earlier IPS (Intergrated Prevention Service) pilot provided confidence in the intervention and gave staff time to acclimatise (F)
- Project team was composed of experienced, senior level commissioners who were able to build consensus more easily (F)
- Stability of core team, with the same people involved from the beginning to the end, provided momentum and continuity (F)
- Skepticism from finance team and senior leadership team over paying higher interest rates than in the commercial market (B)
- Challenges in accurately establishing attribution of savings and costs (B)
- The LCF process was arduous and time consuming (C)

**Integrated Family Support Service (IFSS) Staffordshire**

**OVERALL AIM:  
TO STEP DOWN CHILDREN FROM RESIDENTIAL CARE TO FOSTER CARE AND HELP THEM ACHIEVE BETTER LIFE OUTCOMES**



**OVERALL AIM:  
IMPROVE OUTCOMES FOR CHILDREN AND YOUNG PEOPLE IN SUFFOLK BY INCREASING SERVICE CAPACITY, USING A HIGH QUALITY INTERVENTION AND ACHIEVING INTER-GENERATIONAL IMPACT**



**Technical and Financial**

- Upfront funding from social investor, which offered additional financial resources (seen as difficult to secure otherwise)
- High quality intervention addresses service gaps, particularly within mental health and youth services
- Development grant helped engage consultant, conduct scoping exercise and begin financial modelling to develop SIB
- Currently used outcomes are transparent, measurable and lend themselves well to a social impact bond structure
- Use of a model with clearly articulated outcomes and cost avoidance
- LCF top up was instrumental in ensuring economic viability and securing go-ahead

- Additional financial resources help maintain service levels, as well as meet rising costs for looked after children (LACs)
- Existing in-house service (Family Solutions) can now be redirected to prevent escalation of CYPs already in care and to focus on younger children
- New intervention will help build evidence around new approach of involving clinical psychologists
- Model reflects the priorities of Suffolk County Council (reduced costs and numbers) which is politically attractive
- Risk is transferred from commissioners to investors (e.g. they may be investing time and resources into cases who end up in care anyway)
- Close collaboration with investor and provider, especially during the design phase of the SIB

- CYP & Family Level**
- CYPs avoid going into care
  - CYPs prevented from becoming NEETs in Suffolk
  - CYPs prevented from entering the criminal justice system
  - Improved behavioural outcomes (e.g. better school engagement, less risk-taking behaviour) as a result of CYPs being out of care and living with their families
  - CYPs benefit from improved access to mental health services through therapists and clinical psychologists, which was previously missing from the service offer

- Improved societal outcomes for CYPs, families and their future generations
- Leads to cost avoidance for Suffolk County Council, particularly by avoiding lifetime costs of more expensive cases
- Generates savings for Suffolk County Council through more investment in early help and other preventative measures

**Cultural and Relational**

- Political will to adopt a more proactive approach, which goes beyond reactive responses (e.g. budget expansions for corporate parenting)
- SIB provided access to more innovation and additional skills that SCC didn't otherwise have
- SIBs offer more transparency than invest-to-save initiatives and similar alternatives
- A collaborative new way of working with the social investor and third party service provider, which is based on trust and goodwill instead of "penal conditions"
- Sustained and stable support from senior leadership, combined with in-house expertise on commercial aspects

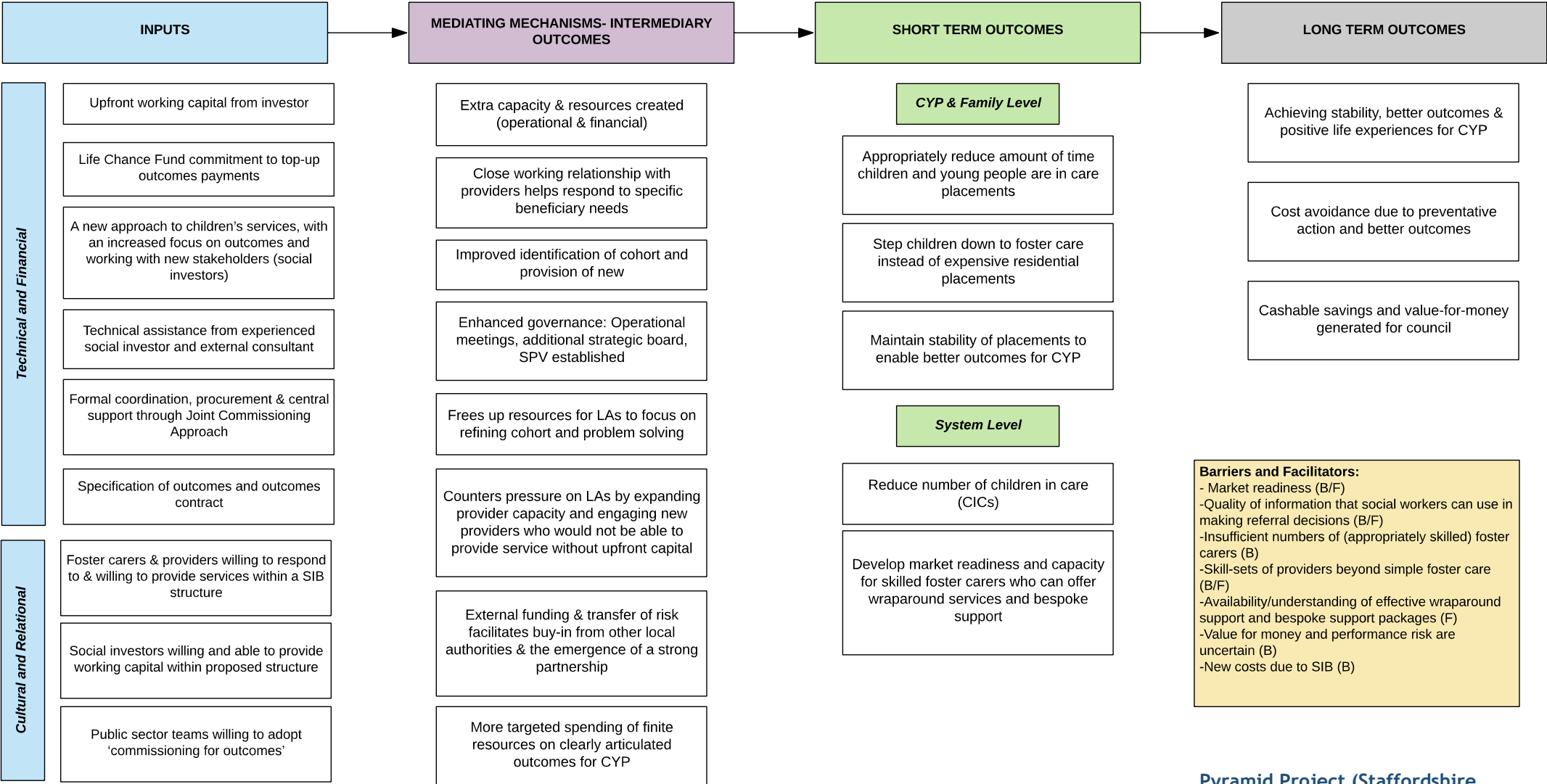
- Complements ongoing cost reduction programme in SCC
- Performance management functions carried out by social investor in relation to service provider
- Builds a balanced governance arrangement with a "win-win" attitude, and consideration of benefits for all parties involved
- Providers are given direct access to data e.g. children's records and treated as part of the Children's Services team

- System Level**
- Creates an inter-generational impact which breaks the vicious circle of low socioeconomic outcomes
  - Increased capacity to deliver services within SCC through the introduction of high quality interventions, the ability to cater to a wider range of CYPs and to address increased safeguarding pressures
  - Better relationships between providers and commissioner. More local providers have opportunities to get involved, which grows the market and the VCSE community in SCC

**Barriers and Facilitators:**

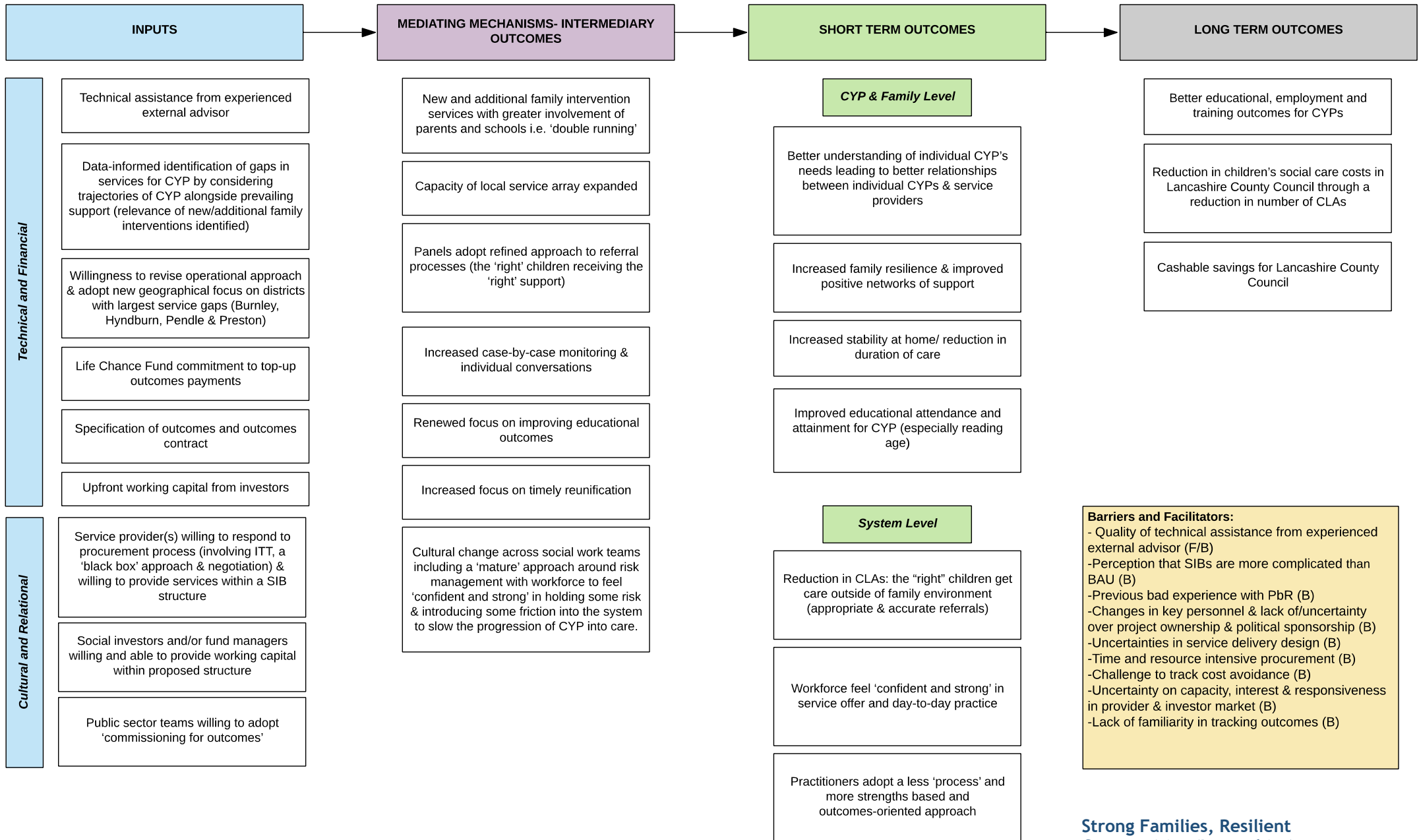
- LCF life cycle is slow and a big time commitment, which makes it hard to fit it in with other parts of the day job for the core team (B)
- Getting the procurement team involved and putting tenders out was not straightforward. (B)
- Market for providers is quite small. There is a lack of therapists, clinical psychologists and foster carers to deliver services, which complicates scaling of project (B)
- Having a contract template was "immensely helpful" and saved a lot of legal resource (F)
- In-house expertise on commercial side of things reduced the need to engage external help (F)
- Outstanding Ofsted rating gives confidence in work and creates space to be innovative (F)

**OVERALL AIM:  
IMPROVE OUTCOMES AND LIFE EXPERIENCES FOR CHILDREN IN CARE, WHILE AVOIDING COSTS AND TRANSFERRING RISK**



**Pyramid Project (Staffordshire, Telford & Wrekin, Worcestershire, Wolverhampton, Dudley)**

**OVERALL AIM:  
REDUCTION IN CHILDREN LOOKED AFTER (CLAs) IN LANCASHIRE**





**OVERALL AIM:  
USE A SOCIAL IMPACT BOND APPROACH TO REDUCE THE NUMBER OF CHILDREN COMING INTO CARE, GENERATE SAVINGS FOR THE COUNCIL AND TRIAL A NEW OPERATIONAL APPROACH**



**Technical and Financial**

Upfront funding from social investors and LCF top up ("subsidy") dispelled senior management skepticism, was seen as a "big opportunity" to explore new funding stream (given government funding cuts) and made risk seem affordable.

SIB allowed for a broad procurement approach with black box approach

LCF development grant served as a driver to take a closer look at SIBs and solidify interest from ongoing conversations

Advice and assistance on financial modelling and determining deadweight from Triodos and internal accountant

Financial modelling done in parallel to cohort identification work, which was different to usual practice

Detailed needs analysis was done collaboratively (finance, procurement, data, commissioning leads, frontline leads) and earlier than usual

Service and intervention offered are tailored to a robust needs assessment of service user needs

Build long-term resilience among families, offer wraparound support and connect them more actively to community resources

Service offer can be reworked and tweaked if needed, due to black box approach and flexibility within SIB

Collaborative design of SIB leads to a well designed and effective project

Cross departmental ownership, shifting of risk to social investors and greater programme management discipline lead to more innovative approach

Focus on business case planning, data analysis and financial modelling leads to more accurate economic assessment

SIB framework allows testing of new operational approaches through an emphasis on learning

**CYP & Family Level**

Reduce the number of children coming into care in Norfolk

Improve life outcomes for children and their families by keeping them out of care

Take families out of a cycle of poor life outcomes, which leads to positive impacts on their second and third generations

Families are able to ask for help in the right way in the future and to find resources within their networks instead of re-entering children's services interventions

It becomes a norm for operational teams to work with families holistically and support them in their communities

SIB generates savings for the council in the long term

SIB complements wider transformational programme in council and helps teams work closely with providers, commissioners and investors

Children's Services succeeds in evidencing its financial modelling and proving that it can work successfully in new operational ways

Wider cultural change is achieved and embedded within the council's teams, e.g. through better ways of developing projects, using project "squads" etc

NCC achieves the outcomes it set out to achieve (both financial and service-related), and uses these to build evidence on best practice around the intervention, organisational aspects and collaborative partnership working.

