

Birmingham City Council

Report to Cabinet

27th July 2021



Subject: BIRMINGHAM CITY COUNCIL SUPPORT FOR A WEST MIDLANDS REFUGEE TRANSITIONS OUTCOMES FUND BID

Report of: Professor Graeme Betts
Director for Adults Social Care

Relevant Cabinet Member: Cllr John Cotton, Cabinet Member - Social Inclusion, Community Safety & Equality
Cllr Tristan Chatfield, Cabinet Member - Finance & Resources

Relevant O & S Chair(s): Cllr Carl Rice, Co-ordinating O&S Committee
Cllr Mohammed Aikhlaq, Resources O&S Committee

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 009084/2021		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential:		

1 Executive Summary

- 1.1 The purpose of the report is two-fold. Firstly, to brief Cabinet and seek its retrospective approval on a bid which was submitted to Home Office as part of the Refugee Transitions Outcomes Fund in two parts on 22nd and 28th June 2021, with the support of Birmingham City Council, amongst others.
- 1.2 Secondly, if the bid is successful it is to request approval to accept funding and enter into all necessary agreements to be able to begin mobilisation of the project from 1st September 2021.

2 Recommendations

- 2.1 That Cabinet:
 - 2.1.1 Notes and retrospectively approves BCC's participation in the bid that was submitted by Big Issue Invest to the Home Office as part of the Refugee Transitions Outcomes Fund in two parts on 22nd and 28th June 2021.
 - 2.1.2 If the bid is successful, delegates the Director of Adult Social Care, in consultation with the Interim Director of Council Management and the City Solicitor (or their nominees) to consider whether any grant conditions require further approvals, and, if not, to accept funding from the Special Purpose Vehicle (a limited company to be set up and owned by Big Issue Invest).
 - 2.1.3 Authorises the Director for Adult Social Care, in consultation with the Interim Director of Council Management and the City Solicitor (or their nominees), to enter into a Grant Agreement for performance management with the Special Purpose Vehicle (a limited company to be set up and owned by Big Issue Invest) for a period from 1st September 2021 until 31st March 2024.
 - 2.1.4 Authorises the City Solicitor to negotiate and execute any documents to give effect to the above recommendations.

3 Background

- 3.1 At any one time, the city of Birmingham is home to around 1,600 people who are awaiting a decision on an asylum claim. Annually, local data suggests that around 120 people per year exit that process with a positive decision in Birmingham. However, it is also the case that the ultimate national grant rate of positive decisions is around 64%, the highest it has ever been. When someone receives a positive decision on their asylum claim, they are given 28 days' notice in which to leave Home Office accommodation and start their new lives as settling citizens of Birmingham. Since 2018, Birmingham City Council, with funding first from MHCLG and followed by EU funding until May 2022, has invested in a "Move On" service to help the city's new refugees with immediate and practical tasks: set up bank accounts, look for their own accommodation, register for a GP, etc.
- 3.2 It is widely accepted that refugees experience barriers to integration. Left unaddressed, such barriers can contribute to long-term inequality and cohesion

challenges. However, in the last decade, there has not been any dedicated government investment in the medium- to longer- term outcomes for new asylum-route refugees settling in the city, such as employment / self-employment, sustainable housing, or wider integration and wellbeing.

