

CHILDREN AND YOUNG PEOPLE OVERVIEW AND SCRUTINY COMMITTEE

9 JANUARY 2020

KENT, BEXLEY AND MEDWAY REGIONAL ADOPTION AGENCY (RAA)

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Summary

The Department for Education (DFE) has mandated that all local authorities must be delivering their adoption services through a regional arrangement by April 2020. The minister for Children and Families Nadhim Zahawi MP issued a letter to Medway and Councils across the country in February 2019, confirming the Government's expectation for all Local Authorities to be part of a Regional Adoption Agency (RAA) by 2020. For any authority who fails to do this, the Government have the legal power to direct Local Authority adoption services to another RAA.

This report sets out the summary of the business case for the regionalisation of adoption services across Kent, Bexley and Medway.

Members are asked to consider the report and for comments to Cabinet for its consideration of this report on 14 January 2020.

1. Budget and Policy Framework

1.1 The proposals support the following priorities and ways of working, set out in the Council Strategy.

- Supporting residents to realise their potential
- Giving value for money
- Working in partnership where this benefits our residents

1.2 Proposals for partnership working are currently being met within the existing budgets of the three Local Authorities and are inside the Council's Policy Framework.

- 1.3 The Department for Education (DFE) has mandated that all local authorities must be delivering their adoption services through a regional arrangement by April 2020. The minister for Children and Families Nadhim Zahawi MP issued a letter to Medway and Council's across the country in February 2019, confirming the Government's expectation for all Local Authorities to be part of an RAA by 2020. For any authority who fails to do this, the Government have the legal power to direct Local Authority adoption services to another RAA. (Appendix 1 to the report).
- 1.4 Adoption services functions are the responsibility of the Cabinet. The Council can either arrange for adoption services to be discharged by another local authority or for the function to be exercised jointly by two or more local authorities.

2. Background

- 2.1 In March 2016, the government announced changes to the delivery of adoption services setting a very clear direction that all local authorities' adoption services must be delivered on a regionalised basis by 2020. This followed a range of national policy changes since 2012, including the 2015 'Regionalising Adoption' paper by the DFE that sought improvements in adoption performance. Following the general election in June 2017, the Minister of State for Children and Families reaffirmed commitment to this policy. In March 2018, the DFE commenced the legislation that allows them to direct a local authority into a Regional Adoption Agency (RAA) if there is no progress being made.
- 2.2 It is proposed that a new RAA is created through combining the adoption services for the three authorities of Kent, Bexley and Medway. These agencies wish to build on the success of their existing services to improve performance in meeting the needs of children who require permanence through adoption, by bringing together the best practice from each authority within the RAA. It is proposed that this will be a partnership arrangement.
- 2.3 The Key objectives of regionalisation (as set out by the DFE) are:
- Early identification of children for whom adoption is the right option
 - Timely placement of all children including sibling groups and older children
 - Placements which are sustainable with the right support as needed
 - A sufficient range and number of adopters able to parent children with a wide range of profiles and needs, enabling more children to be placed "in house"
 - Making available a range of different adoption placement types, including early placement approaches such as Foster to Adopt
 - To have an effective and well performing service which would be reflected in the adoption scorecard.
- 2.4 The Kent, Bexley and Medway RAA intend to use the Department for Education criteria (2.2) to guide the outline scope and delivery of the model. For the Kent, Bexley and Medway RAA this will mean:
- One head of service, to be recruited prior to the implementation date to lead the detailed design and ultimately, the delivery of the new service

- A partnership board which will hold the delivery of regional adoption services to account, underpinned by a robust risk sharing and partnership agreement
- A single pooled budget
- The RAA will deliver all the core functions of adoption across the region and will commit to pan-regional approaches to formulating and embedding best practice
- A collaborative approach and model will engage and consult with wider stakeholders to achieve the best possible service.

