



NOTICE OF MEETING

CABINET MEMBER FOR CHILDREN'S SOCIAL CARE DECISION MEETING

TUESDAY, 6 DECEMBER 2016 AT 2.00 PM

THE EXECUTIVE MEETING ROOM - THIRD FLOOR, THE GUILDHALL

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If any member of the public wishing to attend the meeting has access requirements, please notify the contact named above.

CABINET MEMBER FOR CHILDREN'S SOCIAL CARE DECISION MEETING

Councillor Ryan Brent (Conservative)

Group Spokespersons

Councillor Alicia Denny, UK Independence Party

Councillor Rob Wood, Liberal Democrat

Labour Group Spokesperson - Vacant

(NB This Agenda should be retained for future reference with the minutes of this meeting.)

Please note that the agenda, minutes and non-exempt reports are available to view online on the Portsmouth City Council website: www.portsmouth.gov.uk

Deputations by members of the public may be made on any item where a decision is going to be taken. The request should be made in writing to the contact officer (above) by 12 noon of the working day before the meeting, and must include the purpose of the deputation (for example, for or against the recommendations). Email requests are accepted.

AGENDA

- 1 **Apologies**
- 2 **Declarations of interest**
- 3 **Children's Social Care Portfolio Budget Monitoring Report for the Second Quarter 2016/17 (Pages 3 - 6)**

Purpose of report

To inform the Cabinet Member of the projected revenue expenditure within the portfolio cash limit for the current financial year 2016-17. This report sets out the budget position and contributing factors to the proposed overspend within the portfolio as at the end of September 2016.

RECOMMENDED that the Cabinet Member:

- (1) Notes the Children's Social Care Portfolio forecast budget position, at the end of September 2016, of £0.7m in excess of current approved cash limit provision.**
- (2) Supports the ongoing process of budget review and implementation of proposals to reduce the projected overspend position and deliver a balanced budget with the area of Children's Social Care.**

4 Regional Adoption Agency (Pages 7 - 16)

Purpose of report

The purpose of this report is to seek approval in principle for the adoption service to become part of a shared regional adoption service, to be known as the Adoption South Central (ASC) Regional Adoption Agency (RAA), hosted by Hampshire County Council, with detailed arrangements to be finalised early in 2017.

RECOMMENDED

That the Cabinet Member agrees in principle that the Adoption Service becomes part of the Adoption South Central Regionalised Adoption Agency from 1st April 2018, subject to a further report and decision by the cabinet member once details have been finalised.

Members of the public are now permitted to use both audio visual recording devices and social media during this meeting, on the understanding that it neither disrupts the meeting or records those stating explicitly that they do not wish to be recorded. Guidance on the use of devices at meetings open to the public is available on the Council's website and posters on the wall of the meeting's venue.



Decision maker:	Cabinet Member for Children's Social Care
Subject:	Children's Social Care Portfolio Budget Monitoring Report for the Second Quarter 2016/17
Date of decision:	6 December 2016
Report from:	Chris Ward, Director of Finance and IS
Report by:	Richard Webb, Finance Manager
Wards affected:	All
Key decision:	No
Budget & policy framework decision:	No

1. Purpose of report

- 1.1. To inform the Cabinet Member of the projected revenue expenditure within the portfolio cash limit for the current financial year 2016-17. This report sets out the budget position and contributing factors to the projected overspend within the portfolio as at the end of September 2016.

2. Summary

- 2.1. Following overspend positions in the previous two years, and an initial projected financial pressure of around £1.2m on the budget for this year, the portfolio is currently forecast to overspend by £0.7m in 2016-17.

3 Recommendations

- 3.1 It is recommended that the Cabinet Member:
 - 3.1.1 **Notes the Children's Social Care Portfolio forecast budget position, at the end of September 2016, of £0.7m in excess of current approved cash limit provision.**
 - 3.1.2 **Supports the ongoing process of budget review and implementation of proposals to reduce the projected overspend position and deliver a balanced budget within the area of Children's Social Care.**

4 Background

- 4.1 At the commencement of 2016-17 the Children's Social Care Portfolio was created containing the budget areas pertaining to Child Social Care & Safeguarding, Troubled Families and Early Years & Children's Centres.
- 4.2 Expenditure on Children's Social Care and Safeguarding was subject to much scrutiny during 2014-15 and 2015-16; exceeding the budget provision for each year as it did. Under the approved financial arrangements, an overspend is carried forward by the portfolio into the following financial year, as portfolio's are now expected to manage their financial resources across financial years in order to encourage medium term operational and financial planning. However overspends from prior years have been subsumed corporately to provide a clean starting point for the new portfolio.