**Cultural and Relational**

New collaborative way of working, with all key teams (finance, legal, procurement) involved in planning and providing feedback from the beginning

SIB process was key in building cross departmental ownership and buy-in

NCC in intervention and need to change things in children's social care through more transformational thinking, seeking new opportunities & innovation

SIB process increased focus on business case planning and brought clarity around purpose

Social investor brought in programme management discipline and added resource to thinly spread project teams

Seen as opportunity to try something new and work differently both internally and with external parties (especially commissioners and providers), with de-risking from the social investor

SIBs in NCC run out of a central resource department (economic development department) instead of frontline departments which adds value to the development process

SIB framework allows testing of new operational approaches through an emphasis on learning

**System Level**

Reduce or delay the number of bed nights in Norfolk, which can be expensive

Experience leads to better organisation of resources required to put together OBC and SIB projects: clarity of objectives, time, data systems, financial advisors/accountants, "challengers", project "squad"

Tighter definition of "edge of care" and better understanding of cohort eligibility and referral criteria

**Barriers and Facilitators:**

- Significant skepticism from senior management around financial viability and risk management (B)
- Two "inadequate" ratings from Ofsted negatively impacted perception of and confidence within Children's Services (B)
- "Externalisation" of SIB planning preceded "internalisation" of things at times, leading to confusion (B)
- Turnover in project team and interim directors led to gaps in understanding and "bumpy" implementation phase initially (B)
- Difficulty in identifying deadweight due to lack of data, which complicated financial modeling (B)
- Constant changes and adaptation needs led to lack of resources for SIB planning (B)
- No clear definition of "edge of care" leads to many different interpretations (B)
- Difficulty in attracting highly skilled individuals to come work for them (B)
- Opportunity cost of core team's time and lacking support from LCF were off-putting (B)
- Development grant funding was insufficient (B)
- Difference in clinical opinion and social care opinion when designing integrated service (B)
- Need to meet external deadlines served as motivation (F)
- Early engagement of key stakeholders, normally brought in at later stages improved alignment and provided early feedback (F)
- Economic development team in NCC "shielded" the project teams from LCF application work, and acted as liaison for all parties (F)
- Regular meetings for steering group, involving NCC, Bridges, operational leads and provider (F)

**OVERALL AIM:  
TO SUPPORT AS MANY CHILDREN AS POSSIBLE TO REMAIN WITH THEIR BIRTH FAMILIES, LEADING TO BETTER WELLBEING AND IMPROVED EDUCATIONAL OUTCOMES FOR CHILDREN AND YOUNG PEOPLE**



**Technical and Financial**

- Upfront capital from social investors provided an opportunity to expand constrained financial capacity, while only paying for results
- Top up funding from Life Chances Fund provided additional financial capacity and further reduced 'innovation risk'
- Development grant from Life Chances Fund helped pay for technical assistance from external advisors
- Technical assistance from external advisors helped build internal understanding, as well as develop the business case and financial modelling
- Evidence based business case built for the social impact bond and investor
- Black box approach to intervention allowed the adoption of more innovative approaches instead of traditional and siloed ones

**Cultural and Relational**

- External advisor introduced LAs to social investors and helped engage the market through market engagement events
- SIB development process has helped the LAs develop much closer relations with service providers
- Truly collaborative partnership approach adopted between the three LAs, both on an operational and strategic level

**MEDIATING MECHANISMS- INTERMEDIARY OUTCOMES**

- Increased financial and operational capacity to undertake a full range of interventions, fill service gaps and complement existing services
- External assistance helped build internal understanding and skills, making LAs more self sufficient for present and future projects
- Better technical skills to improve the quality of services and drive efficiency within current service offers
- SIB offers flexibility between the different intervention arms, enabling capacity to be deployed in response to variations in demand
- Close relationship with service providers is expected to help with implementation
- Close relationship with other LAs helped carry the project through and make joint decisions in the face of development challenges
- Expanded services not possible for one LA, but viable when spread over 3 LAs

**SHORT TERM OUTCOMES**

**CYP & Family Level**

- CYPs across all intervention arms are able to access a more holistic service offer
- CYPs at risk of coming into care remain with their birth families
- CYPs in care experience a sustained placement in a stable family setting
- Less CYPs enter residential care, especially if their original plan was foster care
- CYPs in residential care step down to live in a stable family setting where possible
- Where possible, CYPs in care are reunified with birth parent(s) or primary carer(s)

**System Level**

- Improved range and quality of interventions, which help fill service gaps
- Social workers and services staff are trained and upskilled
- The market for foster carers is developed and expanded across the participating LAs
- More collaborative working between LAs, residential carers and foster carers

**LONG TERM OUTCOMES**

- Improved wellbeing for CYPs
- Improved sense of safety, self-esteem and self belief among CYPs
- Improved educational outcomes through improved attendance and achievement
- Savings generated for the local authorities involved, through invest-to-save and reduced number of residential placements

- Barriers and Facilitators:**
- Long development timeline for the social impact bond (B)
  - Lack of appropriate foster and residential care providers, leading to a "broken market" (B)
  - Challenges with securing an investor (B)
  - Narrower market for investors than expected (B)
  - Investors did not see the partnership between the three local authorities as a positive (B)
  - Local authorities were keen to work as partners and to collaborate (F)
  - There was significant historical experience of the market within the three local authorities (F)
  - Commissioners were familiar with what had been tried before (F)
  - Availability of external expertise to provide guidance on setting up a SIB and the financial modelling (F)



## Annex 3 Project development timelines for the seven social impact bonds

This annex includes individual development timelines for the seven projects. These are based on interpretation of interview data by the research team. Where possible, this interview data has been triangulated with project documents and data within the DCMS data portal. However, there is some potential for participants to have misremembered events/dates or for researchers to have misinterpreted these.

2013	Jan - Dec	<p><b>2013:</b></p> <ul style="list-style-type: none"> <li>- Conversations with public health consultant on areas of improvement within public health and addiction services in Staffordshire.<sup>27</sup></li> <li>- Conversations with the AD at Children’s Services helped identify priorities within the spectrum of work, which highlighted a client group with drug and alcohol addictions, who were prone to neglecting their children. These children would then escalate from being on Child Protection Plans (CPPs) to Looked After Children (LACs).<sup>28</sup></li> <li>- There were opportunities to improve services for this client group, assist them with their recovery and incur cashable savings by working collaboratively across these two departments.<sup>29</sup></li> </ul>
2014 - 2015	Jan - Dec	<p><b>2014 - 2015:</b></p> <ul style="list-style-type: none"> <li>- IPS (Intensive Prevention Service) developed as a pilot service, as a three-way partnership between the Drugs and Alcohol team, Children’s Services and the provider (ADS).<sup>30</sup></li> <li>- Staffordshire were working with ADS (Addiction Dependency Solutions) locally, whose head office included an employee researching SIBs and speaking to investors and intermediaries. He suggested that SIBs could be applied to a drugs and alcohol context.<sup>31</sup></li> <li>- Project team start looking into SIBs and building a financial model on the basis of placement costs, number of escalations etc in Staffordshire from the previous year. Coordination was taken over by the Lead Commissioner for public health commissioning, while the economic analysis was conducted by an expert within Children’s Services.<sup>32</sup></li> <li>- The team looked for research and evidence to back up the approach. There wasn’t a lot of material available but they found analyses by John Rawls University and Bedfordshire University helpful, particularly to estimate savings. Lead Commissioner got in touch with the people who had designed a study in Wales and worked with them to “Staffordshire-ise” the model.<sup>33</sup></li> </ul>
2016	Jan - Dec	<p><b>April 2016:</b></p> <ul style="list-style-type: none"> <li>- IPS pilot is launched, with two years of funding.<sup>34</sup></li> </ul> <p><b>July 2016:</b></p> <ul style="list-style-type: none"> <li>- The Life Chances Fund is announced by DCMS, prompting more interest in the SIB model from the project team and a need to get the data and financial modelling right.<sup>35</sup> The team decided it was a good fit for what they were trying to achieve locally.<sup>36</sup></li> </ul>

<sup>27</sup> (Staffordshire County Council, 2019)  
<sup>28</sup> (Staffordshire County Council, 2019)  
<sup>29</sup> (Staffordshire County Council, 2019)  
<sup>30</sup> (Staffordshire County Council, 2019)  
<sup>31</sup> (Staffordshire County Council, 2019)  
<sup>32</sup> (Staffordshire County Council, 2019)  
<sup>33</sup> (Staffordshire County Council, 2019)  
<sup>34</sup> (Staffordshire County Council, 2019)  
<sup>35</sup> (HM Government, 2016)  
<sup>36</sup> (Staffordshire County Council, 2019)

2016	Jan - Dec	<p><b>Aug - Dec 2016:</b></p> <ul style="list-style-type: none"> <li>- Challenges in attribution of savings and costs avoided, as well as identifying the counterfactual.<sup>37</sup></li> <li>- Propensity Score Matching discussed in conversation with the Government Outcomes Lab. The approach was adopted by the team to further their understanding of costs and savings.<sup>38</sup></li> </ul>
2017	Jan - Dec	<p><b>2017:</b></p> <ul style="list-style-type: none"> <li>- Conversations with investors and intermediaries. Big Issue invest offered a simple model which was easy to sell internally. They came on board as the investor.<sup>39</sup></li> <li>- Conversations with finance team and Senior Leadership Team (SLT). Concerns over the SIB involving higher interest rates than the commercial market, but assuaged once seen as a low-risk and invest-to-save model.<sup>40</sup></li> </ul> <p><b>31 Aug 2017:</b></p> <ul style="list-style-type: none"> <li>- In-principle offer for Life Chances Fund funding.<sup>41</sup></li> </ul>
2018	Jan - Dec	<p><b>2018:</b></p> <ul style="list-style-type: none"> <li>- 1 April 2018: Service delivery started<sup>42</sup></li> <li>- 13 August 2018: Outcomes contract signed<sup>43</sup></li> </ul>
2019 - 2020	Jan - Dec	<p><b>April 2019:</b></p> <ul style="list-style-type: none"> <li>- Procurement started for new service provider<sup>44</sup></li> </ul> <p><b>January 2020:</b></p> <ul style="list-style-type: none"> <li>- Humankind awarded contract as new service provider<sup>45</sup></li> </ul> <p><b>March 2020:</b></p> <ul style="list-style-type: none"> <li>- 31 March 2020: ADS completes its contract as service provider<sup>46</sup></li> </ul> <p><b>April 2020:</b></p> <ul style="list-style-type: none"> <li>- 1 April 2020: Humankind begins its contract as service provider<sup>47</sup></li> </ul>

<sup>37</sup> (Staffordshire County Council, 2019)

<sup>38</sup> (Staffordshire County Council, 2019)

<sup>39</sup> (Staffordshire County Council, 2019)

<sup>40</sup> (Staffordshire County Council, 2019)

<sup>41</sup> (The National Lottery Community Fund, 2019)

<sup>42</sup> (The National Lottery Community Fund, 2019)

<sup>43</sup> (The National Lottery Community Fund, 2019) (Addiction Dependency Solutions, 2018) (Civil Service World, 2018)

<sup>44</sup> Staffordshire County Council, 2019, Contract Notice, OJEU 2019/S 072-170550, <https://ted.europa.eu/udl?uri=TED:NOTICE:170550-2019:TEXT:EN:HTML>

<sup>45</sup> Staffordshire County Council, 2020, Contract Award Notice, OJEU 2020/S 003-003588, <https://ted.europa.eu/udl?uri=TED:NOTICE:3588-2020:TEXT:EN:HTML&tabId=1>

<sup>46</sup> (DCMS Data Portal for Life Chances Fund, 2020)

<sup>47</sup> (DCMS Data Portal for Life Chances Fund, 2020)

2016	Jan - Dec	<p><b>Summer - Autumn 2016:</b></p> <ul style="list-style-type: none"> <li>- July 2016: Following the announcement from HM Government<sup>48</sup>, Cheshire West and Chester Council (CWC) became aware of the Life Chances Fund (LCF) as an opportunity and started to explore the concept of social impact bonds (SIBs).</li> <li>- August 2016: Report prepared to brief Director of CWC management group on LCF and SIBs.<sup>49</sup></li> <li>- September 2016: CLT approve submission of LCF Expression of Interest to the LCF.<sup>50</sup></li> <li>- October 2016: Expression of interest successful in LCF application process.<sup>51</sup></li> </ul>
2017	Jan - July	<p><b>Spring 2017:</b></p> <ul style="list-style-type: none"> <li>- Cheshire West and Chester started to look at best practice in children’s social care within SIBs.<sup>52</sup> They learned more about SIBs in Manchester (Manchester Multi-dimensional Treatment Foster Care)<sup>53</sup> and Birmingham (the Step Down Programme) to develop their approach.<sup>54</sup></li> <li>- Meeting held with the lead commissioner for the Birmingham SIB to learn more about the project<sup>55</sup>. Birmingham’s experience of improving outcomes for children through foster care was appealing, as was reduction in dependence on and cost of residential placements.</li> <li>- Manchester’s experience was helpful in understanding a different way of working with the market, that would allow children to have a long-term experience of family care.<sup>56</sup></li> <li>- A decision was made that step down to foster care was the best approach for CWC’s SIB.<sup>57</sup></li> <li>- Feb - March 2017: Soft market testing meetings held with provider organisations such as Core Assets, By the Bridge, and Cambrian.<sup>58</sup> These were designed as “speed dating” and “round robin” sessions involving both individual organisations and groups of organisations.</li> <li>- March 2017: Full Council at CWC approved submission of Full Application to the LCF as well as subsequent expenditure if successful.<sup>59</sup></li> <li>- April 2017: Full Application submitted as part of LCF application process.<sup>60</sup></li> </ul>

<sup>48</sup> (HM Government, 2016)

<sup>49</sup> (Cheshire West and Chester Council, 2020)

<sup>50</sup> (Cheshire West and Chester Council, 2017)

<sup>51</sup> (Cheshire West and Chester Council, 2017)

<sup>52</sup> (Cheshire West and Chester Council, 2020)

<sup>53</sup> (INDIGO, 2020)

<sup>54</sup> (INDIGO, 2020)

<sup>55</sup> (Cheshire West and Chester Council, 2020)

<sup>56</sup> (Cheshire West and Chester Council, 2020)

<sup>57</sup> (Cheshire West and Chester Council, 2020)

<sup>58</sup> (Cheshire West and Chester Council, 2020)

<sup>59</sup> (Cheshire West and Chester Council, 2017)

<sup>60</sup> (Cheshire West and Chester Council, 2017)

**Summer 2017:**

- Project driven by Children and Families Provisional Management Team at CWC. They were keen to progress work and change how they worked with their cohort of children.<sup>61</sup>
- CWC decided to focus on working with their small but complex cohort of children, and to improve their life outcomes. They also wanted to incentivise the market, and engaged actively with providers in the first half of the year to stimulate their interest.<sup>62</sup>
- Support received from the corporate centre and children's services at CWC to use the innovative commissioning mechanism.<sup>63</sup>
- 26 June 2017: Advertisement published for bidder event scheduled for 4 July 2017.<sup>64</sup>
- 4 July 2017: Bidder event organised for investors and local fostering providers to get to know each other and encourage 'matching' between them.<sup>65</sup> This built on months of engagement with providers, and was followed by high interest in the project from the market.
- 31 July 2017: Full application successful and in-principle offer made to Chester West and Cheshire from the LCF.<sup>66</sup>

**Autumn 2017:**

- September 2017: Report submitted to Cabinet by Director of Children's Social Care at CWC for Cabinet approval of the project, following approval of Full Application from LCF.<sup>67</sup>
- Following advice from Birmingham and Manchester, CWC decided to procure an investor-provider pair. This meant procuring the provider first and then encouraging them to secure their social investment.<sup>68</sup>
- The Council began a procurement process for a provider and investor (joint bid) by publishing a notice on Monday 16 October 2017.<sup>69</sup>

