

CABINET MEMBER DECISION

Date of decision - 10 March 2017

ADOPTION REGIONALISATION DELIVERY MODEL AND DEVELOPMENT OF DETAILED BUSINESS CASE

Relevant Cabinet Member
Marc Bayliss

Relevant Officer
Catherine Driscoll

Recommendation

- 1. The Director for Children and Families recommends that the Cabinet Member with Responsibility:**
 - (a) supports in principle the preferred 'shared service' delivery model for the Regional Adoption Agency (RAA) known as Adoption Central England (ACE), which is in collaboration with Solihull Metropolitan Council, Warwickshire County Council and Coventry City Council as set out in the report as option 2. The final decision to go ahead will be dependent on the detailed business case demonstrating that the RAA will achieve better outcomes for Worcestershire children and makes best use of the County Council's resources;**
 - (b) notes that this model may include the procurement of an innovation partnership arrangement with one or more Voluntary Adoption Agency (VAA);**
 - (c) endorses with partner authorities a detailed business case to be developed in support of option 2 and carry out appropriate consultation on the preferred shared service model;**
 - (d) reports to Cabinet in September 2017 making final recommendations having regard to the detailed business case and the outcome of consultation;**
 - (e) notes that the proposed operational delivery of ACE would mean a hosting arrangement on the basis that more detailed work is carried out as part of the business case to then allow each Local Authority to make an informed recommendation; and**
 - (f) notes that Worcestershire at this stage has not expressed an interest in hosting and that ACE have supported an evaluation process identifying Warwickshire as a suitable host, subject to (e).**

Background

2. A policy paper from the DfE in January 2013 – ‘Further Action on Adoption: Finding More Loving Homes’ - identified the need for the re-organisation of the existing adoption system. The DfE’s ‘Regionalising Adoption’ paper published in June 2015 outlined the government’s expectations for all local authorities to be part of a Regional Adoption Agency (RAA). In April 2016 the DfE published a new policy document “Adoption: A vision for Change” in which the government committed to deliver radical, whole system redesign by regionalising adoption services by ensuring all local authorities were part of an RAA by 2020. This is currently central government policy rather than a statutory requirement, but the Secretary of State has power to require this by Order (see Legal Implications (below)). The government was clear that Voluntary Adoption Agencies (VAA) needed to form part of each RAA. The government’s aspiration is to improve efficiency and improve the pool of available adopters.

3. There are potential benefits in creating a RAA: it could enable the pooling of information about adopters and children waiting for adoption improve choice, it could speed up matching and placement, RAAs can also benefit from economies of scale, be more flexible and creative and form better partnerships with VAAs.

4. In response Coventry City Council, Solihull Metropolitan Council, Warwickshire County Council and Worcestershire County Council have come together to work towards the creation of a proposed Regional Adoption Agency that has been named Adoption Central England (ACE). The County Council was not directly involved with the initial project development, but has joined in for reasons of geographic and service similarities with Worcestershire. ACE has an established project team that is leading on the design. The work is overseen by a programme board and executive board, which has representatives from all the partner agencies and key stakeholders.

5. Other options with other local authorities were explored. Adoption West, made up from 6 local authorities (Wiltshire, Bath & North East Somerset, North Somerset, South Gloucestershire, Bristol and Gloucestershire) and 6 voluntary agencies, was ruled out due to it being large in size, geographically it is outside of the West Midlands region and there were difficulties in its business model highlighted by the DfE. A partnership with Hereford and Birmingham was also discounted due to the size of Birmingham and the concerns that Worcestershire would not be an equal partner and not be able to develop key initiatives like Dyadic Developmental Psychotherapy.

6. The ambition for ACE is that it will deliver excellent practice and an innovative adoption service that is “Better than the Best”. The working model for ACE envisages that it would deliver the following services on behalf of the partner authorities:

- Adoption recruitment, assessment and training
- Post adoption and Special Guardianship Order (SGO) support including assessment for support
- Non-agency adoptions, overseas adoptions
- Fostering to adopt
- Birth parent support

- Specialist knowledge, consultation and advice
- Matching recommendations
- RAA panels
- Tracking children alongside the local authorities.

7. The primary functions for ACE however will be to work with the 4 local authorities to progress children's plans for adoption or through other routes to permanence, recruit adopters, and provide support to adopted children and their parents that is timely and meets their individual needs.

8. There is currently policy from Central Government for Voluntary Adoption Agencies (VAAs) to play a central role in any new RAA, but the Secretary of State has power to require this by Order. ACE has been developing its approach in shadow stage in partnership with two VAAs, these being Barnardo's and After Adoption. Alongside the work between the Local Authorities and VAAs, other stakeholders including Coventry University who providing best practise advice based on research literature, and adoptive parents are also working in partnership to collaborate with ACE.