5 Summary Position against Cash Limited Budget at the end of June 2016

- 5.1 The Children's Social Care Portfolio is currently forecasting a year-end overspend at close to £0.7m, generally attributable to the Children's Social Care and Safeguarding service as identified below.

Service Area	Current Budget	Current Forecast	Variation
	£000	£000	£000
Troubled Families	213	213	0
Early Years & Children's Centres	427	434	7
Children Social Care & Safeguarding	23,016	23,664	648
	23,656	24,311	655

- 5.2 Troubled Families has a cash limit allocation of £213,000 and this is supplemented by significant income and grant funding; currently estimated at some £889,000, of which £623,000 is dependent on target achievement. Current spending is in line with estimates.
- 5.3 Early Years and Children's Centres have a combined cash limit budget of £433,000, which is supplemented by Public Health funding allocation to provide an overall budget of £1,801,000. At the current time, whilst there are certain pressures on the budget, it is anticipated that these will be managed and the service will spend broadly in line with the budget.
- 5.4 The Children's Social Care and Safeguarding budget is currently forecasting an overspend of around £0.7m. This has grown by some £200,000 over the second quarter of the year and is related to the forecast placement costs. The overall forecast position is the summation of variations in a number of areas which are explained further below:
- 5.4.1 **Assessment and Intervention Service** (£193,000 under spend): Current staffing levels, turnover and vacancies have led to staffing costs for the year being currently projected some £274,000 below budget. The

ability to maintain the vacancies at the levels incorporated within these projected "savings" will be kept under review.

5.4.2 At the same time there is a forecast pressure in respect of expenditure in providing assistance to those with no recourse to public funds or children in need (under Section 17 of the Children Act 1989), which is currently forecast at around £84,000.

5.4.3 **Looked After Children (LAC)** (£631,000 over spend): The reason for the overspend is largely related to higher costs and numbers of child placements resulting in a forecast overspend of £622,000, as shown below. This is obviously a volatile area with continual movement in numbers, however the forecasts are based on current placement numbers and costs being maintained on average until the year end.

September 2016 Placement Type	Budget			Current Forecast			
	Average	Av Unit	Budget	Average	Av Unit	Estimated	Budget
	Nos	Cost	£	Predicted	Cost	Outturn	Pressure
		£	£	Nos	£	£	£
External Residential	9.02	107,871	973,000	8.96	117,909	1,056,336	83,336
Semi Ex-Residential	2.42	23,967	58,000	0.00	23,967	0	-58,000
Independent Fostering	49.29	44,293	2,183,200	39.35	43,309	1,704,209	-478,991
In-House Foster care	193.95	21,055	4,083,700	210.17	23,011	4,836,145	752,445
Adoption	44.41	7,881	350,000	62.17	8,081	502,390	152,390
Residence	38.92	4,625	180,000	23.58	4,464	105,279	-74,721
Special Guardianship	101.29	5,809	588,400	130.17	6,408	834,155	245,755
TOTAL			8,416,300			9,038,514	622,214

5.4.4 These costs exclude Unaccompanied Asylum Seeking Children. Under the new funding arrangements, the grant income received broadly covers the direct costs involved in placement.

5.4.5 Staffing costs are currently projected to be below the budget provision by around £131,000, reflecting staff turnover and vacancies anticipated for the year. Excluding those areas specifically referred to elsewhere, there is a forecast pressure of £37,000 in other operating costs throughout the service area for Looked After Children.

5.4.6 In line with the government's adoption agenda to move children into permanent arrangements, there has been additional grant funding available to assist in the payment of fees associated with inter-agency placements. Coupled with the associated activity, an underspend of some £30,000 is currently anticipated.