**Winter 2017:**

- 21 November 2017: Initial bids and SQs (Selection Questionnaires) were received as part of procurement process.<sup>70</sup> In addition to standard questions, these also asked applicants for a brief outline of what their provision would look like, to enable a more accurate and efficient assessment of their skills and infrastructure by CWC.
- Dialogue sessions with bidders began on 27 November and concluded on 15 December 2017.<sup>71</sup>
- The final version of the specification, contract, pricing schedule and evaluation criteria were re-issued on 19 December 2017.<sup>72</sup>

<sup>61</sup> (Cheshire West and Chester Council, 2020)

<sup>62</sup> (Cheshire West and Chester Council, 2020)

<sup>63</sup> (Cheshire West and Chester Council, 2020)

<sup>64</sup> (Cheshire West and Chester Council, 2017)

<sup>65</sup> (Cheshire West and Chester Council, 2020)

<sup>66</sup> (DCMS Data Portal for Life Chances Fund, 2017)

<sup>67</sup> (Cheshire West and Chester Council, 2017)

<sup>68</sup> (Cheshire West and Chester Council, 2020)

<sup>69</sup> (Cheshire West and Chester Council, 2017)

<sup>70</sup> (Cheshire West and Chester Council, 2020)

<sup>71</sup> (DCMS Data Portal for Life Chances Fund, 2018)

<sup>72</sup> (DCMS Data Portal for Life Chances Fund, 2018)

**Winter- Spring 2018:**

- Final bids were received in week commencing 15 January 2018.<sup>73</sup>
- The invitation to tender for bids closed on 18 January 2018.<sup>74</sup>
- Bids were evaluated on 23 January 2018.<sup>75</sup>
- The Project Board recommended the award of the contract on 25 January 2018.<sup>76</sup>
- February - June 2018: Mobilisation period for the SIB.<sup>77</sup>
- Contract worth £6,000,000 awarded to Core Assets on 13 March 2018. The contract was expected to start delivery on 1 June 2018 and complete delivery by 31 May 2024.<sup>78</sup>

**Summer - Autumn 2018:**

- 30 June 2018: After experiencing some delay, the SIB began service delivery under the name “Fostering Better Outcomes.”<sup>79</sup>
- August 2018: First placement secured for the social impact bond service.<sup>80</sup>
- 26 September 2018: Notice published to invite applications from potential programme evaluators for the SIB.<sup>81</sup>
- October 2018: Project Manager appointed by Core Assets (the provider), which sped up processes and progress within the SIB<sup>82</sup>.

**2019:**

- Early 2019: Project picked up pace following the appointment of the Project Manager and began to gain momentum in referrals and placements.<sup>83</sup>

<sup>73</sup> (DCMS Data Portal for Life Chances Fund, 2018)

<sup>74</sup> (Cheshire West and Chester Council, 2018)

<sup>75</sup> (DCMS Data Portal for Life Chances Fund, 2018)

<sup>76</sup> (DCMS Data Portal for Life Chances Fund, 2018)

<sup>77</sup> (Cheshire West and Chester Council, 2017)

<sup>78</sup> (Cheshire West and Chester Council, 2018)

<sup>79</sup> (DCMS Data Portal for Life Chances Fund, 2018)

<sup>80</sup> (Cheshire West and Chester Council, 2020)

<sup>81</sup> (Cheshire West and Chester Council, 2018)

<sup>82</sup> (Cheshire West and Chester Council, 2020)

<sup>83</sup> (Cheshire West and Chester Council, 2020)

2015	Oct - Dec	<p><b>23 Nov - 17 Dec 2015:</b></p> <ul style="list-style-type: none"> <li>○ Ofsted inspection conducted of services for children in need of help and protection, children looked after and care leavers. The report, published in early 2016, concluded that Suffolk County Council and protection.<sup>84</sup></li> <li>○ The Ofsted report rated Suffolk County Council “good” in the Single Inspection Framework (SIF).<sup>85</sup></li> </ul>
2016	Jan - Mar	<p><b>January 2016:</b></p> <ul style="list-style-type: none"> <li>○ Service specification prepared for social impact bond.<sup>86</sup> This detailed document outlined the intervention to be provided, aims and outcomes, local context and evidence base, referral process, relevant standards and related existing services.</li> </ul>
	July - Sept	<p><b>September 2016:</b></p> <ul style="list-style-type: none"> <li>○ Suffolk County Council receive LCF development grant to begin developing the social impact bond.<sup>87</sup> The development grant was used to engage an external consultant, conduct a scoping exercise and begin financial modelling to develop the social impact bond.</li> </ul>
2017	July - Sept	<p><b>September 2017:</b></p> <ul style="list-style-type: none"> <li>○ Suffolk County Council’s children’s services were judged to be ‘Good’ in all Judgement areas in the pilot Inspection of Local Authority Children’s Services (ILACS).<sup>88</sup></li> <li>○ In Principle Offer letter from Life Chances Fund, which required acceptance at this time, for grant of £422,400 representing 20% of the total outcomes payments<sup>89</sup></li> </ul>
	Oct - Dec	<p><b>24 November 2017:</b></p> <ul style="list-style-type: none"> <li>○ Market engagement event held for social impact bond. Wide interest generated among potential service providers and investors.<sup>90</sup> Along with further follow up work, this informed the structure of the tender.</li> </ul>
2018	Jan - Feb	<p><b>February 2018:</b></p> <ul style="list-style-type: none"> <li>○ Cabinet report prepared by Head of Programmes for Children and Young People’s Services for presentation to SCC cabinet, to get political buy-in and formal approval for social impact bond.<sup>91</sup> The report outlined justifications for using the SIB, as well as the procurement process, business case, timescales and key risks.</li> <li>○ 20 Feb: Meeting held with SCC cabinet to present report and proposals for social impact bond.<sup>92</sup></li> </ul>

<sup>84</sup> (Ofsted, 2016)

<sup>85</sup> (Ofsted, 2016)

<sup>86</sup> (Suffolk County Council Children and Young People’s Services, 2016)

<sup>87</sup> (Suffolk County Council, 2019)

<sup>88</sup> (Suffolk County Council Children and Young People’s Services, 2016)

<sup>89</sup> (Suffolk County Council, 2020)

<sup>90</sup> (Suffolk County Council, 2018)

<sup>91</sup> (Suffolk County Council, 2018)

<sup>92</sup> (Suffolk County Council, 2018)

2018

Mar - Sept

**March 2018:**

- 21 March: Invitation to Tender (ITT) published to procure a service provider for the social impact bond, following approval from the cabinet.<sup>93</sup>

**April 2018:**

- 30 April: Closing date for tender to procure a service provider for the social impact bond.<sup>94</sup>

Oct - Dec

**November 2018:**

- 14 November: Offer letter sign off from the National Lottery Community Fund and DCMS, finalising the amount of top up outcome funding from the Life Chances Fund.<sup>95</sup>

2019

Jan - Mar

**January 2019:**

- 1 January: Service delivery started for social impact bond.<sup>96</sup>

Apr - June

**April 2019:**

- 8 April - 12 April: Children’s services in Suffolk County Council are inspected by Ofsted and receive an “outstanding” rating. The “experiences and progress of children in care and care leavers” parameter is rated as “good.”<sup>97</sup>

July - Sept

**August 2019:**

- Issue of Invitation to Tender (ITT) to procure an independent evaluator for the social impact bond as part of joint evaluation with Norfolk County Council.<sup>98</sup>

**September 2019:**

- 11 - 12 September: Up to 1-hour slot for individual organisations considering a tender response (for ITT for evaluator).<sup>99</sup>
- 23 September: Deadline for receipt of tenderers questions, including any proposed changes to the terms and conditions issued (for ITT for evaluator).<sup>100</sup>
- 30 September: Deadline for response to tenderers questions (for ITT for evaluator).<sup>101</sup>

<sup>93</sup> (Suffolk Sourcing, 2018)

<sup>94</sup> (Suffolk Sourcing, 2018)

<sup>95</sup> (The National Lottery Community Fund, 2019)

<sup>96</sup> (The National Lottery Community Fund, 2019)

<sup>97</sup> (Ofsted, 2019)

<sup>98</sup> (Suffolk County Council, 2019)

<sup>99</sup> (Suffolk County Council, 2019)

<sup>100</sup> (Suffolk County Council, 2019)

<sup>101</sup> (Suffolk County Council, 2019)



**October 2019:**

- 11 October: Submission of tenders (for ITT for evaluator)<sup>102</sup>

**October - November 2019:**

- 14 October - 15 November: Clarifications and evaluation of tenders (for ITT for evaluator).<sup>103</sup>
- Tenderer presentations to be arranged following submission if required (for ITT for evaluator).<sup>104</sup>

**December 2019:**

- Week commencing 2 December: Notification of result of evaluation of tenders (for ITT for evaluator).<sup>105</sup>
- Standstill period for ten days following provisional award of tender (for ITT for evaluator).<sup>106</sup>
- 13 December: Anticipated date of award of contract(s) (for ITT for evaluator).<sup>107</sup>

**January - February 2020:**

- Commencement of contract for evaluator.<sup>108</sup>

<sup>102</sup> (Suffolk County Council, 2019)

<sup>103</sup> (Suffolk County Council, 2019)

<sup>104</sup> (Suffolk County Council, 2019)

<sup>105</sup> (Suffolk County Council, 2019)

<sup>106</sup> (Suffolk County Council, 2019)

<sup>107</sup> (Suffolk County Council, 2019)

<sup>108</sup> (Suffolk County Council, 2019)

2017	Jan - March	<p><b>January - March 2017:</b></p> <ul style="list-style-type: none"> <li>○ An in-house invest-to-save exercise undertaken to explore alternative ways of working with placements.<sup>109</sup></li> <li>○ Stock-take of the foster market initiated to assess the state of the market, its main drivers, and how to improve the market.<sup>110</sup></li> </ul>
	Apr - June	<p><b>April - June 2017:</b></p> <ul style="list-style-type: none"> <li>○ A new Director and new Chief Executive were appointed who wanted to explore new ways of bringing people together and forming partnerships.<sup>111</sup></li> <li>○ PSMT request on insight from the Birmingham step-down SIB, to inform thinking on Pyramid Project. Business Relations Manager and the County Manager prepared a report.<sup>112</sup></li> <li>○ Buy-in from 7 local authorities secured for the Pyramid Project.<sup>113</sup></li> </ul>
	July - Sept	<p><b>July 2017:</b></p> <ul style="list-style-type: none"> <li>○ Initial procurement discussions started.<sup>114</sup></li> <li>○ Early engagement for “big piece of work” with intermediary.<sup>115</sup></li> <li>○ Paper prepared for Senior Management Team (SMT) on procurement considerations.<sup>116</sup></li> </ul> <p><b>August 2017:</b></p> <ul style="list-style-type: none"> <li>○ The SIB originated with a request from the Senior Management Team (SMT) for Staffordshire County Council (SCC) to put in a bid for the Life Chances Fund (LCF). There was great interest in what came through the Birmingham SIB’s experience and enthusiasm to adopt a similar step-down approach. The Fostering Framework, started in 2016, was also a driver. The key team was composed of the Business Relations Manager and the County Manager, as well as a development officer.<sup>117</sup></li> </ul>
	Oct - Dec	<p><b>October - December 2017:</b></p> <ul style="list-style-type: none"> <li>○ LCF Expression of Interest (Eoi) taken up to senior leadership. Input was included from the in-house invest-to-save exercise, whose team was also involved in the Pyramid Project.<sup>118</sup></li> <li>○ Fostering framework challenges<sup>119</sup></li> <li>○ There was a strong desire to work with other local authorities and other partners, to increase the chance of securing LCF funding. A strong partnership group was formed, including SCC and Bridges, and there were several meetings from an early stage. Bridges provided key advice based on their experience with the Birmingham step-down SIB.<sup>120</sup></li> </ul>

<sup>109</sup> (Staffordshire County Council, 2019)

<sup>110</sup> (Staffordshire County Council, 2019)

<sup>111</sup> (Staffordshire County Council, 2019)

<sup>112</sup> (Staffordshire County Council, 2019)

<sup>113</sup> (Staffordshire County Council, 2019)

<sup>114</sup> (Staffordshire County Council, 2019)

<sup>115</sup> (Staffordshire County Council, 2019)

<sup>116</sup> (Staffordshire County Council, 2019)

<sup>117</sup> (Staffordshire County Council, 2019)

<sup>118</sup> (Staffordshire County Council, 2019)

<sup>119</sup> (Staffordshire County Council, 2019)

<sup>120</sup> (Staffordshire County Council, 2019)

2017

Oct - Dec

- ATQ got involved after the EoI was submitted, and remained heavily involved until the submission of the full bid. He analysed data from across all local authorities and completed all the financial modelling.<sup>121</sup>

2018

Jan - March

**January 2018:**

- Collaboration agreement secured, which was an agreement for authorities and how they work together. This had started from expertise shared within a confidential Bridges' Pan London document.<sup>122</sup>
- Transformation Unit (included procurement) engaged in discussions around SIB.<sup>123</sup>
- Service specification in progress<sup>124</sup>.

**February 2018:**

- Report published on stock-take of foster market.<sup>125</sup> One of the main recommendations of the report was to use step down services and to scale. The report identified the main drivers as reducing the number of children coming into care, getting them out of care quickly, and stepping them down to foster care. This further propelled SCC to try a new approach which would help save money previously spent on (usually fee-for-service) expensive placements and help develop the foster care market.

