
Cabinet Member for Children and Young People

16 April 2018

Name of Cabinet Member: Children & Young People - Councillor Ruane

Director Approving Submission of the report:
Director of Children's Services

Ward(s) affected: All

Title: Family Drug and Alcohol Court (FDAC) Outcomes based commissioning model

Is this a key decision?

No

Executive Summary:

Coventry City Council has operated a Family Drug & Alcohol Court (FDAC) and support team since September 2015. This was grant funded until March 2017, and since then has been core funded whilst Officers have been exploring future funding models. One option which has been explored with the FDAC National Unit, in order to sustain the delivery over the medium term, is an outcomes based commissioning model. FDAC National Unit have the benefit of a national application to the Life Chances Fund, which provides them with grant funding to support delivery of the service using an Outcomes based Commissioning model, with Bridges Fund Management as the preferred social investor.

The Life Chances application was approved in principle in August 2017, and this report is to request permission, in principle, to the continued running of the local FDAC and support team using an outcomes based commissioning model.

Although it is a citywide project, the FDAC Team only works with a small number of cases (26 – 34 per annum), and therefore overall impact at ward level is low.

Recommendations:

The Cabinet Member is asked to:

1. Approve the adoption of an outcomes based commissioning model to fund the continued running of the FDAC and support team to include entering into a contractual arrangement with a special purpose vehicle, which will provide funding for the running of the support team for 4.75 years, and the running of post intervention support for a further 2 years. In return, the City Council will agree to make incremental repayments to the special

purpose vehicle based on agreed performance milestones, up to a capped amount (to be agreed).

2. Delegate authority to the Director of Children's Services, City Solicitor, and Director of Finance and Corporate Services to negotiate and finalise the detailed terms of the all necessary legal agreements in line with the principles set out in this report.

List of Appendices included:

None

Background papers:

None

Other useful documents

<http://fdac.org.uk/wp-content/uploads/2016/04/Better-Courts-The-Financial-Impact-of-the-London-FDAC.pdf>

<https://www.gov.uk/government/publications/family-drug-and-alcohol-court-national-unit-evaluation>

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Family Drug and Alcohol Court (FDAC) Outcomes based commissioning model

1. Context (or background)

- 1.1 The FDAC offers an alternative form of care proceedings for children put at risk by parental substance misuse. It supports parents to address their alcohol and drug issues, so that they can be safely reunited with their children. It uses a problem-solving approach where the court plays a proactive role in addressing parental problems, assisted by a specialist, multi-disciplinary team. The first FDAC started in London in 2008, and the FDAC National Unit was established in 2015 to build on the evaluation of the first FDAC.
- 1.2 The FDAC National Unit with funding from the Department for Education Innovation fund set up further local FDACs of which Coventry was one. Coventry City Council was awarded grant funding of £324K for the set up and running of the FDAC and an early FDAC project starting in September 2015, this was match funded using posts within the Court Based Assessment Team. The grant finished at the end of 2016/17 financial year but Children's Services have continued to fund the FDAC support team in 2017/18, whilst exploring alternative funding options for the future running of the service.
- 1.3 The FDAC National Unit have developed a mechanism whereby FDACs can be commissioned on an outcome basis, and funded using a social investor model where payment is made for defined successful outcomes. In order to support this a national bid was submitted to the Life Chances Fund to draw down a contribution of 35% to the costs of the project. This was approved in principle in August 2017.
- 1.4 Officers have been in discussion with the FDAC National Unit exploring how this model could be used to support the funding of Coventry FDAC over the medium term. This report asks for 'in principle' approval to continue this dialogue and finalise the contractual agreement by the end of May 2018 in line with timings dictated by the Life Chances Fund approval process.
- 1.5 The model involves a social investor company, and Bridges Fund Management were selected nationally as the preferred social investor following a due diligence process undertaken by the Tavistock and Portman NHS Foundation Trust (of which the FDAC National Unit are a division of).
- 1.6 Bridges Fund Management would provide the resource to fund the local team (including post case support for 2 years), and the City Council would repay based on defined successful outcomes – the primary one being that children are returned to the safe care of their parent/s who have addressed their drug and alcohol problems, measured by care days saved to the Local Authority.
- 1.7 Financial evaluations both nationally and locally have demonstrated cost avoidance as a result of the FDAC programme. The national evaluation of the impact of the London FDAC published in 2014 reported that for every £1 spent, £2.30 is saved to the public purse.
- 1.8 Local financial evaluation within Children's Services shows that the FDAC service has, and continues to avoid cost. The service has closed cases on 36 families (53 children), and currently 26 of these children remain at home with parents. These families were identified to work with as part of Legal Panel, and are therefore children where court proceedings were being initiated to place the child in care. It is estimated that this has avoided placement cost of approximately £450K in 2017/18. There is also a wider benefit attributed

to FDAC in relation to improvements in parental substance misuse, parental mental health and related problems.

2. Options considered and recommended proposal

2.1 2 options have been considered in relation to this proposal. These are:

- Continue to fund the FDAC service using core resource (as in 2017/18)
- Commission the FDAC service on an outcomes based model as set out in this report and earmark the core resource for the outcome payments.

2.2 Local financial evaluation of the FDAC service has supported the continued running in 2017/18, whilst exploring options for funding over the medium term. This also contributed to the decision to identify continued resource for the running of the service in the Children's Services Redesign proposals.

2.3 The outcomes based commissioning model is the recommended option because of the potential to improve the performance and capacity of the Team at no extra cost to the City Council. As part of this model we anticipate:

- Continued involvement, support and training from the FDAC National Unit
- The model funds a performance management function. This will ensure strong governance, data management and reporting processes, driving improved performance and outcomes.
- Resource to provide post case support for up to 2 years, which aims to support the family and reduce the chances of family breakdown and further social care intervention. This will be in addition to the team costs.
- A financial cap on outcomes payments that means the City Council will pay no more than the determined cost of the team for the 4.75 year period. This also allows the City Council to explore and test out a social investor funding model with minimal financial risk.

3. Results of consultation undertaken

3.1 The proposal concerns a different method of funding the FDAC, rather than any specific changes to the delivery of the FDAC that would impact on service users. Under these circumstances no formal consultation has taken place or is planned. However the FDAC team have been kept informed of developments and a meeting is taking place in early April to discuss the SIB in more detail and the implications in relation to the role of the social investor and performance management. Health partners who contribute to the FDAC team will also be part of the meeting. It is also scheduled to be an agenda item at the regular meeting with Union colleagues, with the next meeting on the 9th April.

4. Timetable for implementing this decision

4.1 The FDAC National Unit will make their final submission to the Life Chances Fund to release the funds by the end of May 2018. Subject to continuing work on the final agreement the funding model should be in place from September 2018. The core budget will continue to be used to fund the team in the interim period.

5. Comments from Director of Finance and Corporate Services

5.1 Financial implications

In normal circumstances a social investor model operates by the social investor providing upfront resource to fund a service/intervention. The recipient of funding then pays the social investor for defined outcomes that the service/intervention achieves. These payments would be funded from financial savings that the delivery of the intervention has achieved. The benefit for the investor is that they receive a return on their investment, and the benefit for the recipient is that the financial benefit as a result of the intervention will be more than the defined outcome payment (either immediately or over the longer term). Getting this balance right is key to the delivery of benefits for both partners.

In Coventry the FDAC is already in place, and therefore current delivery levels are already factored into the activity and financial position for the service. In recognition of this, as part of the Children's Services Restructure, core funding was identified to continue to fund the Team. The annual revenue team budget will be earmarked for payment of the outcome results payments, rather than savings in the Looked after Children (LAC) Placements budget. This is in recognition of the financial reductions that the service already need to achieve within LAC Placements as part of the medium term financial strategy. Any additional cashable financial benefits as a result of this will be used to support delivery of the Children's Transformational activity and savings.

The financial model is still being finalised; the work to date, however, is based on the following principles:

- The City Council will earmark the annual revenue budget identified for the FDAC Team and associated support costs of £310K (excluding centralised charges and overheads) for 4.75 years from the start of the funding model, to repay the outcome payments which will be over 7 years from the start of the project
- The City Council will not pay more to the social investor (outcome payments) than the monies received to fund the Team for the 4.75 year period (financial cap)
- The City Council will receive some additional funding that will not be included in the financial cap in relation to the provision of post FDAC support for the period between 4.75 and 7 years
- The employment arrangements of the FDAC support team remaining the same (directly employed by the City Council except for 3 posts where there are arrangements with partners in place)

The finalisation of the financial model will need to take into account, and balance, the financial risks and performance expectations of those party to the agreement. Officers will continue to work on the detail of this under delegated authority.

5.2 Legal implications

On current negotiations the position which has been agreed in principle is that the Council will not have a positive obligation to repay the Special Purpose Vehicle (SPV) the funding which is being provided in the event outcomes are not achieved, this is a risk which the Special Purpose Vehicle is bearing. The creation of an investment arrangement between organisations does not in itself trigger the procurement rules, however, if there are services being provided as a consequence, those elements may be caught by the procurement rules. In order to ensure that the arrangements do not breach the EU procurement rules, the commercial agreement will need to ensure that one or more of the characteristics of a public services contract are not met. These characteristics are as follows:

1. No provisions which effectively place SPV under a positive obligation to provide certain services to CCC.

2. No services specification
3. The termination provisions do not permit SPV to merely walk away from the arrangement at a point of its choosing (e.g. there are no rights for the SPV to terminate for convenience)

Legal Services are of the view that the commercial agreement will be structured to reflect that this commercial arrangement is an investment.

The staff will remain employed by Coventry City Council and therefore no TUPE issues will arise.

6. Other implications

Whilst there will be no change in the written contractual arrangements, terms and conditions of the FDAC team, the Social Investors will provide additional performance management oversight of FDAC. This will primarily be through regular performance meetings and the establishment of a Steering Group who will oversee the project.

6.1 How will this contribute to the Council Plan (www.coventry.gov.uk/councilplan/)?

The FDAC is a locally delivered service supported by the judiciary and a service which receives positive feedback from service users. Whilst the FDAC only works with a comparatively small number of families, these are some of our most vulnerable children and parents and this has proved to be a very effective way of significantly improving the health and wellbeing of adults whilst ensuring their children are protected from current and future harm. Funding the FDAC through a Social Impact Bond provides an opportunity to develop this approach to reach more families and maximises the use of our available assets.

6.2 How is risk being managed?

There are a number of risks that will need to be managed in implementing this approach:

- Risk that you pay back more through outcomes than the upfront investment that is received
- Performance risk – we need to manage the performance of the in-house team, and staff provided against expectations from

The risks have been identified during dialogue including officers across the council (service area, Financial Management, Legal, Procurement, FDAC National Unit, Bridges Fund Management), and some overall guiding principles have been agreed (e.g. outcomes payment cap, potential break clause in contract) to mitigate these risks.

Officers will continue to work on minimising any risks from the project under delegated authority. If during this further dialogue anything is identified that means the risk outweighs the benefits of continuing with the social investor model the city council will not pursue the social investor model further.

6.3 What is the impact on the organisation?

The City Council already funds an in-house staffing team and will continue to run the same staffing model under the social investor model. This means there will be very little impact on staffing / human resources, information and communications technology. The in-house team already collate and report performance to the FDAC National Unit, and this will continue. As part of our further dialogue we will need to understand any additional

performance / reporting requirements that the social investor model will bring and impact that this will have. The model proposed by FDAC National Unit includes additional business support.

6.4 Equalities / EIA

It is not anticipated that this proposal will adversely, or otherwise, impact on protected groups. The service will continue to identify families for the intervention through existing methods, set against the nationally set referral criteria for families that should receive FDAC intervention.

6.5 Implications for (or impact on) the environment

None.

6.6 Implications for partner organisations?

Three of the staff in the FDAC are currently employed by partner organisations. The organisations are Aquarius, Coventry & Warwickshire Partnership Trust and Change, Grow, Live. It is anticipated that these arrangements will continue as part of the FDAC delivery team. Dialogue will be entered into with these organisations in relation to any additional requirements to the agreement as part of the social investor model.

Report author(s): Jane Brooks

Name and job title: Strategic Lead

Directorate: People

Tel and email contact: Jane Brooks, 024 76833560

Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Usher Patel	Governance Services Officer	Place	26/03/2018	26/03/18
Rachael Sugars	Finance manager	Place	20/03/2018	26/03/2018
Robert Orton	Accountant Business Partner	Place	20/03/2018	21/03/2018
Gurbinder Sangha		Place	20/03/2018	26/03.2018
Other members				
Names of approvers for submission: (officers and members)				
Finance: Ewan Dewar	Finance	Place	20/03/2018	21/03/2018

	Manager			
Legal: Julie Newman	Legal Monitoring Officer	Place	26/03/2018	27/03/2018
Director: John Gregg	Director Childrens Services	People	23/03/2018	27/03/2018
Members: Cllr Ruane	Cabinet Member Childrens Services		27/03/2018	11/04/2018

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