2.5 The full staffing structure for Medway, including costs, is detailed at Appendix 3. Of this 9.2 FTE at a cost of £445,580 will be ring-fenced under the direct control of the RAA, a further 2.25 FTE at a cost of £48,375 will provide admin support to the RAA via a Service Level Agreement (SLA) between Medway and the RAA. The remaining staff are considered outside of the scope of the RAA for year one but may be transferred into the RAA in later years.

2.6 Key principles

2.6.1 The principles of the RAA have been set out in detail in the business case set out at Appendix 2 to the report. These aim to add clarity and assurance around some key areas:

- Budget – The overall model of delivery will cost no more than the current cost of services, collectively across the region and each authority will be asked to contribute no more than its current budget in year 1 for delivering adoption services. The full business case attached, sets out the financial model for the first 3 years of implementation. The intention remains that future spend will be directly in line with activity and totally equitable among partner authorities.
- HR – Staff will remain an employee of their existing local authority. The business case outlines the implications and activities associated with the formation of the RAA under a partnership agreement.
- Governance and accountability – The business case outlines how the RAA will be underpinned by a partnership and risk sharing agreement, to be agreed by members of the executive board and finance, legal and HR colleagues prior to implementation.

2.7 The matter of the development of a Regional Adoption Agency has previously been considered by the Cabinet.

- 25 October 2016 – The Cabinet considered a report, which presented an outline of a proposal to develop a Regional Adoption Agency in line with Government expectations for adoption services. The Cabinet agreed, in principle, to enter into formal dialogue with a view to the establishment of the Regional Adoption Agency with the local authority partners, London Borough of Bexley and Kent County Council subject to formal agreement from the Cabinet on the findings (decision no. 124/2016 refers).
- 9 July 2019 – The Cabinet agreed to instruct the Director of People - Children and Adults Services, in consultation with the Portfolio Holder for Children's Services (Lead Member) to:

- a) Formulate the detailed design of the Regional Adoption Agency model in collaboration with local authority partners, Kent County Council and the London Borough of Bexley; and
 - b) Complete the full business case for the establishment of the Regional Adoption Agency for approval by the Cabinet in October 2019. (decision no. 83/2019 refers).
- 2.8 This report and business case will be presented to the Cabinet on 14 January 2020.
- 2.9 Initially, the region had been pursuing a local authority hosted model in which staff would be TUPE transferred and budgets pooled under Kent as the lead authority. However, subsequent detailed discussions with the regional executive board and the Department for Education have led to a revised proposal.
- 2.10 Kent, Bexley and Medway RAA are now formally proposing a partnership model that requires no physical transfer of staff but operates under a robust governance structure. Work is underway to fully scope this and produce an associated governance framework involving the joint exercise of adoption functions underpinned by a partnership agreement.
- 2.11 This model requires trust between the partners. The arrangements for the joint exercise of adoption functions, relevant delegations of responsibility and operating practices of the RAA will be documented in a partnership agreement that will be a signed, legal document.
- 2.12 This way of working will mean:
 - No TUPE or secondment of staff
 - Pooling of budgets and a clear structure in which the RAA Head of service has final accountability for budgets and staffing across the region
 - Practices will be aligned, over time, through co-design with staff at every level of the business
 - Where functions do need to be led by one Local Authority on behalf of the others, this will be identified and agreed by the Executive Board.
- 2.13 The draft business case attached as Appendix 2 to the report describes how establishing a single agency will allow the three authorities to provide cohesive, efficient and effective use of resources and development of practice to the benefit of children, adopters and others who gain from adoption services. It proposes that, they will work in the spirit of partnership and collaboration and each local authority is equally accountable for the performance and delivery of the service.
- 2.14 This business case is founded on several key assumptions:
 - This is an equal partnership
 - There is one Head of Service who is responsible for the management of all the staff assigned to the RAA
 - Consistency of adoption practices and processes will be sought and service delivery the same across all three local authority areas, within an agreed period