Apr - June

**April - June 2018:**

- Buy-in from 7 local authorities but full sign-off not secured. Governance arrangements proved slow due to uncertainty around what was involved. Coventry were shaky and backed out.<sup>126</sup>
- Personnel change in authorities such as Worcestershire and Telford delayed the process and affected buy-in.<sup>127</sup>
- Warwickshire decided to do it internally and pulled out.<sup>128</sup>
- Full LCF bid submitted for deadline of 30 April 2018<sup>129</sup>

July - Sept

**July 2018:**

- Discussion around procurement methods. Procurement was sped up through delivery SPV (as provides more flexibility) rather than being procured by SCC. Unlike CBO, LCF did not have a requirement around doing a feasibility study, which provided more flexibility.<sup>130</sup>
- Staff member (an AD) involved to build SCC's capacity. He later introduced SCC to LGA consultant.<sup>131</sup>
- Legal team got involved to offer input on contracting and procurement arrangements.<sup>132</sup>

<sup>121</sup> (Staffordshire County Council, 2019)

<sup>122</sup> (Staffordshire County Council, 2019)

<sup>123</sup> (Staffordshire County Council, 2019)

<sup>124</sup> (Staffordshire County Council, 2018a)

<sup>125</sup> (Staffordshire County Council, 2018a)

<sup>126</sup> (Staffordshire County Council, 2019)

<sup>127</sup> (Staffordshire County Council, 2019)

<sup>128</sup> (Staffordshire County Council, 2019)

<sup>129</sup> (Staffordshire County Council, 2018a)

<sup>130</sup> (Staffordshire County Council, 2019)

<sup>131</sup> (Staffordshire County Council, 2019)

<sup>132</sup> (Staffordshire County Council, 2019)

**September 2018:**

- 7 Sept: LCF award for SCC announced in press release. SCC awarded £3,497,520 in top-up funding.<sup>133</sup>
- Strong engagement with other local authorities who had had a similar experience. “Champions” identified in each local authority and consulted. Marketing and foster care departments were also engaged.<sup>134</sup>

**October 2018:**

- Cohort refinement exercise conducted. It was decided that this was not going to be an edge-of-care cohort.<sup>135</sup>
- Children’s voice factored in (YP’s views).<sup>136</sup>

**November 2018:**

- 15 Nov: Market engagement event held for providers.<sup>137</sup>

**December 2018 - March 2019:**

- Model (concept of social prime, relationship with Bridges, journey mapping) was agreed following feedback from the market.<sup>138</sup>

**January 2019:**

- LGA consultant was introduced by staff member and got involved. He supported the local authority and helped build capacity, by honing in on the CYP’s journey and other process elements. He also provided more clarity on access points, different systems in local authorities and how referrals would work.<sup>139</sup>
- Final agreement on model achieved.<sup>140</sup>

**February 2019:**

- 28 Feb: Market engagement event for foster carers.<sup>141</sup>

**May 2019:**

- Getting to clarity on presenting need + support.<sup>142</sup>
- Speculation at working draft (cohort).<sup>143</sup>
- Ensuring people were aware of their responsibilities, and what was expected of the social prime. Making sure the model works for the cohort and works for the contract. Reducing the ability of things falling through the cracks.<sup>144</sup>

<sup>133</sup> (Department for Digital, Culture, Media & Sport, 2018a, 2018b)

<sup>134</sup> (Staffordshire County Council, 2019)

<sup>135</sup> (Staffordshire County Council, 2019)

<sup>136</sup> (Staffordshire County Council, 2019)

<sup>137</sup> (Staffordshire County Council, 2018b)

<sup>138</sup> (Staffordshire County Council, personal communication, 2018c)

<sup>139</sup> (Staffordshire County Council, 2019)

<sup>140</sup> (Staffordshire County Council, 2019)

<sup>141</sup> (Staffordshire County Council, 2019)

<sup>142</sup> (Staffordshire County Council, 2019)

<sup>143</sup> (Staffordshire County Council, 2019)

<sup>144</sup> (Staffordshire County Council, 2019)

2020

*Jan - Dec*

April 2020: Actual launch of service delivery<sup>145</sup>

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<sup>145</sup> (DCMS Data Portal for Life Chances Fund, 2020)

2017	July – Sept	<p><b>August 2017:</b></p> <ul style="list-style-type: none"> <li>○ Problem definition work carried out by heads of service in Lancashire County Council (LCC). LCC had noted the issues around demand management and had begun to brainstorm solutions.<sup>146</sup></li> <li>○ Casey Family Programs’ report (“Implementing Evidence-Based Child Welfare: The New York City Experience”) released on New York City’s experience of reducing the number of children in care (CIC). The report helped inform LCC’s thinking on a new approach to children’s services.<sup>147</sup></li> </ul> <p><b>September 2017:</b></p> <ul style="list-style-type: none"> <li>○ The idea of applying to the Life Chances Fund for social impact bond funding arose during a casual conversation between Outcomes UK and Director of children’s services at Lancashire County Council). They sought to build upon a model used by New York City’s Administration for Children’s Services (NYC ACS), which successfully reduced the number of children in care from 45,000 in the mid-1990s to fewer than 10,000 in 2017, as reported by the Casey Family Programs’ report.<sup>148</sup></li> <li>○ Outcomes UK started developing the Expression of Interest (Eoi) based on publicly available data. A development grant funded Outcome UK’s inputs to the full application.<sup>149</sup></li> <li>○ Expression of Interest submitted<sup>150</sup></li> </ul>
	Oct - Dec	<p><b>October 2017:</b></p> <ul style="list-style-type: none"> <li>○ Following submission of Eoi, staff member pulled together information for analysis. LCC’s commissioning team got engaged with conversations on setting up the SIB. Together with a consultant and another staff member, they formed the core team for the SIB.<sup>151</sup></li> <li>○ Engagement with children’s social care improvement partner<sup>152</sup></li> </ul> <p><b>November 2017 - January 2018:</b></p> <ul style="list-style-type: none"> <li>○ Outcomes UK had key conversations with Director of children’s services and other members of LCC to narrow down focus of SIB and to align this with the needs and priorities of LCC. Intensive data analysis (using both internal and external guidance) was carried out by staff member to outline details on placements, cohorts, drivers behind children entering care, and whether their approach was to be more upstream or preventative. It was decided that the target cohort would be on the “precipice of care” and that the SIB’s intervention would act as the “last option before the child goes into care.”<sup>153</sup></li> </ul> <p><b>December 2017:</b></p> <ul style="list-style-type: none"> <li>○ Organised a market engagement event with providers and social investors. Feedback gained on the draft specification, outcome measures, payment mechanism, and investment considerations around the SIB. The age range was also specified. This input was then fed into the LCF full application.<sup>154</sup></li> </ul>

<sup>146</sup> (Lancashire County Council, 2019a)

<sup>147</sup> (Casey Family Programs, 2017)

<sup>148</sup> (Lancashire County Council, 2019a) (Riley, 2017)

<sup>149</sup> (Lancashire County Council, 2019a)

<sup>150</sup> (Lancashire County Council, 2019a)

<sup>151</sup> (Lancashire County Council, 2019a)

<sup>152</sup> (Lancashire County Council, 2019a)

<sup>153</sup> (Lancashire County Council, 2019a)

<sup>154</sup> (Lancashire County Council, 2019a)(Lancashire County Council, 2017)

**January 2018:**

- Director of children's services moved to York for a new appointment and was replaced by a new director of children's services in Lancashire.<sup>155</sup> Senior leadership continuity and ownership were compromised.

**January - March 2018:**

- Districts were identified and heads of service were brought in along with senior managers to extend the core team. Staff member from outreach services in LCC, also got involved and helped identify gaps in service.<sup>156</sup>
- Work was focused on developing the full LCF bid. There was extensive use of specific data from Lancashire, put together mostly by one staff member. Outcomes UK analysed the data and presented it to stakeholders for feedback. The business intelligence team was also engaged in data gathering and analysis.<sup>157</sup>
- Education team was engaged to determine appropriate educational outcomes for cohort.<sup>158</sup>

**February 2018:**

- Staff member (link into social care) left unexpectedly, which was a significant change. New staff member replaced them.<sup>159</sup>
- Financial validation of bid.<sup>160</sup>

**March 2018:**

- LCC ask for extension from TNLCF.<sup>161</sup>
- Change in Head of Services caused delays.<sup>162</sup>
- Scoping workshops in East and Centre to narrow down focus and input into full application.<sup>163</sup>

**March - April 2018:**

- Tweaking of SIB (e.g. geographical coverage), based on testing and sense-checking of data gathered earlier with districts.<sup>164</sup>
- First formal briefing for cabinet members before LCF bid submitted, but no final decision made.<sup>165</sup>

**April 2018:**

- Organised a market engagement event with providers and social investors. Feedback gained on the draft specification, outcome measures, payment mechanism, and investment considerations around the SIB. The age range was also specified. This input was then fed into the LCF full application.<sup>166</sup>
- End of April: Submission of full LCF application<sup>167</sup>

<sup>155</sup> (Bean, 2018)

<sup>156</sup> (Lancashire County Council, 2019a)

<sup>157</sup> (Lancashire County Council, 2019a)

<sup>158</sup> (Lancashire County Council, 2019a)

<sup>159</sup> (Lancashire County Council, 2019a)

<sup>160</sup> (Lancashire County Council, 2019a)

<sup>161</sup> (Lancashire County Council, 2019a)

<sup>162</sup> (Lancashire County Council, 2019a)

<sup>163</sup> (Lancashire County Council, 2019a)

<sup>164</sup> (Lancashire County Council, 2019a)

<sup>165</sup> (Lancashire County Council, 2019a)

<sup>166</sup> (Lancashire County Council, 2019a)(Lancashire County Council, 2017)

<sup>167</sup> (Lancashire County Council, 2019a)

**April - June 2018:**

- LCC contacted some of the other edge-of-care SIBs which were under development. They received a number of specifications from these authorities to learn from their procurement.<sup>168</sup>

**September - October 2018:**

- Preparation for factoring SIB into the LCC budget & “service challenge.”<sup>169</sup>
- Cabinet member decision on procurement made to enable procurement to begin.<sup>170</sup>
- Briefings for Permanence and Children Care Board (briefed every 6 weeks or so), senior management team (SMT), CMT, corporate parenting board.<sup>171</sup>

**November 2018:**

- Second briefing for Cabinet. Further discussions with Cabinet on general demand management and the need for a new approach towards children looked after (CLAs)<sup>172</sup>
- 16 Nov 2018: Online market research questionnaire & service specification released.<sup>173</sup>

**November 2018 - December 2018:**

- SIB agreed by Cabinet and explicitly factored into the savings programme for children’s social care (“service challenge”)<sup>174</sup>
- 10 Dec 2018: Market engagement event held for all organisations who are interested in the SIB (service providers, social investors, evaluators) to enable introductions and networking. Stakeholders were also invited to participate in the online market research questionnaire, which sought views on the commissioning strategy and the service specification.<sup>175</sup>

**February 2019 - March 2019:**

- Project plan developed in line with procurement timetable to ensure they are on track to deliver.<sup>176</sup>
- 25 Feb 2019: Procurement selection and ITT go live<sup>177</sup>

**March 2019:**

- End of March: Went out to tender with a deadline in end of May. Included many discussions with the market, which helped tweak the SIB. This process had been originally scheduled for January and delayed due to issues with the legal team. Delivery of the SIB was therefore delayed.<sup>178</sup>

<sup>168</sup> (Lancashire County Council, 2019a)

<sup>169</sup> (Lancashire County Council, 2019a)

<sup>170</sup> (Lancashire County Council, 2019a)

<sup>171</sup> (Lancashire County Council, 2019a)

<sup>172</sup> (Lancashire County Council, 2019a)

<sup>173</sup> (Lancashire County Council, 2019b)

<sup>174</sup> (Lancashire County Council, 2019a)

<sup>175</sup> (Lancashire County Council, 2019b)

<sup>176</sup> (Lancashire County Council, 2019a)

<sup>177</sup> (Lancashire County Council, 2019c)

<sup>178</sup> (Lancashire County Council, 2019a)



**April 2019**

- 1 April 2019: Procurement tender deadline<sup>179</sup>
- 8 April 2019: Selection checks for procurement<sup>180</sup>
- 15 April 2019: Shortlisting for procurement process<sup>181</sup>
- 22 April 2019: Procurement notification issued<sup>182</sup>
- 29 April 2019: Evaluation reading conducted<sup>183</sup>
- 06 May 2019: Evaluation panels conducted<sup>184</sup>
- 13 May 2019: Tenders notified of negotiations<sup>185</sup>
- 20 May - 3 June 2019: Negotiation period<sup>186</sup>
- 05 June 2019: Issue final tender<sup>187</sup>
- 07 June 2019: Tender process closing/return date<sup>188</sup>
- 24 June 2019: Deadline for final tender<sup>189</sup>

**July 2019:**

- 08 July - 15 July 2019: Evaluation panels (planned)<sup>190</sup>
- 22 July 2019: Writing and reviewing of standstill letters (planned)<sup>191</sup>
- 29 July 2019: Commencement of standstill period (planned)<sup>192</sup>
- The council published a Contract Award Notice, stating, “No compliant bids were received.”

**August 2019:**

- 05 August 2019: Undertake contract award. (planned)<sup>193</sup>
- 12 Aug - 23 Sept 2019: Mobilisation of SIB. (planned)<sup>194</sup>
- Ensuring LCC is fully engaged and working with partners (planned).<sup>195</sup>

**September 2019:**

- 30 September 2019: Start of service delivery (planned)<sup>196</sup>

**November 2019:**

- 1 Nov 2019: Start of contract. End of contract expected on 31 October 2026 (planned).<sup>197</sup>
- The project withdrew from the LCF after no compliant bids were received (following the Contract Award Notice published in July 2019) due to concerns over risk and termination clauses and the local authority's subsequent prioritisation of an alternative safeguarding model.

<sup>179</sup> (Lancashire County Council, 2019c)

<sup>180</sup> (Lancashire County Council, 2019c)

<sup>181</sup> (Lancashire County Council, 2019c)

<sup>182</sup> (Lancashire County Council, 2019c)

<sup>183</sup> (Lancashire County Council, 2019c)

<sup>184</sup> (Lancashire County Council, 2019c)

<sup>185</sup> (Lancashire County Council, 2019c)

<sup>186</sup> (Lancashire County Council, 2019c)

<sup>187</sup> (Lancashire County Council, 2019c)(Lancashire County Council, 2019d)

<sup>188</sup> (Lancashire County Council, 2019e)

<sup>189</sup> (Lancashire County Council, 2019c)

<sup>190</sup> (Lancashire County Council, 2019c)

<sup>191</sup> (Lancashire County Council, 2019c)

<sup>192</sup> (Lancashire County Council, 2019c)

<sup>193</sup> (Lancashire County Council, 2019c)

<sup>194</sup> (Lancashire County Council, 2019c)

<sup>195</sup> (Lancashire County Council, 2019a)

<sup>196</sup> (Lancashire County Council, 2019c)

<sup>197</sup> (Lancashire County Council, 2019e)

2016	Jan - Dec	<p><b>Jan - Dec 2016:</b></p> <ul style="list-style-type: none"> <li>○ Staff member from the economic development team asked to look into social impact bonds by his line manager at the time.<sup>198</sup></li> <li>○ Workshop held for county staff following line manager’s interest in social impact bonds.<sup>199</sup></li> <li>○ Failed application for Department for Education Spring Innovation Fund SIB, six months before SIB conversations began, further increased interest in social impact bonds.<sup>200</sup></li> </ul>
2017	Jan - Mar	<p><b>Feb 2017:</b></p> <ul style="list-style-type: none"> <li>○ 17 February: Initial discussion on developing a SIB between staff member and external colleague, following which external colleague was brought in as a consultant (formerly an interim assistant director for children’s services). Internal conversations on SIBs intensified, focusing on whether they worked and how they would work.<sup>201</sup></li> <li>○ Discussion between economic development team and children’s services at Norfolk on whether LCF SIB would work for them. Consultant was positive and suggested focusing on an edge of care cohort.<sup>202</sup></li> </ul> <p><b>March 2017:</b></p> <ul style="list-style-type: none"> <li>○ New interim director joined who kickstarted a business case for the service wide transformation of children’s services. Discussions on LCF SIB were factored into the wider NCC transformation programme.<sup>203</sup></li> <li>○ Scepticism from members of senior management on using a social impact bond approach. In response, an internal process was started to ensure it was financially viable and an affordable risk to take. Earlier than usual involvement of project team for feedback on project plan.<sup>204</sup></li> </ul>
2017	Apr - June	<p><b>May 2017:</b></p> <ul style="list-style-type: none"> <li>○ 11 May: Request submitted for exemption from Contract Standing Orders for the period 01/06/2017 - 31/10/2017, to procure an external advisor from Triodos who was experienced in SIBs instead of going to tender.<sup>205</sup></li> <li>○ Development grant received from LCF.<sup>206</sup></li> <li>○ Accountant found double-counting in the Essex financial model, leading to difficult conversation on deadweight and why that couldn’t be claimed as savings.<sup>207</sup></li> </ul>

