

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 VAAs. 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.

.....
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

.....
Signed by: