

Report to: Lead Member for Children and Families

Date of meeting: 22 July 2019

By: Director of Children's Services

Title: South East Regional Adoption Agency

Purpose: To seek approval for the establishment of a Regional Adoption Agency on the basis of a Hub and Spoke model.

RECOMMENDATIONS

The Lead Member is recommended to:

- 1) **approve the establishment of a Regional Adoption Agency ("the RAA") from the adoption services of Brighton & Hove City Council, Surrey and East and West Sussex County Councils, on the basis of the model recommended in the report, to be known as Adoption South East (ASE);**
 - 2) **approve that East Sussex County Council be appointed as the Lead Authority; and**
 - 3) **delegate to the Director of Children's Services:**
 - (i) **authority to determine the roles and duties of the Lead Authority, the RAA and the Local Authorities;**
 - (ii) **in consultation with the Chief Executive and Chief Finance Officer authority to determine what amount of the budget allocated for the Council's adoption service is included in the RAA pool; and**
 - (iii) **authority to take any actions he considers necessary in consequence of and to give effect to the decision to establish the RAA, including (but not limited to) entering into any agreements.**
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1. Background

1.1 'Adoption - a Vision for Change' was published by the Department for Education in 2016, with supporting legislation directing local authorities (LAs) to form or join Regional Adoption Agencies (RAAs). This reflects the aspiration of central Government to rationalise the adoption sector, creating a smaller number of adoption agencies operating at regional level in place of the 180 agencies in operation in England in 2015. RAAs were envisaged as facilitating up to 200 adoptions a year.

1.2 Given both the existing well-performing adoption services and existing strong relationships forged in a previous local consortium approach to adoption services, the four Directors of Brighton & Hove City Council, (BHCC), East Sussex County Council (ESCC), West Sussex County Council (WSCC) and Surrey County Council (SCC) initially met and agreed to explore regionalisation at a future date, taking account of the specific needs and geography of the proposed region.

1.3 In October 2017 LAs were advised of continued ministerial resolve to complete regionalisation by April 2020, prompting a successful application for grant funding by ASE, supporting subsequent project work.

1.4 By May 2019, half of LAs nationally were already part of functioning RAAs, with remaining projects working towards implementation by April 2020.

2. Supporting Information

2.1 The partnership between the four LAs has developed since 2015, with strong foundations at senior management and operational levels. Although some partners are engaged in improvement journeys following wider inspections of their Children's Services, adoption services in all four authorities are strong. Interest in joining ASE is also being expressed by another LA, however given the impetus for 'go live' to happen in April 2020, that possibility will be explored at a later date.

2.2 Having considered various options and learnt from operational RAAs, there is now confidence that the RAA can be successfully delivered with minimal disruption to staff, within existing budgets and without diminution of service quality.

2.3 Having placed 150 children for adoption jointly across the four LAs in 2017-18, the number of children is within the range suggested by the Government for bringing services together as a RAA.

2.4 The RAA would increase placement choice for children and support early permanence, benefitting children and releasing resources, notably foster placements, with the additional benefit of reduced inter-agency spend which is currently payable if matched adoptive families are approved by another agency.

2.5 Creating a comprehensive ASE support offer for adoptive families would be a longer term objective, however some initiatives by partner authorities could be scaled up at relatively little cost in the short term.

2.6 A larger service would promote service resilience, providing opportunities for staff development, and making staff turnover easier to manage.

3. Delivery model

3.1 A range of delivery models for RAAs have been used across the country. These include a host model where one authority takes the lead, a model led by a Voluntary Adoption Agency (VAA), TUPE arrangements where one authority takes on the whole obligation for staffing the RAA or creating a separate delivery vehicle. The RAA needs to be a legal entity or to be hosted or led by one in order to be able contract with other parties.

3.2 A range of options, including those mentioned above, have been considered locally.

3.3 Adopting a VAA hosted model was discounted given the limited VAA presence across the region.

3.4 Establishing a separate delivery vehicle such as a LA controlled company could prove to be expensive to establish and administer, and disruptive to staff and services, particularly if it is envisaged that staff would transfer to the company.

3.5 The recommended model that offers the least disruption and which builds on existing strong structures is for one of the partners to act as a Lead Authority and to host the RAA but that the staff from the other authorities are not subject to TUPE transfer. East Sussex is well placed to act as host and has offered to do so; this offer is supported by the other three LAs.

3.6 As the host, East Sussex would act as the contracting body on behalf of the RAA. Finances would be held in a pooled budget by the host on behalf of the RAA, and IT systems for the RAA would also be hosted in East Sussex. The Lead Authority would provide corporate support such as Information Governance and legal services, and senior management support would also be provided. Additionally the host would appoint a Head of Service for the RAA. This will be a new position, to be offered on East Sussex terms and conditions. The arrangement would be underpinned by an Inter Authority Agreement setting out the terms of the partnership and the respective roles and responsibilities.

3.7 The costs incurred by the Lead Authority in undertaking the role would be met by the partners, but accommodation and facilities costs for staff would continue to be met by the individual LAs given that the RAA spokes will be located within the authorities.

3.8 Statutory responsibilities for looked after children with adoption plans would continue to be held by the four authorities, although family finding would be undertaken by the RAA which would also undertake adopter recruitment, assessment and support. The RAA would additionally provide post adoption support services and offer a non-agency adoption service to applicants adopting a step child, relative or a child adopted from overseas.

4. Proposed structure

4.1 It is proposed to adopt a “Hub and Spoke” structure with a central Hub servicing the partners. The specific functions to be undertaken at each level are subject to final agreement - appendix 1 sets out the current proposed allocation of roles which is currently being refined and has yet to be confirmed. It is proposed that authority be delegated to the Director of Children’s Services to approve the final allocation of roles and responsibilities. The Hub would be the strategic and business centre for the RAA, and would be located in East Sussex. The number of people physically located together in the Hub would be minimal; notably the Head of Service, business support and finance functions via Orbis. Staff based in the four partner organisations would provide case work to service users, notably social work assessments of prospective adopters, family finding for children with adoption plans and adoption support, with locally based managers overseeing this work. In addition,

some elements of service delivery might be undertaken by workers who are based in a LA, but on behalf of the whole RAA e.g. provision of adopter training, matching meetings and adoption panels. These would be services that can be accessed by children and families irrespective of where they live within the region. As such, some workers will have both Hub and Spoke functions to perform (see appendix 1).

4.2 Adopting such a structure would support centralisation of some administrative activities, whilst allowing service users to continue to access services locally - which is important given the size of the proposed region. Disruption would be minimised with staff remaining with their current employer and in their current locations.

4.3 A detailed RAA service structure would be agreed following in principle Member approval and appointment of a Head of Service, however appendix 2 indicates the proposed relationship between the proposed RAA, the LAs and other partners as well as showing the role of the Hub and the Spokes.

5. Stakeholder Engagement

5.1 Stakeholder engagement events have been held with staff from the four LAs with feedback demonstrating enthusiasm for developing closer working but also understandable anxieties about what change on this scale could mean. Adopter Champions are in place; that is people who have adopted and who can feed into the development of an engagement strategy for the RAA on behalf of that key group of stakeholders.

5.2 Directors were unanimous in recommending that the RAA should involve minimal change to employment arrangements for approximately 100 staff who would remain employed by sovereign councils, on existing terms and conditions and thus that TUPE transfer of staff would not be applied.

5.3 HR advice confirms that staff may be managed on a day to day basis by colleagues employed by another LA, subject to a legal framework to support this. HR support would be provided by Orbis for East Sussex and Brighton & Hove employees, and West Sussex and Surrey would be supported by their own HR departments.

6. Finance

6.1 As host, East Sussex would manage the pooled budget arrangements and provide regular financial monitoring and reporting. Work is ongoing to finalise the financial arrangements for the RAA, including discussions with existing RAAs in order to test assumptions. There are a number of areas to be confirmed, including the elements of current adoption service budgets to be included in the scope of the RAA pooled budget and any elements which would stay with individual authorities to support those functions remaining with each LA. It is proposed that the final decision as to what elements of the current adoption service budget are included in scope be approved by the Director of Children's Services having first consulted the Chief Executive and Chief Finance Officer. However, we are working to the assumption that LA contributions would be no more than the existing budget for RAA potential

'in-scope' activity, as shown below at 2019/20 levels, with a maximum total pooled budget of approximately £5.7m:

Brighton and Hove	Surrey	East Sussex	West Sussex	Total
£1.110m	£1.429m	£1.297m	£1.880m	£5.716m

6.2 The proposal is that the budget assumptions, once agreed, are built into the partner's agreement, with provision for an annual uplift in line with inflation. The agreement would also include plans to create a small RAA reserve (provisionally up to £0.25m) from any in-year surpluses that may arise from the RAA, to be used against any potential future deficits.

6.3 The basis for assignment of additional costs (and reimbursement in the event of underspend) would also be set out in detail in the partner's agreement. This would be based on a two-stage process, after use of any available RAA reserve, in order to reduce the risk to individual partners, as summarised below and in appendix 3:

- first considering the over or underspend on inter-agency fees, as these are the most volatile element of adoption costs. Any over or underspend on this area would be directly allocated back to the relevant authority that had spent more or less than their budgeted allocation; and
- any remaining over or underspend would be allocated back to individual authorities based on their proportionate size using a combination of actual net costs and activity levels (e.g. numbers of children placed) from the last three full financial years.

6.4 Based on this process, the allocation of any additional costs/reimbursement would currently be as follows (subject to testing and confirmation):

Brighton & Hove	Surrey	East Sussex	West Sussex	Total
20%	24%	24%	32%	100%

6.5 The financial risk to East Sussex for hosting the RAA is considered low as, under the pooling arrangement, it would be limited to East Sussex's proportionate share of any overspend from the RAA, i.e. similar to the current financial risk of this activity through East Sussex's Reconciling Policy, Performance and Resources and budget monitoring process. It is also considered low risk due to:

- over 70% of net RAA cost being for staff, which is a reasonably stable and predictable cost;
- staff from other LAs **not** TUPE transferring to East Sussex as host;
- the planned creation of the RAA reserve (see paragraph 6.2), to be used first against any potential future deficits; and
- agreement that any termination costs that may arise in the future for any RAA posts appointed by East Sussex would be covered by the RAA or proportionately by each Council; and monitoring arrangements that will be in place for the RAA via its Strategic Partnership Board.

6.6 Regular financial monitoring and reporting would also be in place through the year in order to monitor performance against the budget and therefore to seek to minimise financial risks.

6.7 The creation of the RAA will necessarily reduce some of the Council's own flexibility and decision-making ability around adoption services and would remove the ability to require savings from them for the Council's Medium Term Financial Plan (MTFP). However, as there is the requirement to form the RAA, this reduction in control may be unavoidable. It should be noted that this service has not been an area of search for MTFP savings in recent years and is considered stable and well-run, as shown by the recent financial performance for in-scope activities:

FY	Budgeted net spend (£000)	Actual (£000)	Variance (£000)
16/17	1,219	1,237	19
17/18	1,234	1,264	30
18/19	1,275	1,230	(45)

6.8 The creation of the RAA does, however, also provide some mitigation to the Council if there are pressures on adoption budgets as these will, in the first instance, need to be tackled by the RAA. It should be noted, however, that there is an expectation, but not a planning assumption, that forming the RAA would deliver efficiencies in the medium to long term, thereby also potentially reducing any financial risk to East Sussex and the RAA through the return of any efficiencies back to sovereign council budgets.

6.9 As noted in paragraphs 4.3 and 6.1, the detailed RAA service structure is not yet agreed and we are working to a total RAA cost of no more than existing budgets. However, if final planning work shows that the RAA cannot be implemented within the existing budget envelope, discussion will be required as to whether the RAA can proceed or the required additional funds identified.

6.10 As part of the budget pooling arrangements, any amounts charged to the other partners are generally outside the scope of VAT, as there is no provision of services to the partners, but simply recovering costs as part of the general partnership arrangements. VAT elements will, however, be kept under review, especially if the RAA's organisational form changes or develops.

7. Governance

7.1 An Executive Board of Directors and Assistant Directors of Children's Services, chaired by the Director of Children's Services in East Sussex has been established and is responsible for setting direction and allocating resources (Terms of Reference are set out in appendix 4).

7.2 In addition, a Project Board of operational adoption managers and additional project support is grant funded and chaired at present by the Project Manager who is the Adoption Service Manager for Surrey County Council, but chairing will move to

the new Head of Service when they are appointed (Terms of Reference are set out in appendix 5).

7.3 With future governance in mind, it is proposed that the Executive Board oversees the Strategic Partnership and direction of travel as set out in an annual RAA Business Plan in order to comply with the duties placed on local authorities to monitor the provision of adoption services.

7.4 A Head of Service would be appointed by East Sussex from September 2019 to shape service design and delivery. This post and any related support would be funded by the RAA and the Head of Service would be jointly accountable to the four partner authorities through the Executive Board.

7.5 A Partner's Agreement will set out the detail for the RAA, making provision for the Head of Service to make day to day operational decisions, and reserve strategic decision making to the Strategic Partnership Board.

7.6 Adoption panels will become shared between the authorities within the RAA in order to minimise delay in approval of adopters and matches and to streamline and co-ordinate administration. Any panel within the RAA could consider and make recommendations about potential adopters and matches from any part of the ASE area. In light of this, panel arrangements will be reviewed to ensure they are fit for purpose under the RAA model. This will include reviewing the involvement of elected Members in panels. Member involvement is not a legal requirement and not all partners currently adopt that model. Panel arrangements are complex and will therefore require further thought and discussion. Elected Member oversight of the overall performance and progress of the adoption service will continue to be provided as part of the annual progress reports on Looked After Children's Services which are reported to Corporate Parenting Panel and Cabinet each autumn.

8. Equalities Impact Assessment (EQIA)

8.1 A preliminary EQIA was completed and concluded that there will be no negative impact on any of the protected characteristics arising from the development of the Regional Adoption Agency, as there are no changes to policy or access arrangements for customers.

9. Conclusions and reasons for recommendations

9.1 The proposals exist in the context of Department for Education policy document: 'Adoption – Vision for Change' (2016) and recognise that the new model will need to be developed to be compliant with these requirements.

9.2 The relationship between the four LAs has started from a good position and continues to strengthen. The proposed delivery model will achieve the objectives of the project with the minimum disruption. Governance arrangements are well established and confidence in the potential benefits of the RAA has grown.

9.3 Lead Member approval is now required to agree the proposed delivery model. Once agreed, an IAA will be entered into between the parties appointing

ESCC as the Lead Authority. A Head of Service will then be appointed by East Sussex who will work towards establishing the RAA by April 2020.

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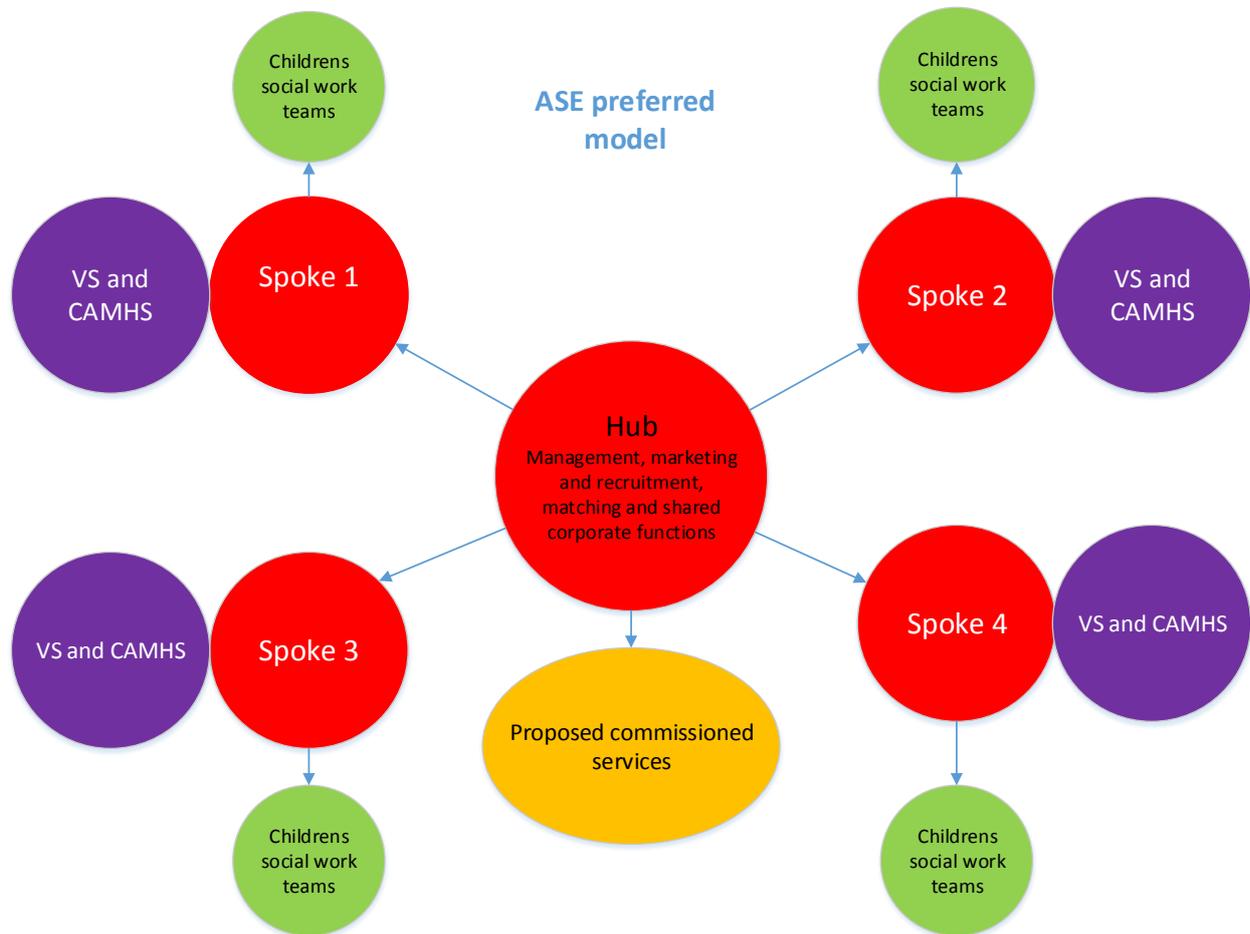
Local Members

All

Appendix 1: Roles and responsibilities of the RAA and the LAs

Delivery body	Function
ASE Hub	<ul style="list-style-type: none"> • Management of RAA-Head of Service • Business Support management • Managing RAA budget • Adopter enquiries and initial stage • Co-ordination of adopter training • Overview of Children with adoption plans/ early permanence • Matching processes • Co-ordination of adoption panels across the region • Agency decisions (Adopters) • Post order strategy and commissioning • ASE policies and procedures • Participation and Customer feedback
ASE Spokes (x4)	<ul style="list-style-type: none"> • Adopter assessment • Family finding • Adoption Support , including birth records counselling, intermediary, Birth relatives • Non agency adoption • Contact-direct/post box <p>Support to the spokes provided by sovereign LAs</p> <ul style="list-style-type: none"> • Facilities/property services • IT equipment and support for LA systems • HR and payroll • Learning and development
Local authority functions	<ul style="list-style-type: none"> • Responsible person • Adoption plan/ Annual Agency report • Case holding children with adoption plans • Permanence and care planning for children • Agency decisions (child) • Life story work/ direct work with child (pre order) • Funding adoption plans(allowances/ set up costs / legal fees)
LA Partnerships	<ul style="list-style-type: none"> • CAMHS • Virtual School
Commissioned services from VAAs	<ul style="list-style-type: none"> • Inter country adoption • Inter-Agency Placements • Commissioned Adoption Support

Appendix 2



Appendix 3 – Outline “decision tree” process for allocating surpluses/ deficits from the RAA

