



Derby City Council

Health and Well-being Board
19 November 2015

ITEM 9

Report of the Strategic Director of Children and
Young People

New Investment and Transformation Fund for Children and Young people

SUMMARY

- 1.1 The Health and Well-being Strategy draws attention to the need to develop new mechanisms to enable greater integration, transform delivery and enable greater self-reliance and reduce demand for services. This paper outlines the development of one tool which will assist the transformation of children's services across Derby City Council and Southern Derbyshire Clinical Commissioning Group.
- 1.2 In a time of continuing austerity it is important we consider all options in terms of bringing additional resource into Derby. One option is to explore the development of an investment model to further support organisations delivering interventions to children and young people in the City.
- 1.3 Following the support of the Council's Chief Officer Group, Children, Family and Learners Board, Southern Derbyshire Clinical Commissioning Group (SDCCG) and Children and Young People's Department Management Team discussions further work has been undertaken regarding the development of an Investment and Transformation approach to support transformation in children's services.
- 1.4 The paper outlines investment approaches which are currently being developed elsewhere in the country. It also outlines potential sources of funding as potential contributors to this new investment model.
- 1.5 The following benefits have been identified for this new investment for transformation approach:
A flexible fund able to respond to the changing fiscal climate.
 - A new approach to take advantage of new funding models e.g. social finance, national funding and European funding.
 - A different commissioning culture working across private, voluntary, public sector funding streams.
 - To consider a 'spend to save approach' to aid transformation.
 - A flexible model able to take advantage of funding opportunities as they appear e.g. Futures in Mind funding, innovation funds, and non-re-currant funding.
 - A new approach with outcomes and impact at its core.

RECOMMENDATIONS

- 2.1 To agree the strategic priorities for such a new approach; four have emerged which are:
- early help and prevention;
 - social and community capital;
 - children and young people on the edge of care and high-cost placements;
 - personalisation of provision; and
 - transformation and integration of delivery models.
- 2.2 To agree the feasibility of developing such an investment fund with Social Finance and across SDCCG and Derby City Council including options of working with other Local Authorities.

REASONS FOR RECOMMENDATIONS

- 3.1 We have support for developing this new approach from key partners, SDCCG, CYP, Children Family and Learners Board and key Third Sector partners.
- 3.2 This approach will enable a 'whole-system' approach which will look at resource being used across all Commissioners of Children's Services. This could enable a re-balancing of the funding across the funding organisations. It means all funding will need to be considered in order to manage risk and ensure safe provision and value for money is achieved across all funding of children's services.
- 3.3 The current financial pressures means that we need to look at every opportunity to increase the diversity of our financial base for children's services. Looking forward the funding base is inevitably going to change so this approach enables an integrated and proactive approach to be developed.
- 3.4 This approach will enable a more integrated approach to funding of children's services and enable opportunities to bring resources together in a more flexible way. We already have a section 75 agreement across the Local Authority and SDCCG and we already have shared commissioning capacity. This approach will strengthen our ability to focus resource on key aspects of the whole-system of provision for children, young people and their families.
- 3.5 The development of an investment fund could have a number of purposes including:
- As a means of transforming the children's system.
 - As a means of managing risk due to reductions in resource levels.
 - As a means of creating a more pluralist delivery base.
 - To move the system towards a more preventative and early help delivery model.
- .6 There could be a number of sources of investment in such a fund including:
- Social Finance,
 - Local Businesses,
 - Third sector funding,

- Innovation Funds,
- NHS funding sources,
- Local Government Funding,
- European Funding sources,
- Big Lottery funding opportunities.

3.7 Initial work has identified five opportunities which are already being developed:

Opportunity	Progress to Date
1. Social Finance Investment Platform across Local Authorities.	Initial meeting with Social Finance. Option of working with other Local Authorities e.g. D2N2
2. Big Lottery – Reaching Communities Fund.	Initial meeting with VCS will take place in November.
3. Future in Mind five year programme.	Successfully secured additional Future in Mind funding.
4. NHS funding opportunities.	Initial discussions taken place with SDCCG.
5. European Funding	Looking at options to seek European funding as part of this approach.

There may be a need to be consideration of Local Authority contribution to any arrangement going forward. In some areas e.g. Wigan, a match funding arrangement has been put in place.

SUPPORTING INFORMATION

- 4.1 The Public Sector is going to receive further funding reductions over the next three years. The pace and size of the reduction may vary but there is no doubt that there are going to be further reductions. This investment approach could help in addressing funding gaps. Such an approach would introduce a different funding model within the Public Sector.
- 4.2 There are a number of investment mechanisms being developed elsewhere in the UK including:
- Local Impact Funds
 - Evidence-based social investments
 - Shared investment platforms

4.3 Local Impact Funds

Local Impact Funds are a local social investment fund product that provides appropriate and tailored support to charities and social enterprise in a local community. It can provide a local-led solution to directing the existing supply of finance to where it is most needed.