9. Following submission of a transition plan and work alongside the DfE, ACE has been chosen to be one of the 'demonstrator sites' to help define what a great RAA will look like. These projects have showed the most potential and have been chosen to reflect diversity in size, models and approaches. Development work has continued including the need to consider and assess different types of structures and delivery models.

10. The executive board of ACE attended by Directors and/or Assistant Directors of Children's Services for each authority considered the options for different types of delivery models and have identified the shared service model to recommend as a preferred model on which to take forward to a more detailed business case and co-design stage, allowing for consultation with staff and key stakeholders.

11. All four Local Authorities officers considered that this was the best option as it minimised risks and gave more flexibility for developing the RAA over time. Worcestershire County Council officers can see the benefit of further development work being done on alternative models (set out below), but, given the partner authorities' preference for the shared service, it is not realistic to carry out development work on all the alternatives at the same time as our partners are not proposing to do this work.

12. To incentivise RAA development, the DfE allocated time limited funding towards this project, which is paying for the project management to develop ACE. This funding has been fully committed, and further funding is available up to November 2017, but there is no further DfE funding after this. Worcestershire's position is that any further project management costs would have to be found from within the current budget applicable to adoption however this would mean fewer resources available to support children and prospective adopters i.e. there is no additional funding available.

13. Our partners are proposing an implementation date of November 2017 (an indicative timetable is set out at Appendix 1). This is ambitious and your officers

consider haste needs to be balanced with achieving the best outcome (for instance, deciding the detailed delivery arrangements prior to evaluating them). The target date will therefore need establishing as the project progresses, and will of course require Cabinet approval. Our objective is to secure the best outcome, but there is a tension with our partners wish to implement in November 2017. Your officers will be advocating a more realistic timeframe to allow the issues to be more fully evaluated.

Options Considered for Delivery Model

14. Different delivery models were considered by the shadow executive board to enable them to make an informed recommendation about the most effective model to take forward as a preferred model to design and consult upon. The options considered included:

Option 1 Company Model

15. This model would create a separate legal identity from the local authority who would buy in services. The model was attractive to create a new culture and identity to drive change and innovation in adoption services however it was not recommended as the preferred model given the financial and HR risks associated with the creation of a new company. Risks and potential costs with pension liabilities deemed this option high risk for the Local Authority.

Option 2 - Contract: Shared Service.

16. This model operates as a partnership contractual arrangement. It is intended that the establishment of the model could be phased, with staffing implications yet to be determined. If TUPE applies this will be dealt with in line with current TUPE legislation. A management board sets the budget and strategy with the contractual agreement covering the nature of the financing and sharing at an operational level. It is usual for one authority to act as the host to facilitate the operational activity of the service, overseen by a management board representing the constituent authorities. It is this option that provides for new ways of operating whilst minimising financial and HR risks that is recommended.

17. Agency Adoption Decision Making remains with each local authority. This means that decisions about the route to permanence (i.e. adoption, special guardianship or Child Arrangements Order) are made by each local authority, as does matching of adopters with children. ACE will recruit, approve and train adopters and provide support to them and children post adoption.

18. The executive board have also considered and recommend that the ability to co-design and deliver the service alongside the VAAs under an innovation partnership arrangement be progressed. An innovation partnership is a new procurement procedure the aim being to develop an "innovative product, service or works" and to subsequently purchase "the resulting supplies, services or works". The procedure is designed to enable contracting authorities (in this case the LAs) to select partners (in this case VAAs) on a competitive basis and develop between them an innovative solution tailored to their requirements.

19. The ACE shared service model is quicker and cheaper than the company model, but not necessarily cheaper than the "as is". However, there is potential to move to a

company model once up and running. The benefit of this is that an incremental development of this sort would help manage some of the risks (e.g. pension liabilities) of setting up a company from the outset.

20. In Worcestershire currently we have a wide ranging improvement agenda and are not recommending that we take on host responsibilities in addition to this. Warwickshire and Coventry indicated an interest in hosting and ACE and following an evaluation in January to support the development of the business case Warwickshire have been identified as the in principle host, on the basis that more detailed work is carried out as part of the business case to then allow each Local Authority to make an informed recommendation.

Option 3 - to do nothing

21. This would not proceed with a Regional Adoption Agency in partnership with the other identified local authorities. This was not an option the Board was able to recommend as the Government has made clear its intention to consider using its power under the Education and Adoption Act to ensure all local authorities' adoption functions are being provided by an RAA by 2020.

22. This option remains available to the County Council. A previous scheme for developing a Regional Adoption Agency did not complete, partly due to an increase in costs. Officers are very mindful of the learning from this and would not recommend proceeding with ACE unless the detailed business case demonstrates clearly how the RAA will be better for the children of Worcestershire and makes best use of tax payer's money.

Recommended Option

23. Option 2 is the recommended option preferred by the Executive Board, of which Worcestershire is a member. However, Worcestershire's viewpoint is that any decision to progress will be based on the outcomes of the business case in relation to impact on children and families and best value for taxpayers.

24. The recent Ofsted inspection identified that Worcestershire's Adoption Service is making a positive difference to children who have a plan for adoption, however, was only rated as "Requires Improvement". Officers would need to be satisfied that the detailed business case supports this continued development, improvement and progress of our adoption service and delivers better outcomes for Worcestershire's children before they could recommend formally proceeding with the implementation of ACE.

25. There is the risk that the regional approach may become compulsory, that authorities matching well with Worcestershire establish their own arrangements, leaving the County Council with few options. Being part of ACE through its development allows Worcestershire to help shape and develop the direction of ACE in collaboration with the three other local authorities.

Financial, HR and ICT Implications

26. The expectation of ACE is that the regionalisation of adoption will be cost neutral but will allow exploration of the potential for savings through efficiencies in shared

services. Worcestershire's Adoption Service has an annual budget of £1.42m and 29.7 full-time equivalent staff. This is our total net contribution to the RAA. More work is planned through the project in exploring the financial implications of the shared service option in more detail. The finance work stream will be providing more detail on the costs and the different financial modelling options as the business case develops. This will include detailed work on the hosting arrangement to support each local authority to make an informed recommendation and decision.

27. Implication on support services and costs of a shared service will be explored more fully within the detailed business case, allowing a true picture of actual costs and benefits to each local authority.

28. The shared service option will need to be costed fully, to include the cost of support service and corporate functions, such as ICT, accommodation, HR, legal services, payroll and financial support. There will also be a need to understand the implications for fixed overheads which will remain the liability of the County Council post transfer. These "stranded" costs may be included within contracts for ICT, HR, Finance or accommodation and may not be easily reduced, even when the future delivery of these type of function will transfer to the RAA.

29. Each Local Authority uses different apportionment methodologies, has different terms and conditions and team structures, so more work will be needed to determine a viable service and budget structure.

30. The shared service model provides less risk to the Council and its current employees than the company model. The issue of cost of company set up, pension liabilities and associated tax and insurance liabilities under a company model were also key factors in the shared service being the preferred model to develop further.

31. It is acknowledged that at this stage, there is not sufficient detail available to advise fully on the costs/benefits. This information will become available as part of the development work for the shared service model. While it would be desirable for development work to embrace other delivery models, the entire premise for the regional approach is shared working and option available for development with other authorities is the shared service one.

32. Each of the four ACE local authorities uses different ICT systems for their adoption recording. Information Sharing and Data Sharing agreements have yet to be agreed and following this significant ICT system work will need to be done to securely link these systems. The individual authorities will need to continue to operate their own systems as they are intrinsically linked to other areas of social care and will be required for performance and management information. Therefore there will be additional costs to centralise the data and information as part of the RAA.

Legal Implications

33. The Adoption and Children Act 2002 is the principal piece of legislation governing adoption and it includes the duty on local authorities to maintain an adoption service in their area.

34. The Children and Families Act 2014 allows for the Secretary of State by order to require all local authorities in England to make arrangement for some specified

functions to be carried out on their behalf by one or more other adoption agency. These functions include the recruitment of persons as prospective adopters, the assessment of prospective adopter's suitability to adopt a child and the approval of prospective adopters as suitable to adopt a child.

35. Further, the Education and Adoption Act 2016 enables the Secretary of State to require local authorities to make arrangements for their adoption functions to be carried out by an RAA.

36. The proposal to create a shared service arrangement enables the County Council to retain its adoption functions whilst having the advantages that a regionalised approach to adoption brings in terms of speeding up matching and improving adopter recruitment.

37. Though the RAA would act on our behalf for some functions (e.g. recruitment and training of foster carers, adoption panel, management of staff) other functions would remain with Worcestershire (e.g. planning for individual children, all Agency Decision Maker decisions and payments to adopters and special guardians).

Privacy and Public Health Impact Assessments

38. There is no recognised impact through this paper on the more detailed business case being developed but will be considered more fully through this work on the preferred model.

Equality and Diversity Implications

39. Equality and Diversity implications will be part of the ongoing work and consultation on the preferred model.

Contact Points

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