



Doncaster Council

Date: 10 April, 2018

To the Chair and Members of the CABINET

BIG PICTURE LEARNING – SOCIAL IMPACT BOND

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Cllr Nuala Fennelly, Cabinet Member	All	Yes

EXECUTIVE SUMMARY

1. The Education Inclusion programme seeks to improve educational outcomes for all children in Doncaster, with a particular focus on vulnerable and/or disadvantaged children. This work is made up of three projects: the behaviour and attendance review, the SEND Review, and an application to the Life Chances Fund for a Social Impact Bond to introduce Big Picture Learning to Doncaster.
2. In October 2017, the Executive Board approved the submission of an application for a Social Impact Bond (SIB) to bring Big Picture Learning (BPL) to Doncaster as a new form of alternative provision. This was produced in partnership with the Innovation Unit, combining our local contextual knowledge and expertise with their ability to applying innovative learning methods to different contexts that achieve high impact. The final confirmation of this decision from the Life Chances Fund (LCF) is expected in June.
3. Based on the model worked up for the full application the total cost of the project is £5.99m covering the 6 years from September 2018 to July 2024. We applied for a 30% top up from LCF funding which would provide £1.8m of the total £5.99m, leaving £4.19m to be paid by the Council (via Dedicated Schools Grant – High Needs Block).
4. In anticipation of this decision, there are a number of strands of work pertaining to assets, staff recruitment, procurement and co-design with children and young people that need to take place between February and August 2018 to enable this to happen, with a provisional start date of January 2019.

EXEMPT REPORT

5. Whilst this report is not exempt it does contain an exempt appendix. The appendix is not for publication because it contains exempt information within paragraph 3 of schedule 12a of the Local Government Act 1972, as amended, as it contains exempt information relating to the financial or business affairs of any particular person (including the Authority holding that information).

RECOMMENDATIONS

6. Cabinet is recommended to:

Recommendation 1: To mandate the establishment of a programme board to oversee the development from concept to implementation. The board will be chaired by an assistant director from Learning and Opportunities with representation from legal -, procurement -, finance -, and assets services. The provider will be invited to observe and influence decision making at this level.

Recommendation 2: That strategic decisions in relation to the appointment of a social investor, designation of the provision, and the use of the proposed site is delegated to the Director of Children Services and the chief financial officer in consultation and agreement with the Portfolio Holder for children and young people with ODRs needing to be approved for each of these decisions.

Recommendation 3: Although it is suggested that these strategic decisions are delegated, it is recommended that an update report is presented to Executive Board in July 2018 following submission of final documentation to the Life Chances Fund at the end of May, and again for final sign-off by Cabinet in December 2018.

Recommendation 4: Cabinet to approve the location of Big Picture Learning on Bentley Training Centre site and that the capital budget is released via an ODR with delegated authority for spend to the Implementation Programme Board.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. In addition to absence and exclusions it is also known that young people that are accessing alternative provision due to their behaviour do not fare well academically and struggle to progress later on in life. Furthermore, due to their limited engagement in learning and the environments they grow up in, they are at a higher risk of engaging in risk taking behaviours/anti-social/criminal activity and potentially could suffer with low self-esteem/resilience/mental health.
8. The implementation of BPL ultimately provides an opportunity to test a delivery model that has the potential to improve outcomes for children and young people in the medium to long term, improving overall levels of social mobility in the borough.

BACKGROUND

The problem and current position

9. Doncaster currently has high numbers of fixed term exclusions and managed moves, high rates of persistence absence and poor educational outcomes for children and young people in alternative provision. This provision is currently funded from high needs block DSG.
10. This triggered a whole system review in relation to behaviour management which commenced in September 2016, with a 2 part report presented to LOCYP leadership team in June 2017. Part one of the report included a number of operational and pathway recommendations across the system, which the directorate is implementing at present. Part two of the review report is concerned with the commissioning of current alternative provision, including Pupil Referral Units and Learning Centres. A report: *Commissioning Options for Alternative Provision* was previously presented to elected members. This indicated our intent to commission a variety of provision which will

result in a graduated response to need, mirrored by the future delivery model. Big Picture Learning is one of these intended forms of provision, alongside the new Communication & Interaction Free School, and planning for a social, emotional & mental health provision.