5.4.7 Income associated with contributions towards placements in our own children's facilities, particularly Beechside, are not achieving the anticipated budget levels. This, together with increased operating costs, are placing a forecast pressure of £133,000 on the budget this year.

5.4.8 **Safeguarding & Monitoring** (£39,000 over spend): staffing stability means that anticipated turnover savings are not being realised in this area of the service.

5.4.9 **Support Activities** (£171,000 over spend): This projected overspend is predominantly related to delays in the delivery of savings proposals.

6 Summary

6.1 The portfolio budget is currently overspending and can broadly be attributed to placement costs as described in section 5 of this report. Other pressure areas and delayed savings delivery have been largely offset by in year savings from staffing turnover and vacancies.

6.2 Significant work has previously been undertaken to establish whether the Looked After Children and Safeguarding services more generally are costly or not, compared to our statistical neighbours. Establishing this provides a guide to the extent to which savings and efficiencies might be achievable. The evidence gathered to date indicates that the cost of Safeguarding is low to average whilst performance is generally good. Scope to make significant savings therefore would appear limited, although possible.

7 Equality impact assessment (EIA)

7.1 No impact assessment has been carried out as the proposals do not have any impact upon a particular equalities group.

8 Legal comments

8.1 There are no legal implications arising directly from the recommendations in this report.

9 Director of Finance comments

9.1 Financial comments are contained within the body of the report.

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Chris Ward, Director of Finance and IS

Background list of documents: Section 100D of the Local Government Act 1972

The information upon which this report has been based has been drawn from a variety of sources; however much of the information used is held in budget files prepared by the Children and Education Finance Team. Please contact Richard Webb, Finance Manager, if required.

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the Cabinet on

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Signed by: Cabinet Member

Agenda Item 4

Title of meeting:	Children's Social Care Portfolio Cabinet Meeting
Date of meeting:	6 th December 2016
Subject:	Regionalised Adoption Agency
Report by:	Deputy Director of Children's Services, Children's Social Care
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Purpose of report

- 1.1. The purpose of this report is to seek approval in principle for the adoption service to become part of a shared regional adoption service, to be known as the Adoption South Central (ASC) Regional Adoption Agency (RAA), hosted by Hampshire County Council, with detailed arrangements to be finalised early in 2017.

2. Recommendations

- 2.1. **That the Cabinet Member agree in principle that the Adoption Service becomes part of the Adoption South Central Regionalised Adoption Agency from 1st April 2018, subject to a further report and decision by the cabinet member once details have been finalised.**

3. Background

- 3.1. For the purposes of progressing planning and to access the funding available from the Department for Education (DfE), it is recommended that:
 - The Adoption South Central Regionalised Adoption Agency (ASC RAA) has a single line of accountability, managing adoption services for the region as a single entity.
 - We manage our adoption service via a regional shared service model, with Hampshire County Council acting as host authority. (A final decision on delivery model will be made by 31 January 2017, dependent on assessment of best fit with the aims of the ASC, on-going financial modelling, legal and procurement advice).
 - The ASC RAA to begin operation ('go live' date) on 1 April 2018.
 - The entity, however it is constituted, to have equal executive representation from each of the 4 local authorities and non-executive representation from the 2 Voluntary Adoption Agencies (VAA) and 1 Adoption Support Agency (ASA).

- Financial contributions will be based on two key principles:
 - Authorities' financial contributions to the RAA will be calculated using a 'fair funding model' based on the level of service provided to each, and approved by each authority.
 - Authorities' financial contributions to the RAA in the first two years will be capped and will not exceed the spend of 2016/17 (including fee subsidy, Adoption Support Fund or other grants).
- The set up costs for the ASC RAA will not exceed the development grant allocated by the DfE for this purpose.

3.2. Adoption South Central RAA has continued to make progress in several key areas over the period June-October:

- Secondment of two operational leads who have driven progress on a regional approach to adopter recruitment and adoption support.
- Three staff engagement events held – feedback used to inform 'case for change' below and ongoing operational planning
- Continued close working with VAAs – RAA investing time to ensure VAAs are included in all development and planning processes. Parents and Children Together (PACT) and Barnardo's are in the process of developing outline propositions/models which they could offer to RAA in areas of assessing adopters and provision of adoption support functions.
- Data mapping and analysis of the varying need across the region – again this informs the case for change below and is pinpointing areas of need by each authority.
- On-going identification of good practice – adoption support development group continues to meet. Child and adult journey groups being re convened to provide operational models.