- 3.3 The Refugee Transitions Outcomes Fund (RTOF) is a national £14m pilot from the Home Office to invest in positive outcomes across employment, housing and integration for new refugees who have recently exited the asylum process with a grant of Refugee Status or Humanitarian Protection. The funding attached to RTOF will end in March 2024.
- 3.4 A condition of the fund is that projects must include Social Impact Bonds (SIBs), which allow for up-front cash investment to be provided by a social investor so that the Home Office only pays for outcomes if and when achieved. SIBs are a type of outcomes-based contract where a social investor is involved to provide upfront working capital to providers and support project delivery. This is done for the purposes of driving innovation and reflective practice within delivery and to focus resource on achievement of fund outcomes. Crucially, this also means that the local authorities involved are not the main applicants in this bid; but instead have taken a strategic and supporting role.
- 3.5 The main applicant for funding is the Special Purpose Vehicle that will be set up and owned by Big Issue Invest (BII). The local authorities working together to support the application are: - Birmingham, Coventry, Sandwell and Wolverhampton.
- 3.6 The application was submitted to the Home Office by Big Issue Invest in two parts on Tuesday 22nd and Monday 28th June 2022. This followed a six-week application window, in which initiating a Cabinet process has only been possible towards the end of this window. This is due both to the length of time available and to the evolving nature of developing SIB project applications, which is a particularly complex and resource intensive process.
- 3.7 The application was for a regional total of £2,463,900 (per annum, £985,560) to support 361 people. This included an element for Birmingham of £756,203 (per annum £302,481) to support 118 people. Of this, £46,966 (per annum, £18,786) will come into Birmingham City Council on a quarterly basis in arrears.
- 3.8 The available support will be to assist new refugees (who have received a grant of refugee status or humanitarian protection within the last 18 months at the point of enrolment) in achieving the following outcomes, which are prescribed by the Home Office:
 - 3.8.1 **Intermediate employability**– Examples: recognition of qualifications; completion of training; 10 hours' mentoring employability training; 10 days' volunteering or internship.
 - 3.8.2 **Entry to employment** – Entry into an apprenticeship, full time or part time work at national or living age (depending on age).
 - 3.8.3 **Entry to self-employment** – As defined by the UK Government.

- 3.8.4 **3-month employment/self-employment sustainment** – One of the above, sustained over a period of 12 weeks.
- 3.8.5 **Entry to accommodation** – Entry into safe and secure accommodation (with a 6-month tenancy agreement) in the Private Rented Sector, Social housing or Supported housing. Excludes Exempt accommodation.
- 3.8.6 **6-month housing sustainment** – As above, sustained over a period of 6 months.
- 3.8.7 **Integration plan** – Completion of a person-centred integration plan, with steps outlined to assist toward medium- and long-term goals.
- 3.8.8 **6-month improvement** – Achievement of targets set out on the above.
- 3.8.9 **12-month improvement** – Further achievement of targets set out on the above.

4 Options considered and Recommended Proposal

4.1 Development of a Bid

- 4.1.1 Local authorities that are also asylum dispersal areas were invited to express an interest in the Refugee Transitions Outcome Fund in Nov-Dec 2020. A sub-regional Expression of Interest was coordinated via the West Midlands Strategic Migration Partnership which was, at the time, hosted by Birmingham City Council and reported directly into the Assistant Chief Executive.
- 4.1.2 During bid development, local authorities were expected to select a lead Social Investor, of two that the Home Office had engaged in the Refugee Transitions Outcomes Fund programme; Big Issue Invest and Bridges Outcomes Partnership. Big Issue Invest was selected due to their willingness to invest in the relatively complex model favoured by the region.
- 4.1.3 The model chosen by the region is one that allows for pooling of outcomes, programme governance and evaluation at a regional level, but maintains localism in the selection of delivery partners, the roles of local authorities and design of the specific interventions.

4.2 Role of the Local Authority

- 4.2.1 The role that Birmingham City Council will be required to take is two-fold:
- Performance Management: Birmingham City Council will be responsible for performance management of the delivery partnership in Birmingham. The rationale for this is that the delivery partnership would benefit from the BCC's strategic view of the local landscape and presenting needs, and that the BCC would benefit from access to performance data and continuous learning. BCC will work closely with BII to do this, as they hold the risk in this arrangement and will want