11. This is couched within main options of the behaviour report, namely: take no action, which maintains the risk of continued underperformance and consequent social cost brought about by low attendance and high levels of exclusion; and the graduated model outlined above.
12. By introducing this educational model via a SIB, which currently does not exist anywhere else in the UK, we have the opportunity to test innovation due to the use of an outcomes contract and making funding for the services conditional on achieving results. The Social Investors (still to be identified) will pay the provider at the start, and then receive payments from the DMBC (the commissioner) based on the results achieved by the project via a Special Purpose Vehicle (SPV) or other appropriate mechanism. This was previously shared with Exec Board in October 2017, and the full application to the Life Chances Fund is available on request.

The difference Big Picture Learning can make

13. Big Picture is an innovative learning design which follows a mantra of 'one child at a time'. Working with young people in small advisory groups, advisors invest in building powerful, authentic relationships with each and every student. Advisors support individuals to connect with their passion and make their learning relevant to the real world, and as a result drive student engagement. Each student has a bespoke learning plan that is unique to them. After the age of 14, every young person spends two days a week in a 'interest-led internship' which places them alongside a mentor, learning in a real world setting which has meaning to them as individuals
14. Big Picture schools are achieving high standards for their students. Despite coming from challenging socio-economic backgrounds, with high levels of academic underachievement, geographic transition, and high school dropout: 89% of students from Big Picture Established Schools are accepted into college (2015), while they also boast a 95% on-time graduation rate within Big Picture Established Schools (2015).
15. The provision would work with 30 children and young people in the first year, with the rising to 60 for years 2-6 of the SIB. The ethos of BPL is one where the entire learning experience is personalised to each student's interests, talents and needs. This expands beyond mere academic work and involves looking at each student holistically. This learning model will not be suitable for all students and therefore a clear eligibility criteria has been developed.

Concept to implementation

16. There are a number of work strands that will contribute to the successful development and implementation Big Picture Learning, including but not limited to:
 - Ensuring the regulatory compliance in relation to the designation of pupils, DFE and OFSTED registration of provision. Options are currently being explored with colleagues in Legal and School Organisation.
 - The identification of a social investor. See paragraph 21 for update on progress
 - The option of setting-up of a Special Purpose Vehicle to govern the delivery of the Social Impact Bond: to be fully considered.
 - Final agreement on the outcomes framework associated with Payment by Results. The current proposal needs to be refined and agreed between the 3 parties:

commissioner, provider and investor.

- Identification of site and associated capital spend. See paragraph 17 for update and progress.
- Operational delivery model - under development.
- Learning – work to develop our learning re SIBs and new delivery model developments (linked to overarching evaluation of the SIB) so that the organisation (and partnership) can benefit from the process overall

17. It is proposed that a programme management approach is adopted with an accountable programme board established and co-ordinated by the Learning & Opportunities Directorate.

18. Work is underway to bring together a high level milestone plan that will identify key developments and sequencing of decision making (across the council, provider and social investor) to enable a successful delivery by January 2019. It is anticipated that the Programme Board will be convened from the beginning of March 2018.

19. Although it is suggested that strategic decisions are delegated, it is recommended that an update report is presented to Executive Board in July 2018 and final sign-off by Cabinet in December 2018.

Progress to Date

Location & capital programme

20. After initial discussions with the Assets team, the site of Bentley Training Centre at Bentley was identified as a potential delivery site for Big Picture, providing the requisite scale and accessibility necessary. The Bentley Training Centre team are currently going through a restructure and are already planning to vacate from this site. They can in the interim move into another area of the site (training room C) with two weeks' notice. This would not have an impact on this proposal, but they are looking at a relocation to the Civic Office in the Learning and Opportunities re-structure. At present the site is occupied as follows:

- Bentley Training Centre - plans are in place to relocate the service in the Civic Office.
- Museum Services currently occupy a building for storage,
- NDDT have a lease on one of the buildings,
- there is a temporary nursery on site; and
- the remainder of the site went out to tender and a Community Lease has been awarded to a Community Group (Manna Community CIC). A temporary licence has been signed that commenced on Monday 19th February 2018, to allow preliminary works to take place. This is prior to the main licence commencing on the 1st April 2018.

21. It is anticipated that there will be some interaction between the community enterprises and BPL, potentially for the real world learning experiences for Key Stage 4 pupils. This will be developed in more detail during the implementation phase. Manna CIC are very keen to work with other occupants on the site.