4. Reasons for recommendations

4.1. The Government has an expectation for adoption agencies to develop regional hubs and remains fully committed to the RAA programme, anticipating that all LAs will be part of an RAA by 2020. Any local authorities or VAAs who do not engage with the programme will miss out on early development funding and/or may be required to join an RAA not of their choosing at a future date.

5. Detail on the activities of Adoption South Central

5.1. The Governance Board directed the Project Board to develop the 'case for change', to be used to underpin decisions about the ASC going forward. There have been a number of elements to this work over the past 10 months, including:

- SWOT analysis - each agency identified anticipated headline benefits from the regional approach
- 'Strengths, benefits, risks' exercise - helped each agency to specify the specific benefits which might follow from the ASC
- 'Rationale for the RAA' – a paper which summarising the above work

- ‘Task and finish group summary’ – sets out the thinking from practitioners about the ‘ideal practice’ which would deliver the desired benefits within the RAA.
- ‘Staff engagement events’ – discussed the most common and innovative thinking about the potential benefits from the RAA which were raised at these events.
- Data analysis – collation of headline placement data (4 years), Adoption Leadership Board data (2 years) and detailed demographics of children/adopters (1 year) has informed the summary below.
- Advice and consultancy from lead professionals from partner agencies in finance, legal, procurement, HR, marketing and ICT services has also informed the case and the recommendations that follow.

5.2. All of the above work has been used to make the case for regionalisation. There are five key areas of consideration – these are: response to national policy; positive impact on children and families; enhancing practice; improving performance; financial efficiencies.

5.3. At the national RAA learning event on 22 September a message from the minister, Edward Timpson, stressed strongly that the Government remains fully committed to the RAA programme, anticipating that all LAs will be part of an RAA by 2020. As a manifesto commitment this policy retains a high priority. Any local authorities or VAAs who do not engage with the programme will miss out on early development funding and/or may be required to join an RAA not of their choosing at a future date

5.4. The RAA will have centralised recruitment and assessment functions. This will reduce competition and allow for highly targeted campaigns to recruit adopters to fit the needs of the region’s children waiting for adoption. Access to a wider pool of adopters at regional level will improve opportunities for early matching of children and increase the quality and speed of matchings. There is confidence that new protocols for matching will speed up each stage of the process and identify quickly when the RAA needs to look beyond its boundaries for a suitable adopter match.

5.5. More local placements will lead to more efficient and consistent practice (e.g. by allowing more coherent and managed adoption support offer to all families rather than relying on geographically distant local authorities) and have practical impact (reducing travel time / costs).

5.6. Pooling knowledge and experience will provide the opportunity to take best practice from each element of the adoption system. Particular areas for

spreading good practice include in: adopter assessment and training, therapeutic adoption support, child preparation and life story work and others. There is confidence among practitioners that this will lead to improved placement stability for adopted children with significant indirect savings associated with that. Work is underway to analyse placement breakdown data, to identify common learning from disruptions and build this into the RAA operating systems going forward

- 5.7. The current thinking is that a larger RAA will promote a stronger voice for adopters and children across the region; will improve the sustainability of the organisation (especially important in the climate of cuts/austerity); enhance opportunities for improved strategic planning for the region rather than in smaller localities; and allow internal benchmarking across the RAA to be used to drive improvement.
- 5.8. Regionalisation will also afford opportunities for strong leadership which can; make use of existing positive reputations and areas of good practice; reduce barriers to information sharing; and lead the development of a consistent approach to support provided by NHS / CAMHS / schools / courts and other external partners.
- 5.9. There is an opportunity for the ASC RAA to become established as a specialist and nationally renowned provider of particular functions – for example in the areas of Fostering for Adoption and in evidence based practice via partnership with a University partner.
- 5.10. The reduction (if not cessation) of central funding for both adoption support (ASF) and subsidy for the inter-agency fee in coming months makes this a good time for the four authorities to identify the elements currently funded by these grants which need to be retained and to rationalise future provision. A new RAA adoption support model will focus on high impact, sustainable provision. Secondly, it will be essential to maximise value from inter agency placements – this is more likely through a larger centrally commissioned regional contract with VAA partners.
- 5.11. There are elements of uncertainty within the relatively complex financial structure of the adoption system which are yet to be resolved – not least the future of the inter agency fee, its subsidy grant, the ASF and the ongoing pressure for Local Authorities to find savings. The financial leads for each authority are in the process of identifying current costs to inform the financial