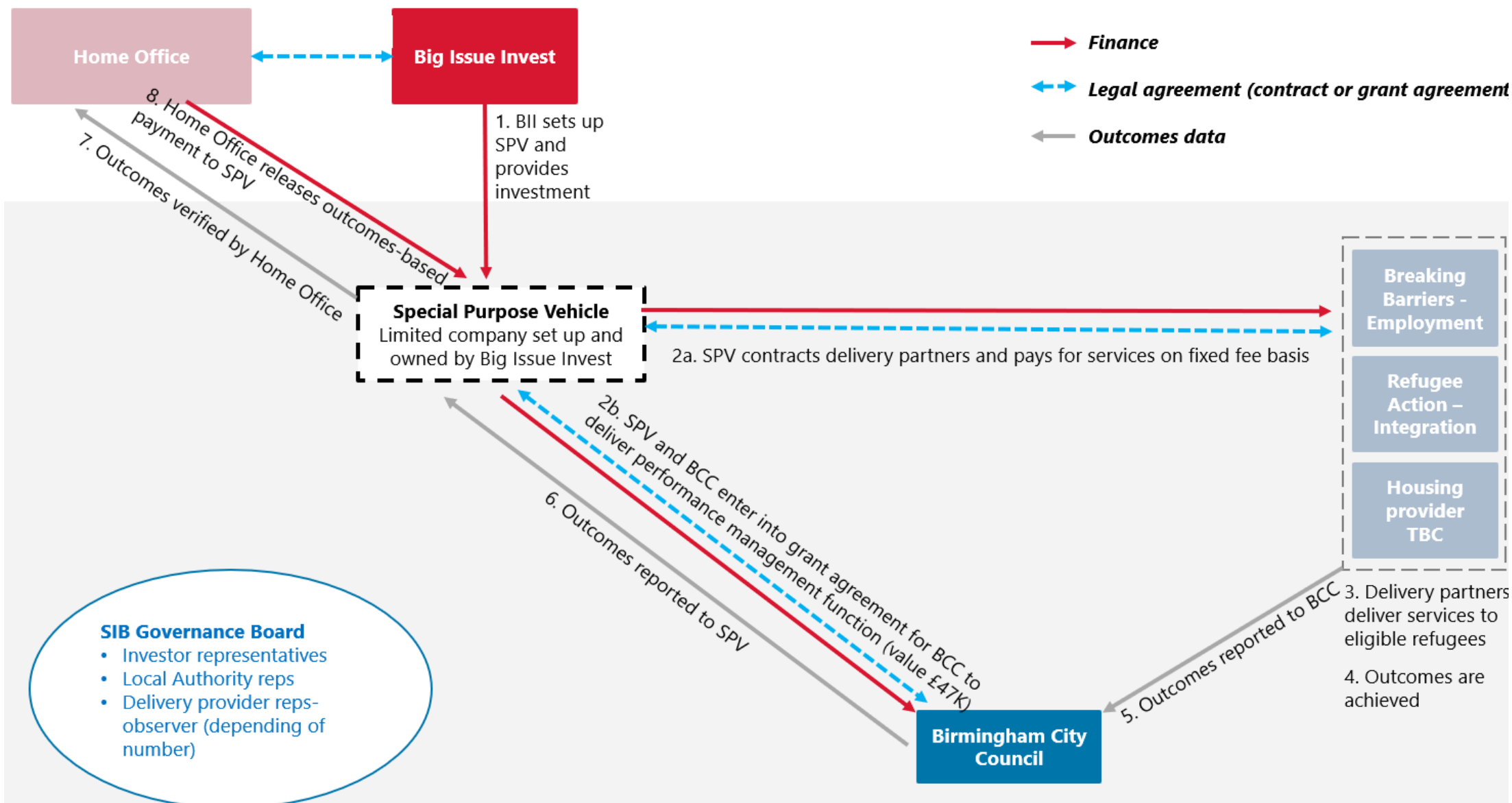
to ensure performance is optimised. This element of BCC's role will be resourced, and this will allow for the recruitment of a GR4 Commissioning Officer. There will also be a Grant Agreement for performance management required between BCC and the SPV.

- Strategic Input and Governance: The Home Office is keen that local authorities in all pilot areas, whether involved in delivery, performance management or neither, have a level of strategic engagement with the work of the RTOF project in their area. Local authorities will be invited to have a seat at governance / steering boards set up for the project. This will not necessitate any bilateral agreement between the LA and the SPV as involvement in strategic oversight and governance will not, on its own, bring any funding into the local authority. There will however be a Terms of Reference or Memorandum of Understanding for the governance arrangements, that BCC will be party to.

In addition to the above, some of the other West Midlands local authorities involved chose to take a delivery role in the project as well. This was not pursued in Birmingham mainly due to the strong commissioning discipline and rationale.

4.3 Structure of the Project

4.3.1 The following project structure will apply:



- 4.3.2 As a matter of course, Social Impact Bond projects entail the setting up of a Special Purpose Vehicle (SPV). The SPV acts as a vehicle to facilitate finance flows and outcomes attached to Social Impact Bonds. It will close down at the end of the project. The SPV will be set up as a limited company and legally owned by Big Issue Invest. With the cash investment into the SPV from BII itself, the SPV will be able to commission a delivery partnership and work with this partnership to co-design services that all parties feel will most likely lead to achievement of fund outcomes. The delivery partnership will be commissioned against agreed KPIs and paid fixed-fee as in standard contract management. Payment to the delivery partnership will not be dependent on or linked to achievement of fund outcomes. Big Issue Invest will be able to recoup their initial investment from the Home Office, if and when fund outcomes are achieved by the delivery partnership. To cover the costs of SPV set-up and associated management and admin requirements, BII will require approx. 4% of the overall project funding (approx. £100k across the region).

