



City of Westminster

Cabinet Member Report

Decision Maker:	Councillor Rachael Robathan Cabinet Member for Finance, Property & Regeneration Councillor Heather Acton Cabinet Member for Family Services & Public Health
Date:	9 April 2019
Classification:	General Release
Title:	Approval of funding for the Early Years Social Investment Parent Child Home Programme and approval of delivery by Family Lives
Wards Affected:	All
Key Decision:	No
Financial Summary:	A request for one-off resources from Children's Earmarked Reserves of £0.295m over five years. The minimum cost to the authority will be £0.035m. The contribution will be capped at £0.295m. The Council is de-risked for non-delivery by using a robust Payments by Results model co-designed with the social investor. There is the potential to deliver cost pressure avoidance of up to £0.604m and wider learning around outcomes-based commissioning. The programme is jointly commissioned with the Royal Borough of Kensington and Chelsea who have committed £0.295m over the same time through elected member governance for similar cost control benefits.
Report of:	Andrew Tagg, Director of Operations and Programmes, Bi-Borough Children's Services

1. Executive Summary

- 1.1. This report seeks the approval of funding to deliver the Parent Child Home Programme, an Early Years Social Impact Bond, and to appoint Family Lives as the service provider via an outcomes-based grant agreement for a total contribution of £0.295m from WCC.

- 1.2. The Parent Child Home Programme is an innovative home-based intervention with a strong evidence base in bridging educational and learning disadvantages and achieving school readiness outcomes, helping to avoid costlier interventions later. This project will develop our long-term strategy of redesigning the 0-5 pathway, of improving integration of our existing health visiting service with our family hubs, and increasing local focus on school readiness, speech and language and attachment.
- 1.3. Bi-Borough Children's Services currently has in-principle funding agreement from the Big Lottery Fund (DCMS) of £0.253m to implement the programme in WCC and RBKC.
- 1.4. Approval is sought for WCC to fund £0.295m (50% of the commissioner contribution) of the £0.843m total grant to Family Lives to deliver this project across the two boroughs. To receive the full award (30%) from Central Government, the total cost must be met at £0.843m.

2. Recommendations

- 2.1 That the Cabinet Members agree funding of £0.295m to deliver the Parent Child Home Programme over a 4-year service delivery period.
- 2.2 That the Cabinet Members approve an outcomes-based grant agreement approach in appointing Family Lives to deliver the Parent Child Home Programme.

3 Reasons for Decision

- 3.1 The 2016 data collected at school entry - % achieving at least expected across all prime areas of learning - in Westminster was 76% compared with 78.1% for England. This figure masks huge variations across the borough, particularly in areas of deprivation. Primary Head Teachers are stating that significant numbers of children are not school ready, and this has a negative impact on the whole class cohort. This is particularly marked in social and emotional development where schools are increasingly seeing children who are not potty trained, cannot feed themselves and have had little experience of early play. The introduction of this programme will support the take up of the 2 and 3-year old childcare entitlement and work alongside this early learning opportunity.
- 3.2 Speech and language is a growing area of importance with national government attention. This project will provide us with an opportunity to identify a more robust offer and effective speech and language intervention in Early Years for vulnerable families. It is also in line with a redesigned health model and part of our overall strategy of redesigning the 0-5 pathway. Working within the context of reduced grant funding, the non-cashable efficiencies because of this project will contribute towards the mitigation of these pressures.

