

Report sponsor: Gurmail Nizzer, Director for  
Children's Integrated Commissioning  
Report author: Steven Stockley, Interim  
Commissioning Manager

## **Social Impact Bond Programme Update (STARS)**

### **Purpose**

- 1.1 The Local Authority is working in partnership with Nottingham City and Nottinghamshire County Councils to deliver an evidence-based service that support children on the edge of care and in care called STARS (Supporting Children and Young People To Achieve Resilience).
- 1.2 The contracted funding model for STARS is via a Social Impact Bond (SIB). These are a form of social investment, increasingly used to fund service improvements, involving Local Authorities, investors and providers. Payments are made based on outcomes being met, rather than traditional methods of service funding. They also bring additional investment in interventions which would not normally be affordable in a local area.
- 1.3 The SIB is part of our strategy to find placement interventions which improve outcomes and that are better value for money, in line with the Council's Medium Term Financial Plan (MTFP).
- 1.4 This report provides an update to the Corporate Parenting Board of progress and outcomes achieved through the STARS programme to date, outlines the current position and priorities and emerging themes.

### **Recommendations**

- 2.1 To note the performance of the STARS Social Impact Bond programme to date.

### **Reason**

- 3.1 To provide an update to the Corporate Parenting Board as part of the 2022/23 work plan.

## Supporting information

- 4.1 Derby City Council, working in partnership with Nottingham City and Nottinghamshire County Councils, has established the use of Social Impact Bonds, which are a form of social investment.
- 4.2 From the 29 October 2020, services were contracted with Outcomes for Children (The Polaris Group), the delivery agent and Futures Limited, the private investor. The evidence-based interventions delivered by Outcomes for Children support children and young people on the edge of care and in care and their carers. The desired outcome is to achieve better social outcomes through achieving stable family-type placements and, where possible, to remain at home with their families.
- 4.3 The interventions are holistic, wrap-around tailored packages of flexible support for foster carers, guardians, parents and the young person, and/or therapeutic, holistic interventions which focus on building stronger family relationships. They may be either licensed interventions, or those developed by organisations themselves which have a demonstrable track record of sustained success.
- 4.4 The interventions support young people who are in the following cohorts:
  - **Cohort A:** currently live in residential care, supporting them to step down to foster care;
  - **Cohort B:** are currently living in foster care and at a high risk of placement breakdown or at risk of entering residential care, supporting them to remain in stable foster care;
  - **Cohort C:** are currently 'looked after' by the Local Authority but whom the Local Authority is seeking to re-unify with their birth family or primary carers; or
  - **Cohort D:** are currently defined as being on the 'edge of care' (i.e. at risk of being taken into care) and supported to remain safely with their families/primary carers.
- 4.5 The STARS Programme will help Derby City children and young people over a four-year period during which individual cases may be referred to receive interventions and support. Outcomes for the young people are tracked for two years.
- 4.6 The funding model is via a Social Impact Bond (SIB). These are a form of social investment and can be used to fund service improvements. Investors fund the costs to deliver an improvement to a service, and the Local Authority makes payments on delivery of a successful outcome, rather than payment on service delivery.

- 4.7 The STARS Programme has achieved year 1 targets, year 2 runs from 01/10/2021 to 30/09/2022. The overview of year 2 enquiries, referrals and potential referrals for Derby are listed in the table below.

Year 2 01/10/2021 To 30/09/2022									
SIB Cohort Type	No. SIB enquiries notified to SPOC	No. Professional Meetings held	No. Referrals where criteria met for STARS	No. Referrals progressed by Outcomes for Children	No. enquiries in the pipeline as 30/09/2022	No. enquiries reviewed but not presented to STARS	No. enquiries withdrawn due to Social Care	No. STARS cases closed	No. SIB cases live Yr1 & Yr2
A - Residential Step Down to Foster Care	17	4	4	2	7	13	0	0	3
B - Foster Care Stability	31	6	5	3	8	12	7	4	5
C - Reunification with Family	4	0	0	0	0	0	4	2	0
D- Edge of Care	11	5	3	3	4	2	0	1	4
Total	63	15	12	8	19	27	11	7	12

Year 3 01/10/2022 To 30/09/2023 (YTD figures to 31/12/2022)									
SIB Cohort Type	No. SIB enquiries notified to SPOC	No. Professional Meetings held	No. Referrals where criteria met for STARS	No. Referrals progressed by Outcomes for Children	No. enquiries in the pipeline as 31/12/2022	No. enquiries reviewed but not presented to STARS	No. enquiries withdrawn due to Social Care	No. STARS cases closed	No. SIB cases live
A - Residential Step Down to Foster Care	13	3	3	1	5	3	2	0	3
B - Foster Care Stability	6	2	3	3	5	0	8	0	6

4.8

<b>C - Reunification with Family</b>	5	0	-	-	-	-	5	-	0
<b>D- Edge of Care</b>	4	3	1	1	2	1	2	0	4
<b>Total</b>	28	8	7	5	12	4	17	0	12

Number of referrals progressed by Outcomes for children has not met the required number for **year 2** of

- Cohort A – 3
- Cohort B – 6
- Cohort C – 3
- Cohort D – 5

#### **RAG rating**

Green – number of referrals entering the enquiry process, the achieved cost savings and cost avoidance.