- All agencies have the resources available to actively lead on, participate in agreed work streams, and achieve the deliverables within agreed timescales set out in the plan
- The RAA will work in partnership with the Children's social work teams in all partner authorities to ensure early permanence planning
- RAA staff will remain an employee of their current local authority with management responsibility for those staff resting with the head of service for the RAA of which the post holder will be an employee of Kent County Council. The details of this will be outlined in the partnership agreement
- The RAA will be delivered from office bases in all three locality areas. This will ensure continuity of provision as far as possible; close working relationships with children's social workers and easy access for local communities to a service within their community
- All RAA workers will also be expected to work across all three local bases if the needs / demands of the service require it
- Staff will retain their local bases
- The model will be built on existing budgets and FTE numbers and as such will ensure there are no redundancies
- There will be opportunities for cross-speciality working. This could be on a rotational basis or another method.

2.15 The RAA will have teams providing specialist functions: post adoption support, recruitment and family finding.

2.16 The proposed structure of the RAA is designed to allow flexibility for staff to undertake different adoption activities in line with changes in service demand. For example if there is a surge in adoption support, the RAA model is designed to be flexible and responsive to enable staff in partner authorities to support and manage the identified growth area. This complements the RAA model, which intends to move towards a demand led formula which will depend on either the number of placement orders or number of adoptions in each partner authority. The RAA partnership board will need to agree a mechanism for monitoring and maximising efficiencies across the partner authorities.

2.17 For Medway, it is anticipated that regionalisation will support children being placed for adoption more swiftly which will reduce the children's placement budget but also improve Medway's adoption performance. It is expected that Medway adoption performance will improve year on year.

2.18 The Head of the RAA will be meeting with each Lead Members of the partner authorities to determine the level of member involvement of the RAA. This will inform a proposal which will be submitted to Cabinet for approval on 3 March 2020.

2.19 There is a meeting already scheduled for 6 January 2020 between Medway's Portfolio Holder for Children's Services (Lead Member) and Head of RAA Sarah Skinner to begin the thinking. The executive board of 31 January 2020 will take this discussion further, which will have representation across the three Councils.

3. Options

- 3.1 The formation of this business case follows substantial work with the strategic members of each local authority. This partnership model was agreed upon following an options appraisal earlier this year.

4. Advice and analysis

- 4.1 A Diversity Impact Assessment (DIA) will be completed once the business case and partnership agreement have been finalised and presented to Cabinet in the spring 2020.

5. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Not joining an RAA	<p>There is a significant risk to not joining an RAA. This is a mandated action from the DFE and the majority of LAs are already in regional arrangements.</p> <p>Failure to achieve regionalisation of it's adoptions services in the timescales required may undermine the Councils ability to evidence it is able to run it's Childrens Services.</p>	Join the RAA	F1
Governance and accountability	<p>There is a risk to the governance and accountability of the model as a result of regionalisation. Medway Council needs to have oversight, scrutiny and decision making powers within the new structure.</p>	<p>The joint exercise of adoption functions will be underpinned by a clear governance structure and line of accountability. A robust partnership agreement will be in place, in which all partners will have equal responsibility for the delivery of the regionalised service.</p>	E2

Agreeing budgets	An accurate budget must be agreed at no extra cost to the Council in year one.	The financial principles of the model guarantee that future funding for the model will not exceed the current spend on adoption services. Agreement is being sought on the 'assets' each local authority will bring to the partnership and how they will be compensated for these in the first year.	E1
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6. Consultation

6.1 Consultation with stakeholders is an integral part of the Regional Adoption Agency project. The list below sets out the stakeholders that will be engaged during the project set-up phase. Their feedback will be incorporated into the future model and will continue to lay the basis for service design and amendments going forwards. It is also worth noting that many of the workstreams listed below have been engaged on this project from as early as 2016 and their feedback has informed the emerging model:

- Practice / task and finish groups: This works team is made up of Heads of Service/Service Managers and frontline adoption staff. It includes developing the structure and practice model of the RAA.
- HR: This workstream includes mapping the as-is workforce, identifying roles, partial roles and functions that will move to the RAA, developing a new structure and job descriptions.
- IT: This includes mapping as-is IT systems, developing a practical and immediate solutions drawing on learning from other RAAs where different IT systems are used, develop approach to data sharing, scope future IT solution.
- Commissioning: This includes identifying existing externally commissioned services across the authorities within the scope of the RAA and making recommendations about transition arrangements.
- Finance: This includes mapping existing cost of in-scope functions, developing financial model for new RAA and proposals for reviewing the financial arrangements.
- Legal and governance: This includes ensuring new proposed approach meets legal requirements, developing the governance structure of the new RAA.

- Communications and engagement: This workstream is about ensuring that all key stakeholders are kept up to date and are engaged in the design of the new RAA arrangements. It will include delivery of events, newsletters, workshops etc.
- Adopter and adopted people's voice: This workstream will ensure that the voice of both adopters and adopted people informs the RAA delivery model. There will be several events with adopters and adopted people during both the setup of the project, but they will also form part of the RAA governance going forward.

6.2 These on-going workstreams have multiple representations from each local authority. The involvement of staff across the wider service has been an effective way of extracting specialist knowledge, skills and tools into the development of this model in order to develop a realistic implementation plan.

7. Financial implications

7.1 The DFE criteria states regionalised adoption services must operate under a pooled budget arrangement with a single head of service managing this budget. Although, there will be no transfer of staff within the Kent, Bexley and Medway RAA region, the financial proposal is that all budgets are pooled to ensure the smooth operational management of the RAA going forwards: The pooled budgets will need to be ringfenced. This will involve:

- Each LA will transfer their annual total adoption budget to the RAA
- Each LA contribution to the RAA will be set in agreement with both the RAA Executive Board and each LA's own Medium Term Financial Planning/Budget process
- The RAA budget will cover all adoption related costs including:
 - Staffing related spend
 - Non-staff costs
- Each partner LA will pay for direct staffing related costs such as salary, on costs or other expenditure administered through the local authorities' payroll and recharge/invoice the RAA staffing related costs to the RAA budget on a quarterly basis
- All other non-staffing costs or staffing costs not administered through the local authorities' payroll system will be charged directly to the RAA budget
- The RAA budget will be managed by the RAA Head of Service who will complete monthly monitoring of the RAA budget and will request additional financial information where necessary from partner authorities
- The RAA Head of Service will report the forecast financial position regularly to the Executive Board. The Executive Board will determine how any overspend is managed/funded or how any underspend should be spent/returned to the partner local authorities

7.2 Budget

7.2.1 The RAA partnership is committed to the principle there will be no overall increase in the total adoption budget across the three local authorities in Year 1 of the RAA. To this end, each local authority will contribute its 2020-21 budget (based on the 2019-20 adoption budget plus additional budget for the 2020-21 pay award) of £665.8k to the RAA. The RAA HOS will manage this budget in order to affect the smooth running of the RAA. In future years, the

RAA will move to a demand led spending model, which may increase / decrease the contribution from each LA, but this will be agreed by the executive board in line with an equitable formula still to be agreed. However for Medway while it's anticipated that there will be an increased cost for years 2 and 3 (based on current demand levels), however there is also expected to be savings realised from the potential placement budget as children are expected to be adopted quicker to offset the increased cost or if the demand level reduces.

7.2.2 The draft annual budget for the RAA and total contributions from each local authority for Year 1 is set out below. This budget is based on 2019-20 budgets only and will be updated to include 2020-21 pay award. The RAA budget will be split into two parts. The budgets for recruitment, adoption panels and other management costs will operate as a pooled budget from Year 1. The Adoption Support budget will also be transferred to the RAA from Year 1 but each Local Authorities budget will remain in a separately managed fund under the RAA until the commissioning plan for the adoption support service is unified across the three authorities in future years. The total net budget for the RAA is estimated to be £4.2m in 2019-20 of which £1.3m relates to adoption support. These figures below do not include expenditure funded from the Adoption Support Fund. ASF income will be generated by the RAA and used to fund specific adoption support costs.