<sup>198</sup> (Norfolk County Council, 2019)  
<sup>199</sup> (Norfolk County Council, 2019)  
<sup>200</sup> (Norfolk County Council, 2019)  
<sup>201</sup> (Norfolk County Council, 2019)  
<sup>202</sup> (Norfolk County Council, 2019)  
<sup>203</sup> (Norfolk County Council, 2019)  
<sup>204</sup> (Norfolk County Council, 2019)  
<sup>205</sup> (Norfolk County Council, 2017)  
<sup>206</sup> (Norfolk County Council, 2019)  
<sup>207</sup> (Norfolk County Council, 2019)

2017	Apr - June	<ul style="list-style-type: none"> <li>○ Parallel planning (dual running) for financial modelling and cohort identification (3 months). Members of finance team were key in needs analysis and offering a critical voice.<sup>208</sup></li> <li>○ Finance and business partner for children's services joined the project and stayed until development of the business case and submission of full application to LCF. She was heavily involved with developing the application and fulfilling reporting requirements for different stakeholders.<sup>209</sup></li> </ul>
	July - Sept	<p><b>July 2017:</b></p> <ul style="list-style-type: none"> <li>○ 17 July 2017: Exemption from Contract Standing Orders granted by Head of Sourcing for Norfolk County Council.<sup>210</sup></li> <li>○ NCC worked with Suffolk on the bid. Despite Suffolk having gone through the first round, their timelines merged in terms of going out for tender. Suffolk had a broader definition of "edge of care" but decided to use the same financial model.<sup>211</sup></li> <li>○ 31 July: Consultant from Triodos comes on board and encourages looking at SIBs in Manchester and Essex to inform design. Triodos support NCC in developing the feasibility report and the full application. Final determination of deadweight with Triodos and DH<sup>212</sup></li> </ul>
	Oct - Dec	<p><b>October 2017:</b></p> <ul style="list-style-type: none"> <li>○ 24 October: CSLT approval.<sup>213</sup></li> <li>○ 30 October: Discussion of final bid (LCF full application) with the Policy and Resources Committee (PRC). Members briefed on how the social impact bond will work with children at the edge of care or already in care.<sup>214</sup></li> <li>○ 31 October: Submission of full bid and feasibility study, following approval from PRC.<sup>215</sup></li> </ul>
2018	Oct - Dec	<p><b>October 2018:</b></p> <ul style="list-style-type: none"> <li>○ Strategic commissioner joins NCC and later joins as the lead for the mobilised service.<sup>216</sup></li> </ul>
2019	Jan - Mar	<p><b>January - February 2019:</b></p> <ul style="list-style-type: none"> <li>○ Lead Commissioner leaves project.<sup>217</sup></li> <li>○ 5 February: Service goes live.<sup>218</sup></li> </ul>

<sup>208</sup> (Norfolk County Council, 2019)

<sup>209</sup> (Norfolk County Council, 2019)

<sup>210</sup> (Norfolk County Council, 2017)

<sup>211</sup> (Norfolk County Council, 2019)

<sup>212</sup> (Norfolk County Council, 2017)

<sup>213</sup> (Norfolk County Council, 2017)

<sup>214</sup> (Norfolk County Council, 2017)

<sup>215</sup> (Norfolk County Council, 2017)

<sup>216</sup> (Norfolk County Council, 2019)

<sup>217</sup> (Norfolk County Council, 2019)

<sup>218</sup> (Norfolk County Council, 2019)

**August 2019:**

- Issue of Invitation to Tender (ITT) to procure an independent evaluator for the social impact bond as part of joint evaluation with Suffolk County Council.<sup>219</sup>

**September 2019:**

- 11 - 12 September: Up to 1-hour slot for individual organisations considering a tender response (for ITT for evaluator).<sup>220</sup>
- 23 September: Deadline for receipt of tenderers questions, including any proposed changes to the terms and conditions issued (for ITT for evaluator).<sup>221</sup>
- 30 September: Deadline for response to tenderers questions (for ITT for evaluator).<sup>222</sup>

**October 2019:**

- 11 October: Submission of tenders (for ITT for evaluator)<sup>223</sup>

**October - November 2019:**

- 14 October - 15 November: Clarifications and evaluation of tenders (for ITT for evaluator).<sup>224</sup>
- Tenderer presentations to be arranged following submission if required (for ITT for evaluator).<sup>225</sup>

**December 2019:**

- Week commencing 2 December: Notification of result of evaluation of tenders (for ITT for evaluator).<sup>226</sup>
- Standstill period for ten days following provisional award of tender (for ITT for evaluator).<sup>227</sup>
- 13 December: Anticipated date of award of contract(s) (for ITT for evaluator).<sup>228</sup>

<sup>219</sup> (Suffolk County Council, 2019)

<sup>220</sup> (Suffolk County Council, 2019)

<sup>221</sup> (Suffolk County Council, 2019)

<sup>222</sup> (Suffolk County Council, 2019)

<sup>223</sup> (Suffolk County Council, 2019)

<sup>224</sup> (Suffolk County Council, 2019)

<sup>225</sup> (Suffolk County Council, 2019)

<sup>226</sup> (Suffolk County Council, 2019)

<sup>227</sup> (Suffolk County Council, 2019)

<sup>228</sup> (Suffolk County Council, 2019)

DN2 Children's Services SIB (Nottingham, Nottinghamshire, Derby)

2016	Jan - Dec	<p><b>2016:</b></p> <ul style="list-style-type: none"> <li>- Initial work started on developing social impact bond<sup>229</sup></li> <li>- Partnership formed between the three local authorities (Nottingham City Council, Nottinghamshire County Council, Derby City Council)<sup>230</sup></li> <li>- Social Finance commissioned to conduct feasibility and historical data analysis, as well as scoping activities<sup>231</sup></li> </ul>
2017	Jan - Dec	<p><b>2017:</b></p> <ul style="list-style-type: none"> <li>- <b>May 2017:</b> Final business cases put forward by Social Finance for Derby City Council<sup>232</sup>, Nottingham City Council<sup>233</sup> and Nottinghamshire County Council<sup>234</sup></li> <li>- <b>1 Sept 2017:</b> In-principle offer of £3 million top up funding received from the Life Chances Fund<sup>235</sup>. This would cover 25% of the total outcomes funding.</li> <li>- <b>15 November 2017:</b> Invitation for providers and investors to attend market engagement event published<sup>236</sup></li> <li>- <b>20 November 2017:</b> Nottinghamshire County Council's Children and Young People's Committee approved the procurement of specialist technical and legal advisors to assist the development of the project<sup>237</sup></li> <li>- <b>December 2017:</b> Market engagement event held to engage provider and investor consortiums<sup>238</sup>. 30 different organisations attended the event, and 23 of these were from the VCSE sector. Smaller organisations requested more time to form consortia which led DN2 to delay the start of procurement<sup>239</sup>.</li> </ul>
2018	Jan - May	<p><b>2018:</b></p> <ul style="list-style-type: none"> <li>- <b>13 February 2018:</b> Report submitted to the Commissioning and Procurement Subcommittee within Nottingham City Council, to approve the procurement of an investor-provider consortium through an open tender exercise and delegate accordingly<sup>240</sup></li> <li>- <b>14 February 2018:</b> Derby City Council Cabinet approval gained for tri-partite agreement with Nottingham City Council and Nottinghamshire County Council. Approval secured to proceed with application to Life Chances Fund and the joint procurement process<sup>241</sup></li> <li>- <b>March 2018:</b> Service specification developed<sup>242</sup></li> <li>- <b>19 March 2018:</b> Tender published, with closing date of 20 April 2018<sup>243</sup></li> <li>- <b>April 2018:</b> Initial informal bid submissions received<sup>244</sup></li> </ul>

<sup>229</sup> (Nottinghamshire County Council, 2020)

<sup>230</sup> (Nottinghamshire County Council, 2020)

<sup>231</sup> (Nottinghamshire County Council, 2020)

<sup>232</sup> (Social Finance, 2017)

<sup>233</sup> (Social Finance, 2017)

<sup>234</sup> (Social Finance, 2017)

<sup>235</sup> (The National Lottery Community Fund, 2017)

<sup>236</sup> (Nottinghamshire County Council, 2017)

<sup>237</sup> (Nottinghamshire County Council, 2018)

<sup>238</sup> (Nottinghamshire County Council, 2020)

<sup>239</sup> (DCMS Data Platform for Life Chances Fund, 2019)

<sup>240</sup> (Nottingham City Council, 2018)

<sup>241</sup> (Derby City Council, 2018)

<sup>242</sup> (DCMS Data Platform for Life Chances Fund, 2019)

<sup>243</sup> (Nottinghamshire County Council, 2018)

<sup>244</sup> (Nottinghamshire County Council, 2020)

2018	Jan - May	<ul style="list-style-type: none"> <li>- <b>9 April 2018:</b> Expression of interest submitted as part of application to the Life Chances Fund<sup>245</sup></li> <li>- <b>25 May 2018:</b> Full Application Form submitted as part of application to the Life Chances Fund<sup>246</sup></li> </ul>
	June - Dec	<ul style="list-style-type: none"> <li>- <b>June - August 2018:</b> Procurement process underway through competitive dialogue<sup>247</sup></li> <li>- <b>23 July 2018:</b> Conclusion of negotiation process for procurement<sup>248</sup></li> <li>- <b>6 August 2018:</b> Deadline for submission of final bids<sup>249</sup></li> <li>- <b>September 2018:</b> Core Assets Group successful in winning the contract as the service provider<sup>250</sup></li> <li>- <b>Sept - Dec 2018:</b> Detailed negotiations between Core Assets and the investor, Big Issue Invest (BII). Differences in understanding of the risk/return led to the end of the investment partnership<sup>251</sup></li> <li>- <b>Dec 2018 - May 2019:</b> Core Assets sought alternative social investors as a substitute for BII<sup>252</sup></li> </ul>
2019	Jan - Dec	<p><b>2019:</b></p> <ul style="list-style-type: none"> <li>- <b>May - June 2019:</b> DN2 explored the possibility of working with locally based organisations. Conversations between DN2, TNLCF and Traverse (advisors to TNLCF) indicated that this would be a possibility. East Midlands based organisation, the Futures Group, secured as social investor<sup>253</sup></li> <li>- <b>Summer 2019:</b> Futures Group secured as an investor alongside Core Assets Group, which committed to increasing its own investment by £100,000<sup>254</sup></li> <li>- <b>14 October 2019:</b> Revised business case presented by Core Assets Children's Services Group<sup>255</sup></li> <li>- <b>29 November 2019:</b> Investment proposal approved at Nottingham Futures board meeting<sup>256</sup></li> <li>- <b>31 December 2019:</b> Project Setup Form submitted as part of application to the Life Chances Fund<sup>257</sup></li> </ul>
	Jan - Dec	<p><b>2020:</b></p> <ul style="list-style-type: none"> <li>- <b>28 February 2020:</b> Expected start of service provision for SIB<sup>258</sup></li> <li>- <b>Oct 2020:</b> Actual start of service delivery<sup>259</sup></li> </ul>

<sup>245</sup> (DCMS Data Platform for Life Chances Fund, 2018)

<sup>246</sup> (DCMS Data Platform for Life Chances Fund, 2018)

<sup>247</sup> (Nottinghamshire County Council, 2020)

<sup>248</sup> (Nottinghamshire County Council, 2018)

<sup>249</sup> (Nottinghamshire County Council, 2018)

<sup>250</sup> (Core Assets, 2019)

<sup>251</sup> (Core Assets, 2019)

<sup>252</sup> (Core Assets, 2019)

<sup>253</sup> (Core Assets, 2019)

<sup>254</sup> (Core Assets, 2019)

<sup>255</sup> (Core Assets, 2019)

<sup>256</sup> (The National Lottery Community Fund, 2019)

<sup>257</sup> (DCMS Data Platform for Life Chances Fund, 2019)

<sup>258</sup> (DCMS Data Platform for Life Chances Fund, 2019)

<sup>259</sup> (DCMS Data Portal for Life Chances Fund, 2020)

## Annex 4 Governance diagrams for the seven social impact bonds

This annex includes governance diagrams, where available, for individual projects. Governance structures describe the relationships between different parties involved in the implementation of an impact bond and the contractual configuration between them. These have been taken from LCF application forms.

Key:  
Contract = Black  
Funding = Green  
Data = Red

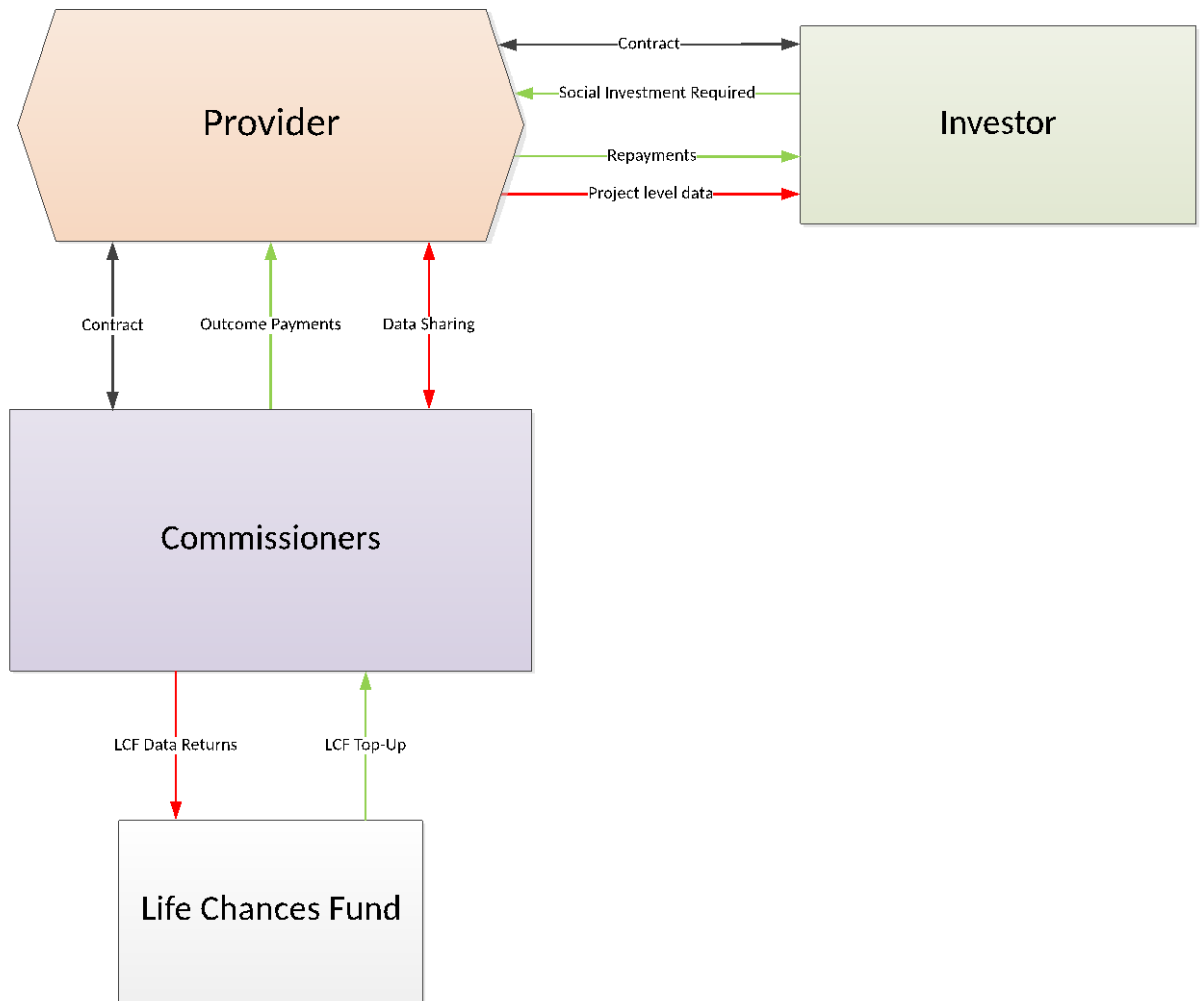


Figure 4 Governance diagram for Fostering Better Outcomes



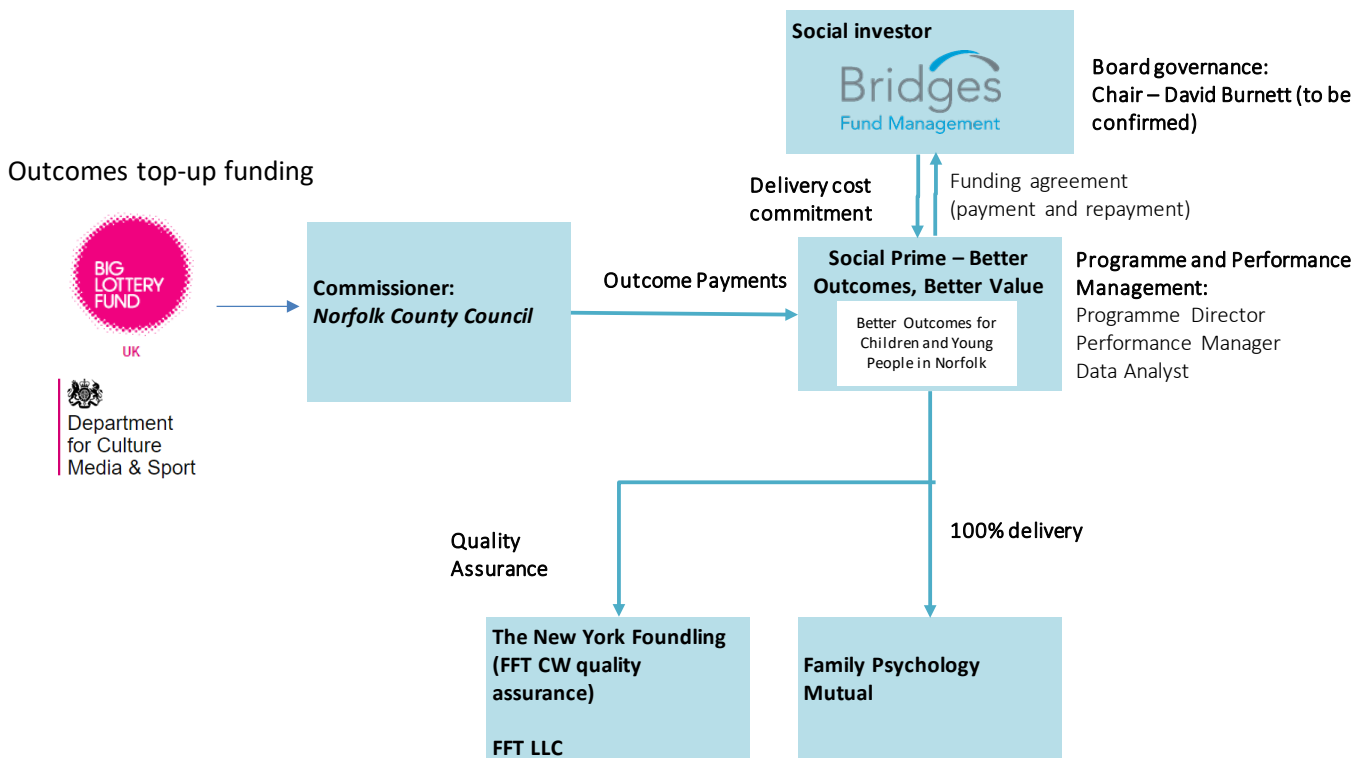


Figure 5 Governance diagram for Stronger Families Norfolk

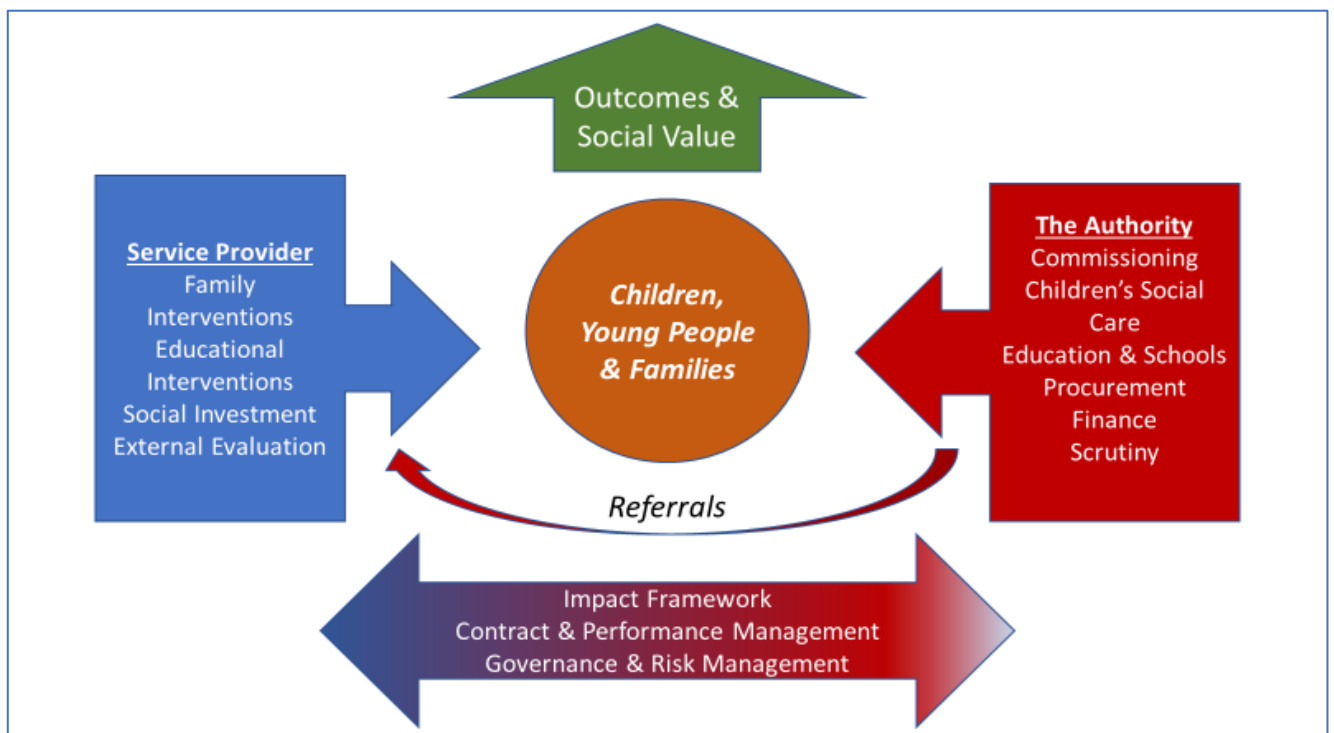


Figure 6 Governance diagram Strong Families, Resilient Communities (Lancashire)

### DN2 SIB Fund Flows

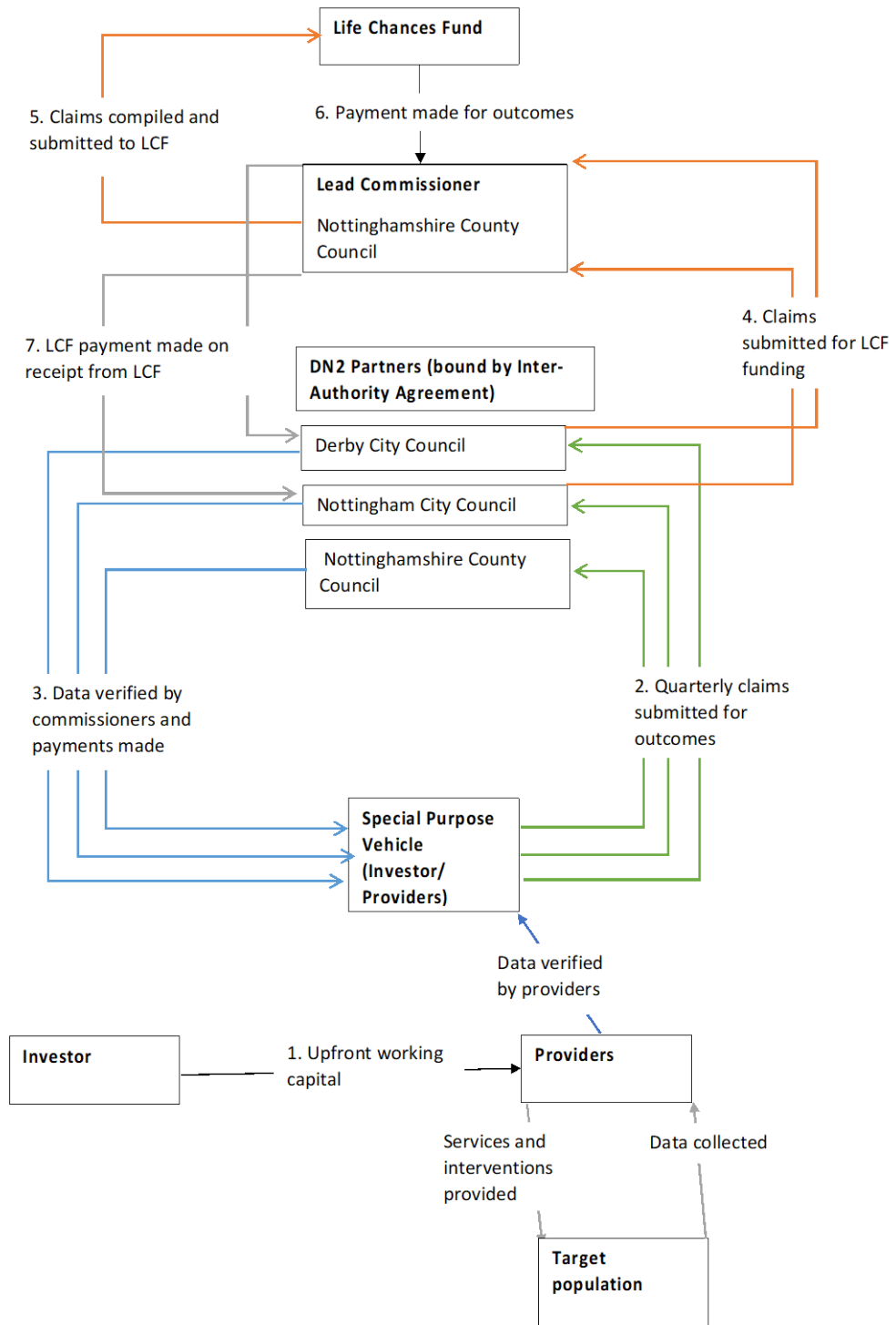


Figure 7 Governance and fund flow diagram for DN2

## DN2 SIB Governance

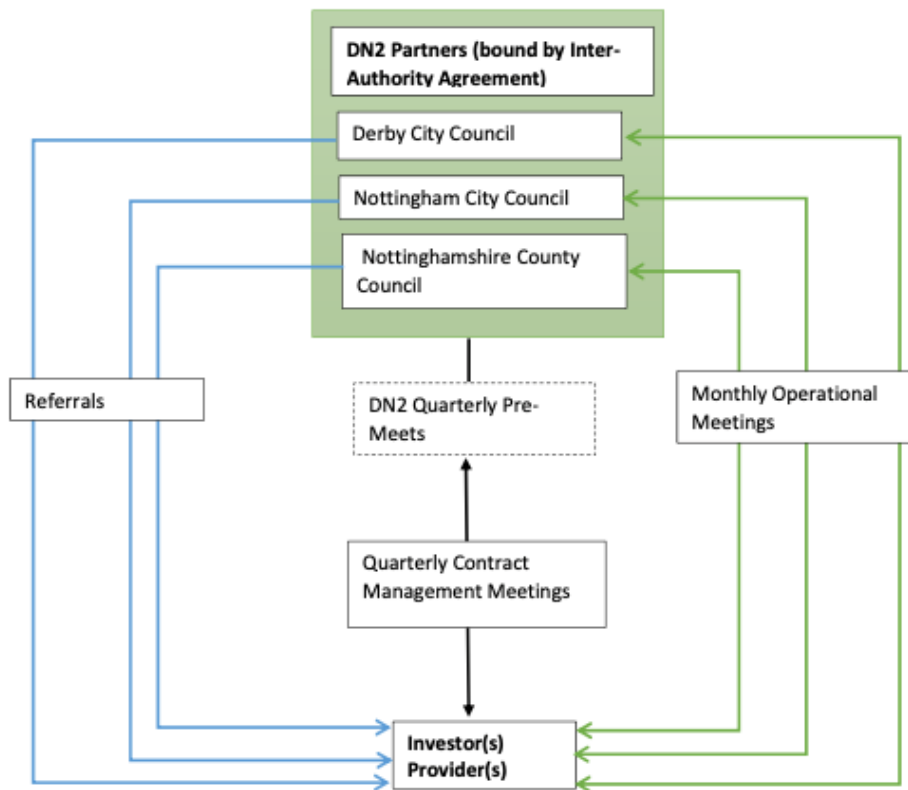


Figure 8 Governance diagram for DN2

## Annex 5 Procurement: project-level analysis

Table 1 below summarises all seven SIBs using data from procurement notices published in the OJEU. There are three notices utilised in the table and subsequent SIB-by-SIB analysis:

- **Prior Information Notice (PIN)**, which in these SIBs communicates that there is a market engagement event.
- **Contract Notice (CN)**, which communicates that there is an opportunity, provides some description of the opportunity, description of the proposal, and a date for a request for participation or expression of interest. The Contract Notice will typically link to the full tender documents, which may be on a third party website.
- **Contract Award Notice (CAN)**, which communicates information about the awarded contract.

Projects	Intensive Family Support Service (Staffordshire)		Fostering Better Outcomes (Cheshire West and Chester)	Stronger Families Suffolk	Pyramid Project	Stronger Families Norfolk	Strong Families Resilient Communities (Lancashire)	DN2 Children's Services Social Impact Bond (Nottinghamshire, Derby)
	SIB is a small part of larger contracts. Started as a pilot under one contract. Later was part of a different contract				One investor was part of an early market engagement. Later a SPV owned by another investor was contracted			
Prior Information Notice		<a href="#">05/03/2019 2019/S 045-102987</a>		<a href="#">08/11/2017 2017/S 214-444800</a>		<a href="#">18/10/2017 2017/S 200-411536</a>	<a href="#">08/03/2018 2018/S 049-107939</a> <a href="#">06/11/2018 2018/S 213-488376</a>	<a href="#">17/11/2017 2017/S 221-459261</a>
Contract Notice [of opportunity]		<a href="#">11/04/2019 2019/S 072-170550</a>	<a href="#">19/10/2017 2017/S 201-414307</a>	<a href="#">24/03/2018 2018/S 059-130426</a>		<a href="#">01/03/2018 2018/S 042-092250</a>	<a href="#">08/04/2019 2019/S 069-163432</a>	<a href="#">21/03/2018 2018/S 056-124593</a>
Due Date			16/11/2017	30/04/2018		04/04/2018	31/05/2019	20/04/2018
Award Date			28/02/2018	23/07/2018		03/08/2018	NA	01/09/2020
Contract Award Notice	<a href="#">15/03/2014 2014/S 053-8886</a>	<a href="#">06/01/2020 2020/S 003-003588</a>	<a href="#">15/03/2018 2018/S 052-115567</a>	<a href="#">16/11/2018 2018/S 221-506413</a>		<a href="#">12/9/2018 2018/S 175-397402</a>	<a href="#">01/08/2019 2019/S 147-362883</a>	<a href="#">29/09/2020 2020/S 189-457615</a>
Awardee (with ownership info if special purpose vehicle)	ADS	Humankind Charity	Core Assets Group Ltd	Bridges Social Impact Bond Fund and Better Outcomes Better Value (owned by Bridges Fund Management)	Big Fostering Partnership (owned by Big Issue Invest)	Better Outcomes Better Value (owned by Bridges Fund Management)	None	Outcomes for Children (Core Assets Group) Ltd
What is being procured?	Primarily provider services		Primarily provider services	Hybrid or both. Awards made to Investor and a provider.	Investor	Hybrid or both	Primarily provider services	Primarily provider services
How is it being procured? (Procedure)	Unclear - likely part of much larger contracts.		Light Touch Regime, including dialogue or negotiation.	Light Touch Regime, including dialogue or negotiation.	Negotiated procedure without prior publication	Competitive dialogue	Light Touch Regime, including dialogue or negotiation	Light Touch Regime, including dialogue or negotiation
Timeline Comments			Three months from due date to award	Three months from due date to award; Four months of market engagement		Four months from due date to award; Five months of market engagement	The notice declaring no awardee was issued two months after the expression of interest due date	Twenty-nine months (i.e., 2 years and 5 months) from due date to award.

Table 1 Summary of procurement across the seven SIBs. Source: GO Lab researchers' interpretation of procurement notices published in the OJEU.

## SIB-by-SIB analysis based on procurement notices

### Integrated Family Support Services (IFSS)

Staffordshire County Council utilised existing relationships with a previously contracted party to develop a pilot project. Subsequently the council ran a competitive procurement with negotiation with a selected number of actors. Staffordshire clearly informed the market that this later competition was for an LCF SIB. The procurement was for a provider, but Staffordshire made it clear that an investor would be required under the contract.

From 2014, Staffordshire County Council had a large contract (more than £30M) in place with the provider ADS for “Adult Community Drug Intervention Services in Staffordshire.” According to the procurement notices, this contract was varied in scope, including “children of substance abusing parents” and was to be “innovative,” focusing on wider needs and strengths rather than addiction in isolation.”<sup>260</sup>

In 2016, Intensive Prevention Service (IPS) was launched as a pilot SIB with ADS. Whether IPS was part of the Adult Community Drug Intervention Services in Staffordshire contract is unclear, though it would likely have been in scope. (See timeline for more details.)

In 2018, some variation of the pilot project was approved by LCF administrators and an outcomes-based contract was signed.

In 2019, Staffordshire published a Prior Information Notice describing a market engagement event to be held in March.<sup>261</sup> This was followed, in April 2020, by a Contract Notice announcing a *competitive procedure with negotiation* for the SIB.<sup>262</sup> This is a procedure under PCL<sup>263</sup> that allows the commissioner to have an initial qualitative selection process and then invite a smaller number of actors to submit tenders. The Commissioner can then “negotiate with tenderers the initial and all subsequent tenders submitted by them, except for the final tender, to improve their content.”<sup>264</sup>

In the Contract Notice, Staffordshire clearly informed the market that this was for an LCF project. “The Intensive Family Support Service (IFSS) will be financed using a Social Impact Bond.... The SIB for the IFSS has been made possible by the County Council successfully applying to the Department of Culture Media and Sport (DCMS) to be part of the Life Chances Fund (LCF). A non-negotiable condition of the LCF is that

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<sup>260</sup> Staffordshire County Council, 2014, Contract Award Notice, OJEU 2014/S 053-88862, <https://ted.europa.eu/udl?uri=TED:NOTICE:88862-2014:HTML:EN:HTML&tabId=1&tabLang=en>

<sup>261</sup> Staffordshire County Council, 2019, Prior Information Notice, OJEU 2019/S 045-102987 <https://ted.europa.eu/udl?uri=TED:NOTICE:102987-2019:TEXT:EN:HTML>.

<sup>262</sup> Staffordshire County Council, 2019, Contract Notice, OJEU 2019/S 072-170550, <https://ted.europa.eu/udl?uri=TED:NOTICE:170550-2019:TEXT:EN:HTML>

<sup>263</sup> PCL 29, See <https://www.legislation.gov.uk/uksi/2015/102/regulation/29/made>.

<sup>264</sup> PCL 29 (13).

finance must be provided by a social investor. The supplier will need to enter into a financing arrangement with a Social Investor to finance the SIB.”

Note that it is not a problem under PCL that Staffordshire may have interacted with parties, such as an investor, prior to this competition so long as the commissioner took appropriate measures to avoid distorting the competition, such as informing the tenders of any relevant information.<sup>265</sup>

In January 2020, Staffordshire published a Contract Award Notice stating that the contract was to be awarded to Humankind.<sup>266</sup> Therefore, unlike other SIBs in this study, this project contracted with two different providers over different periods of its implementation. ADS was the initial service provider, ending its contract on 31 March 2020. Humankind began its contract as service provider on 1 April 2020.<sup>267</sup> This is represented in **Figure 17** within the main report, through the two green bars.

## Fostering Better Outcomes

To commission the Fostering Better Outcomes SIB, Cheshire West and Chester Borough Council used the light touch regime to run an apparently straightforward competitive process that included a questionnaire, dialogue with selected bidders, and a final bid. In the contract notice (call for tenders), the council expressed that they did *not* have a preference for the specific service but that a SIB model was required. The contract notice (call for tenders) was issued in October 2017 and an award was made six months later, in March 2018.

In October 2017, the Contract Notice described the process as follows:

“This is being tendered under the Light Touch Regime (Schedule 3 services). The procurement stages are:

- 1) Standard Questionnaire and outline bid (SQ).
- 2) Dialogues.
- 3) Final Bid.

Bidders will be shortlisted at the SQ stage (1)...”<sup>268</sup>

The same notice explained: “The service is intended to provide a high-intensity foster care type intervention in order to facilitate children ‘stepping down’ into stable foster care by delivering a person-centred approach ... The Council does not have any existing preference regarding the intervention. The service must be delivered using a Social Impact Bond model.”<sup>269</sup>

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<sup>265</sup> See PCR 41 <https://www.legislation.gov.uk/ukxi/2015/102/regulation/41/made>.

<sup>266</sup> Staffordshire County Council, 2020, Contract Award Notice, OJEU 2020/S 003-003588, <https://ted.europa.eu/udl?uri=TED:NOTICE:3588-2020:TEXT:EN:HTML&tabId=1>

<sup>267</sup> (DCMS Data Portal for Life Chances Fund, 2020)

<sup>268</sup> Cheshire West and Chester Borough Council, 2017, Contract Notice, OJEU 2017/S 201-414307, <https://ted.europa.eu/udl?uri=TED:NOTICE:414307-2017:HTML:EN:HTML&tabId=1&tabLang=en>

<sup>269</sup> As above.

Halton Borough Council was named as a joint commissioner for the Fostering Better Outcomes service, but Halton's participation was described as optional.

Six months later, a Contract Award Notice was published stating the award was being made to Core Assets Group Ltd.<sup>270</sup> The value of the awarded contract is unclear from the notice. Where the awarded contract value is usually inserted, the following statement is made: "Lowest offer: 1.00 GBP / Highest offer: 6 000 000.00 GBP taken into consideration."<sup>271</sup> The same notice reports that two tenders were received, but the actual value of the awarded contract is not clearly stated. The LCF and Cheshire West and Chester Borough Council are paying for outcomes.

## Stronger Families Suffolk

To commission the Outcomes Based Contract for Children at Risk of Care SIB, Suffolk County Council used a market engagement workshop to connect providers with investors and then ran a procurement for three lots: (1) social investor and service provider, (2) for a social investor only, and (3) for a service provider only. Suffolk chose only to award Lot 1. This was a competitive procedure with negotiation, using the Light Touch Regime, meaning that Suffolk could design their own variations on the procedure.

In November 2017, a Prior Information Notice offered the opportunity for social investors to meet service providers.<sup>272</sup> The notice stated: "Suffolk County Council Children & Young People's Services would like to invite Service Providers with experience of delivering intensive family support, Social Impact Bond Investors and Intermediaries with an interest in developing and delivering a Social Impact Bond to reduce the need for young people to enter Care to join Commissioners at an engagement workshop... The workshop will offer an opportunity to hear about the Council's vision and objectives and outcomes for the Social Impact Bond, the current stage of development and planned process and key proposed contract details. A feedback session will provide the opportunity for participants to provide input about how the Social Impact Bond could be most helpfully structured to achieve the intended outcomes. It will also offer an opportunity for Service Providers to meet Social Impact Bond Investors."

In March 2018, the Commissioner announced a competitive procurement in a Contract Notice, in which the procedure was described as complying with the "Light Touch Regime under the EU Procurement Rules and the Public Contracts Regulations 2015 and is an Open Competitive process with negotiation."<sup>273</sup> As noted above, the

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<sup>270</sup> Cheshire West and Chester Borough Council, 2018, Contract Award Notice, OJEU, 2018/S 052-115567, <https://ted.europa.eu/udl?uri=TED:NOTICE:115567-2018:HTML:EN:HTML&tabId=1&tabLang=en>.

<sup>271</sup> As above.

<sup>272</sup> Suffolk County Council, 2017, Prior Information Notice, OJEU, 2017/S 214 444800, <https://ted.europa.eu/udl?uri=TED:NOTICE:444800-2017:HTML:EN:HTML&tabId=1&tabLang=en>.

<sup>273</sup> Suffolk County Council, 2018, Contract Notice, OJEU 2018/S 059 130426, <https://ted.europa.eu/udl?uri=TED:NOTICE:130426-2018:HTML:EN:HTML&tabId=1&tabLang=en>.



procurement was to be split into three lots (mini-procurements), including Lot 1 for a social investor and service provider. According to the Contract Notice, tenders were due in April 2018 and there were likely have been a series of negotiations with offerors after this date.

In November 2018, the Commissioner announced an award to “Bridges Social Impact Bond Fund and Better Outcomes Better Value” and “Family Psychology Mutual Community Interest Company” for Lot 1, “Social Investor and Service Provider.”<sup>274</sup> Around the same time, a company called Stronger Families Suffolk Ltd<sup>275</sup> was incorporated by the social investment fund manager and the local authority contracted with that entity.<sup>276</sup>

## Pyramid Project

In the Pyramid Project, Staffordshire County Council worked with one social investment fund manager and ultimately entered a contract with a Special Purpose Vehicle (SPV) controlled by a different investment fund manager.

In November 2018, a group of commissioners including Staffordshire County Council held a market engagement event for providers. Bridges Fund Management (BFM), was described as a partner for the event. A notice stated: “BFM is the social investor which the local authorities are working with on this project and who will provide funding to help meet the outcomes.”<sup>277</sup>

The event notice also explained the project as follows: “The objective of the project is to help improve the long-term outcomes of looked after children by targeting and identifying foster carers in order for children who are placed in residential homes to move to resilient foster placements in what is sometimes termed a “step-down” placement. The event will be a great opportunity for us to outline the project to you and for you as Foster Care Providers to explore how the service may look like and to participate in helping us shape the service. The ultimate aim is to commission a number of Foster Care Providers to meet our requirements of having access to resilient foster carers.”<sup>278</sup>

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<sup>274</sup> Suffolk County Council, 2018, Contract Award Notice, OJEU 2018/S 221-506413, <https://ted.europa.eu/udl?uri=TED:NOTICE:506413-2018:HTML:EN:HTML&tabId=1&tabLang=en>.

<sup>275</sup> The Companies House record for Stronger Families Suffolk Ltd. (company number 11697284) shows Bridges Community Ventures Nominees Limited and Bridges Outcomes Partnerships Limited as the original shareholders in the incorporation documents filed on the 26<sup>th</sup> of November, 2018. See Companies House webpage, <https://find-and-update.company-information.service.gov.uk/company/11697284/filing-history>.

<sup>276</sup> Based on email correspondence with Suffolk County Council on 17 December 2020.

<sup>277</sup> Staffordshire County Council and others, 2018, event notice available online, <https://shropshire.gov.uk/media/10814/15-nov18-market-engagement-event.pdf>.

<sup>278</sup> As above.

In anonymised interviews, participants explained that Staffordshire County Council subsequently contracted with an SPV called Big Fostering Partnership. This SPV is a wholly-owned subsidiary of Big Issue Invest, not Bridges Fund Management.<sup>279</sup>

## Stronger Families Norfolk

In Stronger Families Norfolk, Norfolk County Council issued a Prior Information Notice, Contract Notice, and Contract Award Notice over the course of 11 months. The Prior Information Notice is relatively detailed. The council used the competitive dialogue procedure.

In October 2017, the Council published a Prior Information Notice, “seeking an investor provider partnership to establish a special purpose vehicle (SPV) that funds and contracts the delivery of evidenced based interventions which result in a reduction in the number of days that looked after children spend in care.”<sup>280</sup>

The same notice explained the requirement as being related to the LCF as follows: “Norfolk County Council has made a successful Expression of Interest application to the Big Lottery Life Chances Fund (LCF) that has supported the development of a Social Impact Bond (SIB) with the aim of reducing the number of looked after children over a 5 year period. The full application deadline is 31.10.2017. If our LCF application is successful, Norfolk County Council will seek to award a payment by results contract to an investor-provider partnership established as a special purpose vehicle (SPV) that funds and contracts the delivery of evidenced based interventions which result in a reduction in the number of days spent in care. Assuming median performance, the SIB funded project is expected provide net savings for NCC of 7 000 000 GBP over 5 years, as a result of reducing our placement costs for looked after children.”<sup>281</sup>

The notice then invited organisations to contact the council explaining that “Norfolk County Council would like to meet with potential investors and providers to discuss this opportunity and obtain feedback on the contracting model.”