22. The internal configuration of the site for vehicle and pedestrian movements will be altered to ensure user safety and this is capable of being done within the user agreements on site. This has already been taken into consideration within the Community Lease.

23. In order to create a learning space conducive to Big Picture learning a quote was requested from Wernicks for making the site suitable for Big Picture Learning. The cost of the refit and refurbishment of the site is estimated to be £805k (identified and agreed as part of the capital programme). Of this, £605k is for the demolition and rebuild of a high quality modular building, with the additional £200k being set aside for work on gas and electricity mains, security alarms, fencing etc. The Assets Board met on 7th March and approved the use of the Bentley site. It was agreed that the Assets team would work with the Planning team to ensure the necessary applications are in order, as it is green belt land but it is being used for the same purposes as before (education), and that this decision would be temporary for the duration of the social impact bond.
24. This is the preferred option, due to its suitability but also as we own the site, and there is sufficient contingency in terms of time for the proposed start date. This would see the demolition of the current modular building, as well as the removal of shipping containers, and the building of a new high quality modular building on the same site, which would provide an appropriate learning environment for the young people. There would also be some repurposing of the land as it stands to include more green space, and to ensure the effective safeguarding of the young people in Big Picture.

Social Investor

25. We are currently in discussion with one social investor: Big Issue Invest, the social investment arm of the Big Issue. This organisation adhere to the best practice principles for social investment, as set out by Good Finance. We are currently doing due diligence to ascertain the extent to which: they are socially driven; their philosophy is to deliver better outcomes; and the quality of social investment (judged by the quality of outcomes) they achieve.
26. The intention would be to have a contract signed with a social investor by June 2018, meaning that negotiations around the outcomes framework, updating the financial model and the procurement of a provider would need to be completed in advance. A decision would be made by their internal investment board about whether to proceed in early May.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

27. The introduction of Big Picture Learning would have a positive effect on a number of key outcomes for the Council, as set out below:

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<p>The use of 2 day a week real world learning placements for years 10 and 11 pupils will help to ensure businesses have highly skilled young people who are equipped to meet the needs of the labour market</p>
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating 	

	<p>heart of Doncaster</p> <ul style="list-style-type: none"> • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	<p>Young people will be better equipped to access education, employment or training due to the personalised learning experience they enjoy at BPL provision</p> <p>Children and young people enjoy improved social mobility due to improved attainment and a model of education that focuses on their interests and ambitions</p> <p>It will diminish the difference between disadvantaged and non-disadvantaged children and young people by acting as an effective model of early help and prevention for young people from less affluent backgrounds</p>
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<p>The use of a SIB provides value for money to the Council as it allows it to test a new intervention but only pay for it if it is successful.</p> <p>The established of a Special Purpose Vehicle and a Social Investment Board will ensure strong leadership and governance.</p>

RISKS AND MITIGATIONS

28. Regulatory compliance is a key risk for the authority and successful delivery of the SIB. This is being mitigated by a full options appraisal being completed by senior officers at the council, and by taking advice from the DfE, Ofsted and independent experts as to what is the best solution.
29. There is a risk that the provision would not be open in time to begin admitting pupils for 2018. We have mitigated this by proposing that the start date is delayed until January 2019 to ensure that the building quality is of the required standard, that it has been signed off by Ofsted, and that the Department for Education have ratified the designation of the provision. This has the potential to increase set up costs, but these may be met from L&OCYP revenue budget. Further detail is provided in paragraph 38.
30. There is a risk that a provider would not have a track record for delivery as this is entirely novel provision in the UK, and as such there will be no previous record of impact or achievement to draw on. To mitigate this, we are taking external legal advice about the use of a practice & quality guarantor to ensure that the provision is validated, alongside the usual contractual mechanisms.
31. There is a risk that the provider is unable to employ the right delivery team for the provision. This is being mitigated by an extensive executive search for candidates, and by Doncaster MBC being on the decision making panel for appointments.
32. There is a risk that the social investor pulls out of negotiations. This is being mitigated by having initial conversations with more than one investor, and building a relationship so that we in a position to state our preferred investor by the end of May.
33. There is a risk that provision might not be able to open in January 2019 due to delays in work at the preferred site for the provision, and that any registration for the establishment takes longer than the suggested 6 months. This is being mitigated by the production of an ODR to initiate design work essential for the work on site, by negotiating with the DfE about expediting the process for approval of any new provision, and by negotiating with any potential social investor about opening BPL after September 2018 (expected contingency of January 2019).

LEGAL IMPLICATIONS Officer Initials ND Date 16/3/2018

34. Section 1 of the Localism Act 2011 provides the Council with a general power of competence, allowing the Council to do anything that individuals generally may do. Section 111 of the Local Government Act 1972 gives an Authority power to purchase goods and services.
35. Under the Education Act 1996, the Council as an education authority has a duty to promote high standards of education and fair access to education. It also has a general duty to secure sufficient schools in their area, and to consider the need to secure provision for children with special educational needs. The Department of Education has statutory guidance for the Local Authority on Alternative Provision that should be followed.
36. A Social Impact Bond (SIB) is a funding mechanism whereby the Council contracts for the delivery of specified social outcomes. There will be a contractual arrangement between the service provider, the social funder and the Council which will provide that

payment will be made by the Council only and to the extent that the specified social outcomes are achieved. Capital will be provided by the social investor to fund the project and the social investor will receive a financial return on their investment should the outcomes be achieved. As such the capital and return remain at risk should the outcomes fail to be achieved by the Service Provider.

37. The Social Value Act 2012 gives the Council statutory duty to consider at the pre-procurement stage of any services contract, how what is proposed to be procured may improve the economic, social and environmental well-being of their areas, how the Council may act with a view to securing that improvement in conducting the process of procurement.
38. Legal Services should be consulted to advise on the contractual documentation and arrangements as the project progresses. Any conditions attached to the receipt of the funding from the Life Chances Fund must be adhered to avoid any liability for the Council.
39. It is assumed that the redevelopment of the site will not affect the existing tenants on the site.
40. The demolition of the existing building and the construction of new building will require planning consent and building regulation approval. Further detailed advice should be sought from the relevant service areas in respect of this.
41. Once complete the third party service provider will be in occupation of the property which should either be through a licence to occupy or a lease of part of the premises.
42. If the premises are to be leased then S123 Local Government Act 1972 allows the Council to lease premises to a third party for less than seven years without the need to obtain the best consideration reasonably available.
43. All applicable laws should be adhered to together with the Council's Constitution, including CPRs and FPRs.

FINANCIAL IMPLICATIONS [Officer Initials DB Date 22.2.18]

44. Commissioning the Innovation Unit to develop, in partnership with DMBC, an application to the Life Chances Fund (LCF) to create a social impact bond (SIB) for Big Picture Learning in Doncaster, was covered by Officer Decision Record (LOCYP ODR reference 1718152) at a cost to the council of £29k and funded from LOCYP's Change & Transformation Programme budget. This included the procurement of the services of a technical expert on SIB development, awarded to Future Public, with Jen Byrne (a Director there) being the principal point of contact.
45. The use of a Social Impact Bond means that payments for provision are only made based on outcomes being achieved and therefore the overall cost could potentially be less than £5.99m, this will be subject to the terms of the final legal agreement and the agreed outcomes measures with the investors, with contract expected to be signed with a social investor by June 2018. This will also cover the initial working capital to be provided for the project by the investor of £810k as per the current SIB financial model used.
46. The cost of education provision under this model of alternative provision would be funded from the High Needs Block of the Dedicated Schools Grant (DSG), similar to other alternative education provision, such as a Pupil Referral Unit or Learning Centre. Guidance sought from the DfE stated that the use of a SIB to invest in the provision of

alternative provision is permissible under DSG conditions of grant and that the proportion charged to the DSG should reflect the education costs of any commissioned provision only (set aside in that year and held for payment of outcomes). Therefore the LCF bid is required to at least cover the additional (non-education provision) SIB costs of £638k for interest and running costs which cannot be funded from DSG.