4.4 Delivery Partners

- 4.4.1 Between 26th May and 9th June, Big Issue Invest ran an Expressions of Interest process with prospective delivery partners to cover the Birmingham area. This followed consistent engagement, first by the Home Office then by Birmingham City Council with a wide range of prospective delivery partners. The first of these meetings was advertised on the BVSC noticeboard. The Birmingham City Council Refugees & Migration Commissioning Team was invited to assist Big Issue Invest in the scoring of Expressions of Interest. The following delivery partners have since been engaged to cover the Birmingham area:

- Refugee Action – Wider Integration
- Breaking Barriers – Employability
- A housing provider – TBC, not yet engaged

4.5 Bid Submission

- 4.5.1 The application window – from Home Office publication of the final application pack to the submission deadline – was six weeks from 10th May to 22nd June. The final application pack included some key changes from previous development materials that had been shared by the Home Office. For this reason, key elements of the bid development could not commence prior to 10th May, including Big Issue Invest's Expressions of Interest process for selecting delivery partners; the finalisation of the overall financing involved; and the development of the delivery plan. All these things were necessary to get in place before a Cabinet process could be started. However, the Lead Cabinet Member, Director of Adults Social Care, and colleagues across Finance, Legal and Procurement,

were kept informed of the nature and timeline of the bid throughout its development and prior to submission.

5 Consultation

- 5.1 Prior to bid submission by Big Issue Invest on 22nd June, consultation took place internally with officers from Finance, the Legal & Governance Department and Procurement, as well as Adult Social Care Management Team and Cabinet Member Briefing of the Lead Cabinet Member.
- 5.2 Externally, the City of Sanctuary Partnership Board was consulted, as was the West Midlands Strategic Migration Partnership.
- 5.3 There has been consultation on the contents of this Cabinet report with the Cabinet Member for Homes & Neighbourhoods, Cabinet Member for Health & Social Care and Cabinet Member for Education, Skills & Culture who are supportive of proposals.

6 Risk Management

- 6.1 If the application is successful, the chosen model protects both delivery partners and local authorities from financial risk. This is accepted fully by Big Issue Invest, as 100% owners of the Special Purpose Vehicle.
- 6.2 Big Issue Invest will be party to a Head Contract with the Home Office, setting out the liabilities and risk they take on as social investor and owners of the Special Purpose Vehicle Limited Company.
- 6.3 Delivery partners will be contracted by the Special Purpose Vehicle on a fixed-fee basis, regardless of outcome achievement.
- 6.4 The Grant Agreement for Performance Management that Birmingham City Council will be party to will also be set up on a fixed-fee basis, regardless of outcome achievement.
- 6.5 The Home Office will only repay Big Issue Invest's investment once fund outcomes are achieved. The risk of non-achievement of outcomes and non-repayment by the Home Office is accepted by Big Issue Invest as part of their Head Contract with the Home Office.
- 6.6 For risks attached to delivery and impact, a West Midlands project-wide Risk Log is requested by the Home Office as part of the application process (**Appendix 1**). Throughout project mobilisation and delivery, risks will be managed through the SIB Governance Boards set up for the project, at which Birmingham City Council will be represented.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

7.1.1 If the bid is successful and funding is accepted, the Refugee Transitions Outcomes Fund project will be a significant asset to the delivery of the Council's outcomes, priorities and Council plan. As well as bringing additional funding into the city, the interventions delivered through the RTOF will help extend the Council's priorities to include an existing, underserved but nevertheless growing group of people – namely, new, asylum-route refugees.

7.1.1.1. **Birmingham is an aspirational city to grow up in:** We will improve protection of vulnerable children and young people (including those with Special Needs and Disability). Many new refugees are settling in Birmingham with children and families. Their parents' engagement with the RTOF services will create stability for them to develop and flourish.

7.1.1.2. **Birmingham is a fulfilling city to age well in:** We will work with our citizens to prevent social isolation, loneliness, and develop active citizenship. This will include better connecting new refugees to community services, activities and networks to prevent isolation and loneliness.