They aim to deliver a joined up journey of support to charities and social enterprise in a local area from start up through growth to sustainability.

We have such social investment within the Third Sector in Derby and Southern Derbyshire. The YMCA are part of regional approach using social finance of this type. The Ripples organisation has also secured social finance to fund the development of their Family Nurse Partnership.

4.4 Informal Care and Mutual Support (DERiC)

The Big Society Capital fund has provided a £1m loan for DERiC to invest, through small loans, into 7 Combining Personalisation and Community Empowerment programmes, one in Belfast, one in Senadwell and four in Leeds.

The Leeds based programme has made its first investment of £150k. In January 2015 DERiC were saying that they 'plan to make a further six investments in community anchor organisations like CLARE over the next eighteen months in the six local authority areas that DERiC is helping to build partnerships with' - i.e. the other areas. In Leeds they are trying a model where 2 community network organisations (Garforth and Armley), with the potential for more networks to join, take control of direct payments/personal budgets and design a support plan which should be a lower cost (using volunteers and local networks etc) than the social worker assessment package, the 'savings' here are used to pay back a loan from DERiC to the community organisation which would be used to pay for the support planners. Leeds would see savings from reduced use of some traditional services (e.g. day centres and home care visits).

4.5 Social Impact Bonds (SIBs)

Only a few Social Impact Bonds have developed over recent years. The two most relevant are in Essex and Manchester. Both examples relate to investing in preventative approach to reduce the need for high-cost Children-in-Care placements. SIBs have not taken off at the level that had been expected over the last five years, mainly due to their complexity and newness. A more streamlined process has been developed. Other Local Authorities have developed Social Impact Bonds including in Peterborough, and Birmingham.

We have previously looked at using some form of social finance but this has proved difficult to achieve. It may be more effective in conjunction with other Local Authorities perhaps through the D2NS geography.

4.6 Evidence-based Social Investments (EBSI)

EBSI provides a bespoke and scaled fund supported by validated research and rigorous evaluation. Whilst individual local area SIBs have not attracted institutional impact investment, the national scope of the EBSI social impact bond allows major investors to scale their funding across multiple programmes within the single EBSI fund. This ensures that any risks are spread across the portfolio whilst positive outcomes payments are aggregated across all the commissioning areas.

EBSI provides a streamlined and affordable choice if interventions supported by a payment-by-outcomes contract. The tailored investment fund pays for each intervention. It provides Local Authorities with a set of metrics showing costs and a payment plan based on positive outcomes. The Local Authority only pays when it sees successful outcomes for local children.

4.7 Joint Funding or Pooled Budget

Is it feasible to bring public sector finance together in a new shared arrangement? There is increasing recognition that integration is part of the solution to managing demand differently. Therefore, looking to create a more joint funding model needs to be considered. The key to this will be the need to be very clear as to the outcomes such an approach would deliver and the governance arrangements that would need to be in place to reassure all partners. Examples in this area include the new arrangements with Third Sector provider via the Innovation fund or Early Intervention Foundation.

4.8 Mutual and Not for Profit ‘arms-length’ organisations

Various models have been or are being explored by Local Authorities as a means of enabling greater innovation and integration. These often include arrangements for semi-autonomous companies or partnership arrangements. Examples include school improvement ‘arms-length’ companies. Such options may become more feasible as the scale of savings becomes clearer.

4.9 Investment Fund

Some Local Authorities are developing investment funds to address demand management pressures across public services. This includes both health and local authority funding. Wigan has developed this model and agreed a fund across health and the local authority at the level of £4m. The Better Care Fund could also be considered as such an arrangement across Local Authorities and Clinical Commissioning Groups.

4.10 Next Steps

- Progress has already been made as outlined in section 3.7.
- Further work will be undertaken regarding possible options with other Local Authorities.
- Completion of funding proposals including Reaching Communities with Third Sector partners.
- Consideration of how formal to make this arrangement going forward.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Alison Parkin – Head of Finance
For more information contact: Background papers: List of appendices:	Frank McGhee (Director of Integrated Commissioning) 01332 642667 frank.mcghee@derby.gov.uk Appendix 1 - Implications

IMPLICATIONS

Financial and Value for Money

- 1.1 This approach will create opportunities for better use of public sector funding.

Legal

- 2.1 At this point there are not legal implications for this approach.

Personnel

- 3.1 No implications.

IT

- 4.1 No implications

Equalities Impact

- 5.1 No implications

Health and Safety

- 6.1

Environmental Sustainability

- 7.1

Property and Asset Management

- 8.1 No implications

Risk Management

- 9.1 Robust monitoring arrangements will be needed to ensure accountability for funding.

Corporate objectives and priorities for change

10.1 This will assist the transformation of children's services.