The notice also provided a link to background information: “The Demand Management and Prevention Strategy: Children's Services report, which gives useful background information can be found at page 123 onwards of the Committee paper [link].”<sup>282</sup>

In February 2018, the Contract Notice stated, “Norfolk County Council is seeking an investor provider partnership to establish a special purpose vehicle (SPV) which funds

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<sup>279</sup> The Companies House record for Big Fostering Partnership Limited (company number 12634016) shows Big Issue Social Investments Limited as the sole original shareholder in the incorporation documents. See Companies House webpage, <https://find-and-update.company-information.service.gov.uk/company/12634016>.

<sup>280</sup> Norfolk County Council, 2017, Prior Information Notice, OJEU, 2017/S 200-411536 <https://ted.europa.eu/udl?uri=TED:NOTICE:411536-2017:HTML:EN:HTML&tabId=1&tabLang=en>

<sup>281</sup> As above.

<sup>282</sup> As above. The link provided in the notice was as follows: <http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/637/Committee/21/Default.aspx>.

and contracts for the delivery of evidenced based interventions with the result of reducing the number of days that looked after children spend in care.”<sup>283</sup> The Contract Notice explained the anticipated savings the Council hoped to achieve and stated, “Norfolk County Council’s application to the Life Chances Fund has been successful and therefore the fund will contribute to the outcome payments.”<sup>284</sup>

The procurement procedure to be used was to be a competitive dialogue and was described in the Contract Notice as follows: “This is a Competitive Dialogue procurement and it is envisaged that 3 candidates will be taken through to dialogue, unless there is a tie for 3rd place, when 4 candidates will be taken forward. Although the Council’s intention is to keep the dialogue process short and focussed, it is still a commitment (both in time and resources) for the candidates to attend meetings in Norwich. Therefore, the Council has chosen to limit the number.”<sup>285</sup> Requests to participate were due in April 2018.

In September 2018, the council published a Contract Award Notice stating, “Norfolk County Council has award[ed] a contract to an investor provider partnership to establish a special purpose vehicle (SPV) that funds and contracts the delivery of evidenced based interventions which result in a reduction in the number of days that looked after children spend in care.”<sup>286</sup> This notice named the awardee, Better Outcomes Better Value.<sup>287</sup> Records at Companies House show that Better Outcomes Better Value Limited is a wholly owned subsidiary of Bridges Fund Management.<sup>288</sup>

## Strong Families, Resilient Communities

The procurement notices for Strong Families, Resilient Communities SIB illustrate a long process that ultimately failed to result in the award of a contract. Participants described disagreements over the detailed terms of the contract that could not be resolved. The market engagement process took about twelve months, but the procurement procedure involving negotiations under the light touch regime lasted only two months.

In March 2018, Lancashire County Council published a Prior Information Notice announcing two market engagement events - one for providers and another for “social investors /SIB intermediary organisations.”<sup>289</sup> The notice explains that the LCF

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<sup>283</sup> Norfolk County Council, 2018, Contract Notice OJEU 2018/S 042-092250

<https://ted.europa.eu/udl?uri=TED:NOTICE:92250-2018:HTML:EN:HTML&tabId=1&tabLang=en>

<sup>284</sup> As above.

<sup>285</sup> As above.

<sup>286</sup> Norfolk County Council, 2018, Contract Award Notice OJEU, 2018/S 175-397402,

<https://ted.europa.eu/udl?uri=TED:NOTICE:397402-2018:HTML:EN:HTML&tabId=1&tabLang=en>

<sup>287</sup> As above.

<sup>288</sup> The Companies House record for Better Outcomes Better Value Limited (company number 10961140) shows Bridges Funds Management Limited as the sole original shareholder in the incorporation documents. See <https://find-and-update.company-information.service.gov.uk/company/10961140>.

<sup>289</sup> Lancashire County Council, 2018, Prior Information Notice, OJEU 2018/S 049-107939,

<https://ted.europa.eu/udl?uri=TED:NOTICE:107939-2018:HTML:EN:HTML&tabId=1&tabLang=en>.

Expression of Interest had been successful and the purpose of the meetings was “to inform the full application to the LCF and the business case as a whole.”

In November 2018, the Council published a second Prior Information Notice regarding another market engagement event. This second notice stated: “The event is for all organisations who are interested in participating in the commissioned solution, whether service deliverer, social investment related organisation, specialist intervention provider or independent evaluator. The event will be structured to enable introductions between organisations and networking.”<sup>290</sup>

The second notice also explained the services and the SIB mechanism with an evaluation: “Lancashire County Council intends to commission on a payment for outcomes basis a service to improve life chances for children and young people in some of the most deprived areas of Lancashire. The specific social issue the service seeks to address is a combination of avoiding the unnecessary entry of children and young people into care, reducing their duration in care, and impacting upon their high Risk of Not in Education, Employment, or Training (NEET) through improving educational engagement and reading age. It is anticipated that a social impact bond approach will underpin the outcomes-based service and that the SIB contract holder will commission independent evaluation to support continuous improvement and shared learning.”

In April 2019 the Contract Notice inviting tenders was published, including a statement that the Light Touch Regime would be used.<sup>291</sup> “Based upon the anticipated scale of this contract it is envisaged that the service provider’s solution will involve social investment and a social investment bond (SIB) approach.” Requests to participate or expressions of interest were due at the end of May 2019.

Two months later, in July 2019, the council published a Contract Award Notice, stating, “No compliant bids were received.”<sup>292</sup> In November 2019, the project subsequently withdrew from the LCF after no compliant bids were received due to concerns over risk and termination clauses and the local authority’s subsequent prioritisation of an alternative safeguarding model.

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<sup>290</sup> Lancashire County Council, 2018, [Second] Prior Information Notice OJEU 2018/S 213-488376, <https://ted.europa.eu/udl?uri=TED:NOTICE:488376-2018:TEXT:EN:HTML>.

<sup>291</sup> Lancashire County Council, 2019, Contract Notice OJEU 2019/S 069-163432, <https://ted.europa.eu/udl?uri=TED:NOTICE:163432-2019:HTML:EN:HTML&tabId=1&tabLang=en>

<sup>292</sup> Lancashire County Council, 2019, Contract Award Notice, OJEU 2019/S 147-362883, <https://ted.europa.eu/udl?uri=TED:NOTICE:362883-2019:HTML:EN:HTML&tabId=1&tabLang=en>

## DN2 Children’s Services SIB

DN2 Children’s Services SIB was jointly procured by Nottinghamshire County Council, Nottingham City Council, and Derby City Council. The Councils used flexibilities under the Light touch Regime to employ a process “similar to competitive dialogue.”<sup>293</sup> The contract award was made almost two and a half years after the call for tenders in the Contract Notice. Interviews suggest this was due to the provider seeking a different investor.

In November 2017, a Prior Information Notice announced that “The DN2 Partnership – Nottinghamshire County, Nottingham City and Derby City Councils’ – have successfully secured funding to develop a Social Impact Bond and is seeking to jointly commission evidence-based services that support children on the edge of care, and in care, to achieve better social outcomes.”<sup>294</sup> The notice also invited “Interested Investors and Providers” to a market engagement event for “an opportunity to meet the DN2 Partnership where you will have the opportunity to meet with Commissioners and to build networks and links in support of the interventions we are looking to secure.”

In March 2018, a Contract Notice was published calling for bidder with initial stage closing in April 2018. The notice stated: “The DN2 Partnership reserves the right to deviate from the formalities of the competitive dialogue procedure set out in the PCR 2015 in conducting the competition due to the flexibilities permitted by Regulation 74-77 PCR 2015 (Light Touch Regime Procurement).”<sup>295</sup>

The same notice described the SIB and LCF requirements as follows, “SIB’s are a model in which socially-motivated investors fund the upfront costs for a provider to deliver a public service. Payment to the investor-provider consortium is then made by the DN2 Partnership on the basis of achieved outcomes. The investor funds the provider(s) to deliver the service regardless of the achievement of such outcomes. As a result, the DN2 Partnership requires the investor and service provider(s) to be separate, unrelated entities in order to enable the DN2 Partnership to access the Life Chances Fund in contribution to financing the services”.<sup>296</sup>

Almost two and a half years later, in September 2020, a Contract Award Notice was published, announcing award of the contract on September 1, 2020 to Outcomes for

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<sup>293</sup> Nottinghamshire County Council and others, 2018, Contract Notice OJEU, 2018/S 056-124593, <https://ted.europa.eu/udl?uri=TED:NOTICE:124593-2018:HTML:EN:HTML&tabId=1&tabLang=en>

<sup>294</sup> Nottinghamshire County Council and others, 2017, Prior Information Notice, OJEU 2017/S 221-459261, <https://ted.europa.eu/udl?uri=TED:NOTICE:459261-2017:HTML:EN:HTML&tabId=1&tabLang=en>.

<sup>295</sup> Nottinghamshire County Council and others, 2018, Contract Notice O.J.E.U. 2018/S 056-124593, <https://ted.europa.eu/udl?uri=TED:NOTICE:124593-2018:HTML:EN:HTML&tabId=1&tabLang=en>

<sup>296</sup> As above.

Children (Core Assets Group) Ltd. for the value of £15M.<sup>297</sup> Interviews suggest that the delays were associated with the awardee seeking an investor.

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<sup>297</sup> Nottinghamshire County Council and others, 2020, Contract Award Notice, OJEU 2020/S 189-457615  
<https://ted.europa.eu/udl?uri=TED:NOTICE:457615-2020:TEXT:EN:HTML>

## Annex 6 Outcome definitions and payment frequencies: project level analysis

Project Name	Outcome payment trigger	Target number of service users (Number of service users expected to achieve outcome)	Frequency of payment
<b>Integrated Family Support Service (IFSS) Staffordshire</b>	Families engaged on the Child Protection Plan (CPP) programme	80 families	On commencement of IFSS
	Children and young people avert escalation from Child Protection Plan (CPP) to LAC (Looked After Children)	85 individuals	Six months after engagement
	Families engaged on to the Child in Need (CIN) programme	160 families	On commencement of Children in Need project
	Children and young people avert escalation from Child in Need (CIN) to Child Protection Plan (CPP) status	233 individuals	Six months after engagement
	Families engaged on the Child Protection Plan (CPP) programme	70 families	On completion of IFSS
<b>Fostering Better Outcomes (Cheshire West and Chester)</b>	Child is not in residential care	30 individuals	Paid monthly after 1 month for up to 2 years
	Child is not in residential care after 12 months	24 individuals	Paid after 12 months
	Child is not in residential care after 24 months	22 individuals	Paid after 24 months
<b>Stronger families Suffolk</b>	Avoid need for sustained care	202 individuals	20% payment for trigger at 14 weeks after referral (payment at the end of the intervention). Then paid quarterly at a fixed rate for each day the child remains out of care for 2 years.
	To reunify children that have entered Care with their family / wider network. Children	86 individuals	20% payment for trigger at 14 weeks after referral (payment at end of intervention). Then paid

Project Name	Outcome payment trigger	Target number of service users (Number of service users expected to achieve outcome)	Frequency of payment
	are sustainably reunified with their family/wider network.		quarterly at a fixed rate for each day the child remains out of care for two years
<b>Pyramid Project</b> (Staffordshire, Telford & Wrekin, Worcestershire, Wolverhampton, Dudley)	Move from residential to foster care (for making placement)	92 individuals	At the end of the first week in foster care
	Move from residential to foster care (standard outcome payment)	92 individuals	Per week for a maximum of 104 weeks
	Placements sustained beyond 6 months	92 individuals	Outcome payments at 3 monthly intervals proceed until 104 weeks are completed so long as person does not: return home, get remanded to any institution, get sentenced to custody or get hospitalised for over 2 weeks, go missing, or become homeless.
	Placements sustained beyond 9 months	92 individuals	Outcome payments at 3 monthly intervals proceed until 104 weeks are completed so long as person does not: return home, get remanded to any institution, get sentenced to custody or get hospitalised for over 2 weeks, go missing, or become homeless.
	Placements sustained beyond 12 months	92 individuals	Outcome payments at 3 monthly intervals proceed until 104 weeks are completed so long as person does not: return home, get remanded to any institution, get sentenced to custody or get



Project Name	Outcome payment trigger	Target number of service users (Number of service users expected to achieve outcome)	Frequency of payment
			hospitalised for over 2 weeks, go missing, or become homeless.
	Placements sustained beyond 15 months	92 individuals	Outcome payments at 3 monthly intervals proceed until 104 weeks are completed so long as person does not: return home, get remanded to any institution, get sentenced to custody or get hospitalised for over 2 weeks, go missing, or become homeless.
	Placements sustained beyond 18 months	92 individuals	Outcome payments at 3 monthly intervals proceed until 104 weeks are completed so long as person does not: return home, get remanded to any institution, get sentenced to custody or get hospitalised for over 2 weeks, go missing, or become homeless.
	Placements sustained beyond 21 months	92 individuals	Outcome payments at 3 monthly intervals proceed until 104 weeks are completed so long as person does not: return home, get remanded to any institution, get sentenced to custody or get hospitalised for over 2 weeks, go missing, or become homeless.
	Placements sustained beyond 24 months	92 individuals	Outcome payments at 3 monthly intervals proceed until 104 weeks are completed so long as person does not: return home, get remanded to any institution, get sentenced to custody or get hospitalised for over 2 weeks, go missing, or become homeless.

Project Name	Outcome payment trigger	Target number of service users (Number of service users expected to achieve outcome)	Frequency of payment
<b>Strong Families, Resilient Communities (Lancashire)</b>	Reduce the number of days children are in Care	N/A	Payment at 16 weeks out of care plus per day for 2 years
	Improve Family Functioning	N/A	Single payment at 26 weeks if 0.5 increase in score
	Improve education attendance	N/A	Payment at 52 weeks if 20% reduction in absence
	Improve reading age	N/A	Payment at 26 weeks if extra 2 year improvement
<b>Stronger Families Norfolk</b>	The number of care days saved over a 33% deadweight threshold. For the 'in care' cohort, no deadweight will apply.	400 individuals <sup>298</sup>	To be paid at a fixed daily rate for up to 3 years
<b>DN2 Children's Services SIB (Nottingham, Nottinghamshire, Derby)</b>	Weeks spent in foster care after intervention period to a maximum of 104 weeks (Stabilising foster care placements where the child/ young person would, without intervention, be likely to enter residential care)	85 individuals	Weekly
	Weeks spent out of residential care after intervention period to a maximum of 104 weeks (Child/young person steps down from residential care into a familial type environment)	85 individuals	Weekly
	Weeks out of care with birth parents/ primary carers after intervention period to a maximum of 104 weeks (Re-unifying	57 individuals	Weekly

Project Name	Outcome payment trigger	Target number of service users (Number of service users expected to achieve outcome)	Frequency of payment
	children/ young people who have entered care with their family/ primary carer)		
	Weeks out of care with birth parents/ primary carers after intervention period to a maximum of 104 weeks (Preventing children/ young people on the edge of care from entering the care of the local authority)	67 individuals	Weekly

Data source: DCMS Data Portal

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