- 3.3 The Parent Child Home Programme (PCHP) as an early learning opportunity has strong evidence of proven outcomes. This home-based intervention enhances school readiness through Early Learning Specialists building meaningful relationships with families and supporting parents in realising their role as their children's first and most important teacher and using engaging books and stimulating toys to generate an enthusiasm for and understanding of learning through verbal interaction. Children who have completed programme are 50% more likely to measure ready for nursery, score 2.5 times higher on social-emotional skills assessments than control groups, enter school performing 10 months above their chronological age, and have 30% higher graduation rates than their peers. Studies have also shown stronger language skills compared to control groups, more pro-social competence, and reduced need for special education classes for PCHP graduates. These results have been validated by several RCTs and extensive independent evaluations.
- 3.4 Having obtained Legal advice, Officers believe there are sound reasons for continuing to treat this as a grant.
- 3.5 Outcomes based grant agreements have previously been utilised for Social Impact Bonds and can work well in delivering the project as it is a more collaborative approach than a contract.
- 3.6 Commissioners will be instructing Legal Officers to ensure the Grant Conditions protect the Councils' and service user's interests, and proper use of public money.
- 3.7 Failure to deliver to deliver the services and/or meet the Grant Conditions will result in the Grant being terminated – just as with a contract.
- 3.8 There is only a single licensed provider (Family Lives) in England for this programme who is an established partner for Westminster City Council. Appointing Family Lives for this project would strengthen the relationship and allow for more collaborative and joint working.
- 3.9 Bi-Borough Children's Services would be managing the grant awarded by Central Government (DCMS) originally awarded to the provider as the lead applicant.
- 3.10 This project represents a pioneering and pilot approach to achieving enhanced school readiness within a particularly vulnerable population group. Although experimental approaches like this are needed to remain at the forefront of service delivery the constraints of austerity limit both the council's appetite and ability to innovate. The introduction of outcomes-based commissioning, which could be a core part of how we redesign our 0-5 pathways, paired with social investment however shifts the risks of non-achievement of social outcomes from the council to the provider and social investor. This enables the council to undertake innovation with significantly reduced risks. Furthermore, the rigorous monitoring and evaluation framework attached to these initiatives allows the council to accurately track the efficacy of its interventions, something which was previously

difficult to do. This directly enables value for money investment. The social investment toolkit employed here will be increasingly required in an environment of ever complex social problems requiring a collaborative working model both across directorates and across organisations outside local government.

4. Background, including Policy Context

- 4.1 An existing Children's Services provider, Family Lives, successfully applied to Central Government (DCMS) for a Big Lottery Funding ("Life Chances Fund") and has obtained in-principle funding agreement of £252.9K. This grant is towards the delivery of a Social Impact Bond piloting the Parent Child Home Programme in WCC and RBKC.
- 4.2 The Commissioners (WCC and RBKC) – with Family Lives agreement – have successfully requested the transfer of the Government's £252,900 in-principle award to the local authority so that the Councils have more control of the project and can determine the outcomes mechanisms. Therefore, Bi-Borough are now the lead applicant for this bid. Bi-Borough are currently in the final stage of the bid process with the final response expected late February 2019.
- 4.3 The purpose of the project is to narrow the gap in school readiness between vulnerable children and their better off peers by introducing the Parent Child Home Programme (PCHP), an American evidence-based programme targeted at low income and vulnerable families. Family Lives are the only accredited organisation in England.
- 4.4 In addition to the social benefits, the financial benefits to the Council and other public bodies will accrue from non-cashable efficiencies in a range of related early years services, and other educational-related intervention services and to overall society later. This will be by way of reducing throughput into specialist services which can then be redirected. As a pilot, this is an opportunity for national and local Government to test this methodology within an Early Years setting.
- 4.5 The Parent Child Home Programme provides twice weekly home visits to families over a 15-month period, modelling behaviours for parents that enhance children's development. The service will be delivered over 4 years with the last outcomes being tracked and achieved by late 2025 (circa 7 financial years). The service will be delivered to a cohort of 150 families across the two boroughs, by a national VCSE organisation, Family Lives, with an excellent track record. They have worked in close partnership with Westminster City Council for several years, are embedded in their early years multi-agency teams and are closely linked to other local VCSE organisations.
- 4.6 The early learning specialists running the program will focus on building meaningful relationships with the families and supporting parents in realising their role as their children's first and most important teacher. They use engaging

books and stimulating toys to generate an enthusiasm for and understanding of learning through verbal interaction. This service has not yet been trialled in England and presents an opportunity for WCC and RBKC to pioneer the approach and pave the way for a national agenda. If successful, this should result in reduced demand for the services of both councils.