47. The education provision costs remaining of £4.19m would therefore be funded in full from High Needs Block DSG. Over the 6 years of provision this would now be expected to represent an average annual per pupil cost of £13,690 to DMBC/DSG (previously £15,650 to DMBC) based on the current SIB financial model, which will require revision, and 100% of outcomes paid. Should the opening date be delayed until January 2019 the SIB financial model would need to be revised on that basis however it wouldn't be expected that the annual running costs should change significantly as a result, however terms of LCF funding for instance will need to be confirmed to ensure they still fund across the whole project life as currently modelled. Following completion of the project, should this form of alternative provision be considered successful and commissioned directly (without the use of a SIB), the expected cost per year would be £14,226 (excluding additional SIB costs and with the provision model running at full capacity). In comparison the current cost of a placement in a Doncaster Pupil Referral Unit is £15,000 per annum.
48. Doncaster is to receive an additional £800k High Needs Block allocation for 2018/19, informed by the DfE in December 2017, and a further £800k per annum from 2019/20, both as a result of the DfE's National Funding Formula changes to be implemented from April 2018. It is the LA's responsibility to manage the High Needs Block of DSG within budget, with accountability to School Forum on how it manages and makes arrangement for provision. The current budget position on High Needs DSG is expected to be sufficient to cover the annual costs of this provision, however it is expected that this provision will eventually create saving elsewhere in the High Needs Block over the life of the project, as 60 children can be referred to this provision as an alternative in some cases to those other places currently being funded, such as Pupil Referral Unit or Learning Centre placements, which are also under consideration within the current behaviour review.
49. Following notification from the Life Chances Fund as to whether our application has been successful it is also proposed that the LA will contribute a further £50k to the costs of the Innovation Unit for further development of the project. Alongside this the Innovation Unit will separately be making a financial contribution of £21,000. This is currently being covered in a separate CPR waiver and to be met from 2018/19 LOCYP general fund budget. This will cover costs of the IU based on an opening date for the Big Picture Learning provision of September 2018 however should this opening date need to be delayed then there is likely to be a requirement for additional funding, up to the revised opening date, which will need to be quantified and appropriate budget will need to be identified within LOCYP revenue budgets for 2018/19 in order to cover.
50. As included within the report, the site is still subject to approval. Capital funding for the building and related work of £805k was included in the 2018/19 budget setting report to Council on 5th March. Draw down of the funding would be through ODR and full costing of the project will be required at that point.

HUMAN RESOURCES IMPLICATIONS [Officer Initials MLV Date 21/02/18]

51. While there are no specific HR implications related to the content of this report there may be HR implications arising from the implementation of Big Picture Learning which will be addressed at the appropriate time through relevant reports and governance arrangements .

TECHNOLOGY IMPLICATIONS [OFFICER INITIALS PW DATE 22/02/18]

52. ICT need to be involved from the outset to fully understand the plans and implications in relation to existing ICT services to the Bentley Training Centre site together with the relocation of the existing occupants. Where there are requirements for DMBC ICT services to the new build, this would require a proposal to the ICT Governance Board to allow ICT to understand the requirements, feed into the design, propose any relevant solutions and prioritise and deliver any solutions in accordance with the wider ICT priorities of the Council and its partners.

HEALTH IMPLICATIONS [Officer Initials RS Date 22/02/2018]

53. Learning outcomes and health outcomes are intrinsically linked. On the whole investments in improving learning outcomes should also improve health outcomes. The strategy makes reference to matching provision to geographical demand and the needs of specific population groups. Decision makers will want to ensure that there is effective ongoing monitoring of the implementation of this strategy.

EQUALITY IMPLICATIONS [Officer Initials D. Ayre; Date 20.2.18]

54. Big Picture Learning is an inclusive model of education that seeks to ensure that all children and young people accessing it are treated equally. It is particularly targeted at disadvantaged young people, with the eligibility criteria citing that young people will have experience of interaction with social care, health services, the police, or be from a family in receipt of long term welfare support. As such, we believe that Big Picture Learning has the potential to deliver improved social mobility for the young people in the provision, and reduce levels of inequality in the borough as a result.

CONSULTATION

55. Consultation with young people has taken place to inform the design of the Big Picture Learning model in Doncaster. There will be individual consultation with parents at the point of referral to Big Picture Learning to confirm that they are happy for their children to attend, and that the young people themselves are happy to. Consultation has taken place, and will continue to, with businesses to design the work placements that form part of the model. There was also initial consultation with primary and secondary schools via the Partners in Learning meetings on 23rd February and 6th March. Finally, there will be further consultation with Cabinet prior to the provision officially opening.

BACKGROUND PAPERS

Full application to Life Chances Fund
Assets Board report

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