Local Authority Draft Net Budget to be transferred to the RAA £'000s	Total recruitment, adoption panels and management net budget 2019-20 £'000s	Total adoption support net budget 2019-20 £'000s*	Total 2019-20 net adoption budget to be transferred to the RAA £'000s
Bexley	399.9	164.8	564.8
Kent	1,951.1	1,004.8	2,955.9
Medway	552.0	113.8	665.8
Total	2,903.0	1,283.4	4,186.5

*Expenditure funded from the Adoption Support Fund will also be transferred to the RAA (this is fully funded from the ASF income). Income and expenditure from the ASF is not cash limited by any of the authorities and so is not shown in the figures above.

7.3 Interagency placement budget and approach

7.3.1 Existing budgets for interagency placements (currently a cost of £27,000 per placement) will be transferred to the RAA in Year 1. This will be reviewed in future years alongside the demand led funding model. It is recognised the three partner authorities have different approaches to the use of interagency placements and an equitable formula will be used to ensure local authorities are not disproportionately impacted by the transfer of this service to the RAA. The exact model is still to be agreed by the RAA Executive Board. However, the principle will be that interagency fees will be abolished between the three partner authorities for new adopters assessed and approved by the RAA from Year 1. At go-live each authority will have a number of approved and waiting adopters to transfer to the RAA, along with a number of children awaiting an adoption placement. The Executive Board will need to agree an approach to ensure each local authority is financially compensated for their list of adopter

and adoptees at the time of go live. As at November 2019 Medway has 11 children waiting for adoption and 11 potential adopters to transfer into the RAA.

7.4 Future years

7.4.1 The RAA partnership board will need to agree the exact mechanisms and processes for budget review through the partnership agreement. The RAA budgets will be reviewed annually in line with Local Authorities Medium Term Financial Planning process. At the end of Year 1, this review will include a view of overheads to ensure no partner authority is significantly negatively impacted from the creation of the RAA.

7.4.2 The RAA intends to move towards a fully demand led formula for budget setting by the end of year 3 at the latest. A demand led formula will likely mean the contributions from each local authority will change over time. An equitable formula for demand led budget setting will need to be agreed through the partnership board but early indications suggest that future budgets will be set in line with either the number of placement orders or number of adoptions in each partner authority. For Medway it's anticipated that there will be an increased cost for years 2 and 3 (based on current demand levels), but this increased cost is expected to be offset by placement savings as children are expected to be adopted quicker.

8. Legal implications

8.1 The RAA will be an entity in its own right underpinned by a partnership agreement setting out how the three local authorities will jointly exercise adoption service functions.

8.2 The partnership agreement will be formulated between now and March 2020 at which point, Cabinet members will be provided with a clear summary of legal implications for consideration and the decisions required to implement the partnership. The detail of the partnership agreement will be drafted and agreed in collaboration between legal leads in all three local authorities.

8.3 A further report will be presented to Cabinet, which will include details of the formation of the RAA and the delegations to enable the RAA to perform its functions.

9. Recommendations

9.1 The Committee is asked to note the contents of this report and forward any comments to the Cabinet.

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Appendices

Appendix 1 – Letter from Minister for Children & Families Nadhim Zahawi MP to all Local Authorities on 19 February 2019.

Appendix 2 – Kent, Bexley and Medway RAA – Business case
Appendix 3 – Medway Adoption Services staffing structure

Background papers

Cabinet Report - Regional Adoption Agency, 25 October 2016

<https://democracy.medway.gov.uk/ielIssueDetails.aspx?IId=18064&Opt=3>

Cabinet Report - Regional Adoption Agency, 9 July 2019

<https://democracy.medway.gov.uk/ielIssueDetails.aspx?IId=26067&Opt=3>