- 4.7 The project is targeted in two ways, firstly by focusing on a cohort who are falling through the net. They are not taking up the free childcare entitlement and/or are identified as below the developmental thresholds by health visitors at the 2-year-old check, so PCHP goes to them in their home. Secondly, the programme has a specific focus on school readiness, over the course of 92 visits, there are proven improvements in the home learning environment and parent-child interaction. This directly aligns with the objective of caring for supporting the most vulnerable in our community, i.e., creating a caring and fairer city.
- 4.8 The £252,900 central Government grant will be paid to Bi-Borough in arrears as revenue over 6 financial years, representing 30% of the total project outcomes payments.
- 4.9 The estimated total cost of the project over the four years is £843,000.
- 4.10 The project commissioners will be Bi-Borough Children's services. As project commissioners, RBKC and WCC are expected to fund the remaining £590,000 as a 50/50 split.
- 4.11 It is expected that a social investor will front load the costs of the project to enable service delivery. This will be repaid by Family Lives, as they in turn receive payment from RBKC and WCC based on a robust set of outcomes agreed by all stakeholders (the two boroughs, the provider and the social investor) throughout the course of the 4-year service delivery until the final outcomes have been achieved for the final cohort in 2025.
- 4.12 The bid to the Big Lottery Fund/DCMS is currently in its final stage, awaiting the final approval of the grant once match-funding is agreed. The project team have consulted Early Help leads in RBKC and WCC, CHS Public Health, WCC City Treasury Team, CHS Finance, Family Lives (the provider) and SIB experts to develop the referral pathways, outcomes, metrics, evaluation model, and other project aspects. The project team have also consulted with Legal and Procurement colleagues to explore available options and agree that an outcomes-based grant agreement is the logical approach to appoint the provider and progress.

5. Financial Implications

- 5.1 The overall cost of the project is capped at £0.843m for the life of the five-year project.

5.2 The Department for Culture, Media and Sport are providing a grant of £0.253m towards the project.

5.3 The remainder of the project costs, £0.590m, are to be split equally between Westminster City Council and the Royal Borough of Kensington and Chelsea. Westminster City Council are asked to fund £0.295m profiled as per the table below:

£'000	2018/19	2019/20	2020/21	2021/22	2022/23	Future years	TOTAL
Investment Required		17	67	90	75	46	295
Medium Term Plan Savings Outcomes:							
<i>Staffing Cost Reduction</i>							-
<i>Contract Cost Reduction</i>							-
<i>Service Delivery Transformation</i>							-
<i>Increased Income Generation</i>							-
TOTAL MTP SAVINGS	0	0	0	0	0	-	-
NET IMPACT TO WCC	0	17	67	90	75	46	295
<i>Council investment requirement as a % of total savings deliverable</i>							-100%

5.4 As per 5.3, the amount sought for investment is capped at £0.295m. The worst-case scenario for investment is £0.035m for the initial engagement should none of the cohort complete the programme.

5.5 The proposal to use Children's Earmarked transformation reserves is built on delivering efficiencies through cost pressure avoidance to Westminster City Council of £0.604m. This would represent a return on investment of 2.05 times the investment. Due to the expectation that this would help the council stem a growing future cost pressure, this is not deemed to be cashable as a saving against base budgets, however this will be kept under review and if identified that the core volume of children requiring specialist support reduces then a budget saving may be identified as achievable.

5.6 Based on a targeting of 150 families in the Bi-Borough, there are up to 75 families expected to be worked with in Westminster City Council. Assuming a 1:1 relationship between families and children supported, 75 children in Westminster will begin the programme. Payment milestones and attrition rates have been modelled with 65% expected to complete the programme at Phase 1, 64% at Phase 2 and 57% to fully complete with school readiness outcome results from Reception class, with a small PbR milestone attached to this final phase.

5.7 Alongside the non-cashable efficiencies, this project will contribute to the development of the wider 0-5 pathway which is being designed to protect against future grant reductions of £1.17m from the end of the Supporting Families

Programme in 2020 and £0.825m because of ongoing annual reductions in the Public Health grant of 2.64%.

- 5.8 A social investor will provide upfront investment for delivery, with Westminster City Council paying amounts over to the provider on an outcomes basis. The learning outcomes, organisationally, around outcomes-based commissioning may allow the authority to more effectively commission services for residents targeting outcomes desirable to residents.