model for the RAA going forward. Despite this uncertainty, there are some real financial savings which will certainly result from creation of the RAA, including: reduced senior/strategic management costs; efficiencies through centralisation of functions (marketing, administration, panels etc); move from spot purchasing to commissioned service (e.g. VAA block provision and adoption support providers). Non cashable savings will also result, for example from quicker matching (reduced fostering costs), increased stability (reduction in need for second placements). Structural innovation, for example using home working and virtual panels will also drive savings.

5.12. PACT have recently carried out a costing exercise which indicates the potential to provide adopters to the ASC RAA at reduced cost based on a block contract model, potentially including Barnardo's. The strengths of VAA partners in the areas of recruitment and assessment of adopters, especially for harder to place children, will be taken advantage of by the RAA, along with elements of their therapeutic adoption support provision.

5.13. Analysis of placement data is also indicating areas for consolidation and savings. In the past two years across the RAA region an average of 30% of placements have been made with VAAs of which well over half were with PACT/Barnardo's. This level of placement may be expected to continue for the ASC, indicating the right VAA partners have been identified.

5.14. ASC local authorities have placed around 5% of children with other authorities within the RAA. These inter agency fee transactions would be saved within the RAA. 10% of children have been placed with local authorities outside of the ASC region. It is anticipated that improved systems for local sharing information and matching will mean that local matches will enable that figure to fall to 5% within a year or so of ASC operation.

5.15. In terms of key performance measures, analysis of most recent RAA data (2015/16) shows areas with scope for potential short term improvement for each authority area. Regionalisation should allow for a levelling up of quality and this will be the performance measures against which the RAA will be judged. For example:

- Southampton have higher rates of placement orders being made
- Portsmouth had lower proportion of children waiting with a Placement Order and lower average waiting times from Looked After Children (LAC) start.
- Waiting times for children were lowest for Portsmouth and highest for Southampton.

- For specific groups some of the waiting time differentials between LAs were even greater (e.g. for siblings Portsmouth significantly shorter waiting time than Isle of Wight).
- A higher proportion of Southampton's looked after children were adopted than other areas.
- Average timescales for approving adopters across the ASC region were good, best in Southampton.
- Hampshire approved fast track adopters quickest.
- Hampshire is the only LA which recruited more adopters than it matched.

Work is being done to identify the factors leading to these variations and to ensure that the RAA embeds those leading to better performance into its practice.

5.16. A final element to the case for change is the moral imperative to strive to provide an excellent service for *all* children. Staff from all ASC agencies would like to build on a growing sense that the RAA will be supporting the 'region's children'. Almost half of Portsmouth's Looked After Children live outside of our authority's boundaries, but within the region.

5.17. With the general case for regionalisation agreed, the key to the success of Adoption South Central lies in the design of the operational model and the delivery models. These need to deliver high quality services in a timely manner to meet the needs of children and their adoptive families across the region.

6. Principles to underpin the design of the ASC operating model

6.1. A number of principles have been agreed by the ASC Project and Governance Boards which will underpin this operational design. These principles are:

- Delivery to children and families should retain a local element – a hub and spoke model will achieve this. A limited number of functions will be centralised (e.g. strategic management, business support, marketing and planning functions), contact with and support for adopters and children will be delivered locally where possible.
- Early identification of children for placement is critical and should be at the heart of structural planning and policy development for ASC.
- A new ASC RAA must make use of digital and other technology appropriately, to satisfy the needs and expectations of children, parents and staff.
- There must be robust protocols and systems for gatekeeping – ensuring children are referred into and out of the ASC smoothly, clearly and safely, especially in cases where the plan for the child is changed away from adoption.