Amber – number of referrals closed, FTE allocated to SIB programme.

Red – lack of engagement with reunification, Lack of engagement from social care resulting in withdrawn enquiries. Foster carers and parents refusing to engage with the STARS programme resulting in case closures

Number of referrals YTD progressed by Outcomes for Children is behind the target for **year 3**

- Cohort A – OTYTD – 1 Actual 1
- Cohort B – OTYTD – 2 Actual 3
- Cohort C – OTYTD – 1 Actual 0
- Cohort D – OTYTD – 2 Actual 1

#### **RAG rating**

Green – number of referrals entering the enquiry process

Amber – FTE allocated to SIB programme. The achieved cost savings and cost avoidance. Missed opportunity of savings due to fostering sufficiency deficit

Red – lack of engagement with reunification, Lack of engagement from social care resulting in withdrawn enquiries. Foster carers and parents refusing to engage with the STARS programme resulting in case closures.

**At the current conversion rate there need to be at least 28 enquiries per quarter across DN2 for the rest of Y3 to meet the contractual minimum and 38 to meet the social investors breakeven target.**

The 21 enquiries received during October to December 2022 are 28% lower than the previous quarter. The enquiry numbers have reduced slightly for both Derby City and Nottinghamshire, and there have been no enquiries at all from Nottingham City.

Conversion rate for DCC YTD = 38% Y2 = 40%

- 4.9 Next steps are to increase ways to identify the correct referrals and increase communication with social care. Reduce notification time to professionals meeting

#### **ACTIONS by DCC**

- **Attendance at residential panel monthly**
- **Meetings with placements team every 2 weeks**
  - Identify stability issues
  - Update placement referrals
  - Support in contacting SWs
- **Monthly meeting with internal fostering**
  - Identify referrals that have met criteria and require foster placements
- **Support internal fostering with specialist foster carer programme**
  - Present to interested carers the STARS programme
- **Matching event every two months**
  - We have three children to present in February
- **IFA Newsletter every two months in-between matching meeting**
  - Prompts current and upcoming placements required
- **Animated children's profiles to support placement referrals**
- **Workshop planning for Q2 to engage further with social care**

- 4.10 The service has continued to be delivered throughout the Pandemic.

#### **Public/stakeholder engagement**

- 5.1 Young people were consulted as part of the away day organised by Outcomes for children.
- 5.2 Feedback is achieved from parents, guardians and carers using the MyStar Outcomes

#### **Other options**

- 6.1 N/A

#### **Financial and value for money issues**

- 7.1 With a SIB model, social investors provide upfront investment which funds the service delivery, on which they would expect to make a return.

7.2 The SIB model provides support and interventions to children to either prevent them from coming into local authority care, to stabilise their current placements from escalating into high cost complex placements or to support children currently in residential care to step down to foster care. These interventions will help improve outcomes for children and are expected to also lead to cost savings of circa £4 million over the life of the contract of which £1 million is from reduction in placement costs and £3 million cost avoidance.

7.3 Financial forecast

- Cost savings on existing live cases excluding pipeline to 31/03/2023  
**£632,954.97**
- Cost avoidance on existing live cases excluding pipeline to 31/03/2023  
**£850,909.43**
- Payments to Outcomes for children on existing live cases excluding pipeline to 31/03/2023  
**£232,859.81**

Cost avoidance is predicated on the following average assumptions:

Ave weekly residential cost £4,500.00

Ave weekly fostering cost £850.00

Ave weekly CIN cost £38.46

Due to fostering sufficiency, missed opportunity for savings of **£28,000** within cohort A. Criteria met no placements available

7.4 The outcome payments made by the Local Authority would be made only where the interventions are successful. The award of a £3 million which will be split between the 3 Local Authorities through the Life Chances Fund will make a 25% contribution towards the required outcome payments.

7.5 These payments commence once the intervention has been undertaken and the placement has been stable for 3 months. Once the outcomes payments commence, they will be closely monitored to ensure that the placements remain stable and outcomes achieved.

7.6 The Programme funding is currently due to end October 2024.

## Legal implications

8.1 None in relation to this report.

## Climate implications

9.1 N/A

## Other significant implications

10.1 N/A

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal		
Finance	Janice Hadfield	
Service Director(s)	Suanne Lim, Director Early Help & Children's Social Care	
Report sponsor	Gurmail Nizzer, Service Director, Integrated Commissioning for Children and Young People	25/01/2023
Other(s)		

  

Background papers:	STARS Case Study STARS Presentation
List of appendices:	n/a