6. Legal Implications

- 6.1 The Council has statutory powers under Education and Social Services legislation to provide services of the sort described in this report and therefore to incur expenditure in exercise of those powers.
- 6.2 Family Lives may be tasked with exercising those powers on behalf of the Council in return for a payment made by way of a grant. A grant is different from a contract in that there is no obligation to deliver services, as such, under a grant, only 'grant conditions' including a condition that the grant must be repaid if it is misapplied. The recipient of a grant is not obliged to deliver any services to the funder (so no liability for damages will arise by the recipient failing to perform). Grant conditions must be carefully drafted to ensure that they meet all the requirements of a grant.
- 6.3 Grants are not subject to the Public Contracts Regulations 2015 or the Council's Contracts Regulations which would otherwise require that Family Lives was the chosen provider only after the conclusion of a procurement exercise.
- 6.4 Grants may give rise to State Aid issues where the grant of State Aid distorts or threatens to distort trade and competition between member states in the European Union. Since the grant to Family Lives is being made in return for defined deliverables (which the Council maintains represents good value for the grant the paid to Family Lives) the grant is not State Aid.

7. Procurement Implications

- 7.1 An open OJEU process is not recommended as there is a single licensed provider based in England who led the original application and is an established partner for one of the Local Authorities. An open OJEU process will delay commencement of this important project by around 4-5 months and incur Council resource and process-costs in running a regulated procurement.
- 7.2 A direct award is also not recommended as the services are above threshold requiring the publish of an OJEU notice. Otherwise, the court is likely to declare any subsequent contract with Family Lives as ineffective. Publishing a VEAT notice

(which when properly justified can protect an authority against a declaration of ineffectiveness) will not help to reduce the risk of a declaration of ineffectiveness because VEAT notices require you to set out the ground you are relying on in Regulation 32 of the Public Contracts Regulations as there are no Regulation 32 grounds here in this instance.

- 7.3 An outcomes-based grant agreement would not have to be tendered as procurement rules only apply where the contractor assumes direct or indirect legally enforceable obligations to carry out the services. Under a grant agreement, the funder makes a payment to the recipient for a specific purpose. Bi-Borough Children's Services would retain the ability to clawback any amount of grant which has not been spent or is misapplied. This option also allows Bi-Borough Children's Services to appoint a known and trusted provider who has been involved in the bid from its inception and is the only licensed provider of the programme in England. Outcomes based grant agreements have previously been utilised for Social Impact Bonds and can work well in delivering the project as it is a more collaborative approach than a contract. Commissioners will be instructing Legal Officers to ensure the Grant Conditions protect the Councils' and service user's interests, and proper use of public money. Failure to deliver to deliver the services and/or meet the Grant Conditions will result in the Grant being terminated – just as with a contract.

If you have any queries about this Report please contact:
Siraj Islam (Project Manager, Bi-Borough Children's Transformation and Innovation
Team, Sirajul.islam@rbkc.gov.uk)

For completion by the **Cabinet Member for Finance, Property & Regeneration**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: _____ Date: _____

NAME: **Councillor Rachael Robathan, Cabinet Member for Finance, Property & Regeneration**

State nature of interest if any

.....
(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendations in the report entitled **Approval of funding for the Early Years Social Investment Parent Child Home Programme and approval of delivery by Family Lives** and reject any alternative options which are referred to but not recommended.

Signed

Councillor Rachael Robathan, Cabinet Member for Finance, Property and Regeneration

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

.....
.....
If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, the City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

For completion by the **Cabinet Member for Family Services & Public Health**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: _____ Date: _____

NAME: **Councillor Heather Acton, Cabinet Member for Family Services & Public Health**

State nature of interest if any

.....
(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendations in the report entitled **Approval of funding for the Early Years Social Investment Parent Child Home Programme and approval of delivery by Family Lives** and reject any alternative options which are referred to but not recommended.

Signed

Councillor Heather Acton, Cabinet Member for Family Services & Public Health

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

.....
If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, the City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.