7.1.1.3. **Birmingham is a great city to live in:** We will work with partners to tackle rough sleeping and homelessness. This is a particularly strong focus for the bid, which will work to identify sustainable accommodation pathways for refugees.

7.1.1.4. **Birmingham is a great city to live in:** We will work with our partners to build a fair and inclusive city for all. The overall intention of the RTOF services will be to reduce the gap between new refugees and other citizens so that everyone living here regardless of background is able to live productive and meaningful a life in Birmingham.

7.1.2 In addition, the proposal is consistent with the City of Sanctuary Policy Statement 2018-22, which sets out the Council's position and commitments to enabling the city to be a welcoming place of safety, where asylum seekers, refugees and migrants can successfully settle and integrate in the city. It is also consistent with the Cohesion Strategy and recognising the additional support needed for new communities in Birmingham.

7.2 Legal Implications

7.2.1 Birmingham City Council's role in the Refugee Transitions Outcomes Fund will be implemented through a Grant Agreement for performance management with the Special Purpose Vehicle (to be set up and owned by Big Issue Invest). The value of this agreement will be £46,966 for the duration of the project (per annum, £18,786).

7.2.2 Birmingham City Council will also have a role in the SIB Governance Board (as illustrated on the diagram at 4.3.1). A Terms of Reference will outline this, which may be appended to the Grant Agreement mentioned above.

7.3 Financial Implications

7.3.1 The Social Impact Bond mechanism involves Big Issue Invest providing all of the funding and then reclaiming this from the Home Office upon evidenced delivery of results. This places the complete financial risk on Big Issue Invest.

7.3.2 Birmingham City Council receive funding from Big Issue Invest to administer the performance management and monitoring of the initiative and will also provide strategic insight to the partnership board. This work will be carried out within the Refugees and Migration Team within Adult Social Care Commissioning.

7.3.3 The aim of the initiative is to support people exiting the asylum system with a grant of refugee status with employment, housing and integration, therefore reducing the potential burden on local public services from a lack of social integration.

7.3.4 The overall value of the project in the region is as follows:

	Duration of project	Per annum
Region	£2,463,900	£985,560
Birmingham	£756,203	£302,481

7.3.5 Of the funding available in Birmingham, the following broad breakdown is expected:

	Duration of project	Per annum
Big Issue Invest Return on Investment (@ 4%)	£30,248	£12,099
Birmingham City Council performance management resource (@ 6%)	£46,966	£18,786
Contracts between the Special Purpose Vehicle (owned by BII) and the delivery partnership	£678,989	£271,596
Total	£756,203	£302,481

7.4 Procurement Implications (if required)

7.4.1 There are no planned procurement activities through this fund. Big Issue Invest, as owners of the Special Purpose Vehicle limited company that has not yet been set up (subject to funding success) is responsible for procurement activity in relation to the delivery partnership.

7.5 Human Resources Implications (if required)

- 7.5.1 The Birmingham City Council resource £46,966 (or £18,786 per annum) will be used to co-fund the appointment of GR4 Commissioning Officer to oversee the delivery partnership's performance and outcomes evidence. The remainder of the funding for this post will be identified within other Migration team budgets, which are all externally funded. This post holder will also work closely with BCC's current Local Authority Asylum Seeker Liaison Officer (GR4), Senior Commissioning Officer for this area (GR5) and the Commissioning Manager for Refugees & Migration (GR6).
- 7.5.2 These existing posts are 100% externally funded, including Home Office and EU funding (available until May 2022).

7.6 Public Sector Equality Duty

- 7.6.1 An equality impact assessment has been completed and attached to this report (**Appendix 2**).
- 7.6.2. In summary, the main findings of the equality impact assessment are that those with protected characteristics will benefit positively from the project, especially those with characteristics such as a race, religion, gender, and marriage / civil partnership which commonly coincide with the target group of new refugees in Birmingham. The aim of the project is to address the barriers faced by many in these groups in accessing needs and opportunities such as housing, employment and wider integration.

8 Appendices

- 8.1 **Appendix 1** - Risk Log
- 8.2 **Appendix 2** – Equality Impact Assessment

9 Background Documents

- 9.1 [City of Sanctuary Policy Statement 2018-22](#)