- Protocols for matching should enable quick internal matching decisions for children – if a match is not found quickly within the ASC then other RAAs/VAAAs will be looked at for a suitable match.
- The ASC will be designed as a lean, flexible service provider – it will develop the capacity to commission some services externally, including placements and specialist adoption support. There will be a target of 20% budget set aside for this purpose.

* In 2014/15, across the four local authorities making up the ASC’s children, around 13% of placements were made with adopters from other LAs and 30% with adopters from VAAAs. Inter-agency placements beyond the boundaries of the ASC will still be needed.

6.2.

7. The Delivery Model

7.1. The options for delivery model for the ASC have been narrowed down by the Project Board to the three within the table below:

Options	1. Shared service model (hosted by a single local authority on behalf of the RAA).	2. Creation of a new organisation , independent of any single LA/VAA partner (most likely a Local Authority Trading Company).	3. ‘As Is plus’ The ASC RAA is put on hold, no plan is submitted to the DfE, agencies continue to develop collaborative work building on progress to date
Strengths and key benefits	<ul style="list-style-type: none"> • Quicker and cheaper to implement. • Definite efficiencies to be made in areas of recruitment, assessment and adoption support. • Improvements in practice based on learning from all partner agencies. • Organic growth can be based on best practice and ability to be flexible • Can be used as transitional arrangement to future establishment of independent organisation 	<ul style="list-style-type: none"> • Opportunity to create a brand new service for the region. • More likely to stimulate innovative and creative. • Efficiencies more likely in the longer term. • Can immediately trade other sold services. 	<ul style="list-style-type: none"> • Freedom to respond to local needs • No disruption to current provision • Flexibility – no requirement to respond to government demands in the short term.

Weaknesses	<ul style="list-style-type: none"> • Real or perceived power/influence imbalance across partner agencies. • Role of VAAs less clear/sustainable • Expertise centralized within a single LA. • Potentially reduces innovation potentially 	<ul style="list-style-type: none"> • More expensive and time consuming to set up • Significant start up capital required • Significant staff and other changes to manage. • Local authorities have diluted control over the children referred into the RAA. 	<ul style="list-style-type: none"> • Opportunity for regional innovation will be lost. • No additional funding to aid transformation therefore loss of project management/operational capacity
Risks	<ul style="list-style-type: none"> • Limited change 'on the ground' in the short term meaning limited service improvement. 	<ul style="list-style-type: none"> • Set up costs could be greater than finance available from DfE • Short term potential increased costs to LAs. • Distance from LAs 	<ul style="list-style-type: none"> • Reputational damage for agencies in eyes of the DfE. • Agencies may be required to join other RAAs.

7.2. The case for change has been laid out and the Governance Board approved the plan to move to a different structural solution by 1 March 2018. This would afford access to the £500,000 funding from Government. Without confirmation of the move to a structural reform, DfE are clear we will not receive the additional money.

7.3. Structural change to achieve single point of accountability should be as simple and painless as possible for the majority of staff within the region while still providing assurance that the aims of the ASC can be met. Therefore, the simplest option is to establish a Local Authority hosted service. The benefits are that it builds on existing infrastructure, governance, expertise and capacity.

8. Equality impact assessment

8.1. An Equality Impact Assessment will be completed as part of the further report and decision once details have been finalised.

9. Legal implications

9.1. When considering and implementing the programme set up for the RAA it must always be compliant with and in line with the Adoption and Children Act 2002 and the Children and Adoption Act 2006 and their associated regulations in order to ensure compliance with current legislation.

9.2. The current RAA committee has a legal advisor within the structure who is assisting with full consideration of the legal responsibilities of the Authority and continued compliance throughout the process.

10. Director of Finance's comments

10.1. Under the proposed service arrangement, the current cost of the Council's adoption arrangements will be converted into a payment for services to be provided through the new regionalised adoption agency. This payment is currently expected to be capped for two years at the current year's net costs; although it is anticipated that actual costs may be lower. However, the agency's "fair funding model" for calculating the contribution has still to be developed.

10.2. The Council's savings proposals for 2017/18 onwards incorporate £50,000 from the adoption service to reflect the anticipated cost reductions and, in the first year, income in respect of the support provided in establishing the agency.

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Signed by:

Appendices:

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: