Cabinet – 21 June 2017

Creation of a Regional Adoption Agency – Adoption@Heart

Portfolio: Councillor A Nawaz, Children's Services and Education

Related portfolios: N/A

Service:Provider Services-Adoption and PermanenceWards:AllKey decision:Yes

Forward plan: No

1. Summary

This report presents the proposal to create a new Regional Adoption Agency (RAA) to be named Adoption@Heart. This is to be achieved through the combining of adoption services for the following local authorities, Dudley MBC, Sandwell MBC, Walsall MBC and City of Wolverhampton Council.

An update regarding progress of the RAA was presented to Corporate Management Team on 23 February 2017 where they confirmed their continued support for formation of the RAA under the auspices of an LATC model

This report describes how establishing a single agency will allow the four authorities to provide a more cohesive, efficient and effective use of resources and promote the development of practice to improve outcomes for children, adopters and others who gain from adoption services such as birth relatives. This is the first stage of the process for agreement, the second stage will provide full financial costing of the RAA and it is anticipated that this will be presented to cabinet in October 2017.

The Cabinet is recommended to approve proposals for the establishment of the RAA and further, to agree that the RAA is established as a Local Authority Trading Company (LATC). An LATC is an organisation wholly owned by the participating local authorities, and that such a company be constituted as a Community Interest Company (CIC) and a Company Limited by Shares (CLS). Cabinet is requested to make this decision by July 2018 as this is in line with the cabinet timeframes for the other Local Authority members.

The development of Regional Adoption Agencies (RAA) is part of a national programme and central Government expect all local authorities to form or join a Regional Adoption Agency by 2020. There is a risk to Local Authorities failing to join a regional agency that central Government could direct how their services would be delivered, whereas participation in the Department for Education's Regional Adoption Agency Programme project allows the Council to influence ways of working rather than having them imposed upon it.

The four Black Country authorities, Dudley, Sandwell, Walsall and Wolverhampton, have been accepted by DfE as 'early adopters', which provides access to funding to cover the costs of setting up the new agency. Substantial project work has been undertaken since November 2015 to develop the new RAA. The project is required to provide progress reports to the DfE on milestone delivery. A risk register is maintained as part of regular project management practice with mitigating actions identified to ensure the likelihood and impact of risks is managed proactively.

The development of the RAA provides the opportunity to design a new service from top to bottom, led by our vision and commitment both to excellent and innovative practice and value for money. Work undertaken to date has identified many areas of service innovation which will support the RAA to deliver the service efficiencies and improvements.

It is anticipated that current adoption service employees of the Local Authorities will transfer to the new agency under the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006 to the regional adoption agency.

The recommendation is that the RAA is developed as an LATC. This follows a detailed appraisal of the delivery vehicle options informed by independent legal advice. The chief advantages are seen to be the opportunity for equal ownership and status for all participating authorities, with all LAs represented on the Board of Directors, and greater opportunities to develop a culture and practice that focuses purely around the needs of children and adopters. A new identity and brand distinct from the local authorities is seen to provide an excellent platform to engage adopters, build trust and innovate while maintaining effective connections with LA children services teams.

It is further recommended that the legal form of the LATC is a Community Interest Company Limited by Shares (CIC CLS). CICs are a popular vehicle for social enterprises with a positive reputation as a self-sustaining organisation that exists to benefit the wider community. Constituting this as a Company Limited by Shares further enables the company to pay some financial returns to stakeholders if affordable, and raise third party capital (social investment) if required due to its ability to issue shares.

2. Recommendations

- 2.1 That the Adoption@Heart Regional Adoption Agency (RAA) is established as outlined in this report
- 2.2 That the RAA is established as a Local Authority Trading Company (LATC), an organisation wholly owned by the participating local authorities
- 2.3 That such a company is constituted as a Community Interest Company (CIC) and a Company Limited by Shares (CLS).
- 2.4 That a further report presenting the full details of the LATC, including costing, is considered in October 2017 as part of stage two of the process.

3. Report detail

This report presents the proposal to create a new Regional Adoption Agency (RAA) to be named *Adoption@Heart* by combining the adoption services for the local authority areas of Dudley MBC, Sandwell MBC, Walsall MBC and City of Wolverhampton Council. It shows how establishing a single agency will allow the four authorities to achieve a more efficient and effective use of resources and improve outcomes for children, adopters and others gaining from adoption services.

The purpose in requesting approval at this stage is to secure agreement that the RAA is established as a Local Authority Trading Company (LATC), constituted as a Community Interest Company (CIC) and a Company Limited by Shares (CLS).

Government requirements

The development of Regional Adoption Agencies (RAA) is part of the national regionalising adoption programme. The government set out their proposals to move to Regional Adoption Agencies by 2020 in '*Regionalising Adoption*' (July 2015), and invited expressions of interest from local partnerships to become 'early adopters'. That paper set out three aims for RAAs:

- To speed up matching and improve the life chances of neglected children
- To improve adopter recruitment and adoption support
- To reduce costs (through quicker placements for looked after children)

Government plans were further developed in 'Adoption; A Vision for Change' (March 2016). The Department for Education (DfE) expect to see Voluntary Adoption Agencies and Adoption Support Agencies (collectively referred to as VAs) actively included in both the co-design and delivery of RAAs.

The Local Response

The four Black Country authorities, Dudley, Sandwell, Walsall and Wolverhampton, working with VA Adoption Focus, and at the time Shropshire and Telford & Wrekin local authorities, responded in September 2015 to DfE's call for expressions of interest to become 'early adopters'. DfE agreed funding to begin in November 2015.

There are a number of advantages to becoming an early adopter of the programme. In particular, since DfE have said that they expect all LAs to deliver their adoption services through an RAA by 2020, a proactive approach enables LAs to design a new agency themselves, ensuring that local needs are addressed and improved outcomes for local children are achieved at the earliest opportunity. In addition, the LAs are active players in the changing national adoption landscape and have secured DfE funding to cover the costs of setting up the new agency.

Shropshire and Telford & Wrekin were actively engaged in the project until February 2017, when they concluded that being part of the RAA was not in their best interests due to funding concerns and uncertainty about the benefits for their rather different child population profile compared with that of the four Black Country authorities.

The four Black Country agencies have a long history of working together and have jointly operated a single 'front door' for prospective adopters via *Adoption in the Black Country* (ABC) since 2002. The ABC partnership has provided a solid foundation for this work, and historically has been recognised by external regulation as an area of good practice.

Benefits of a Regional Adoption Agency

The design of the RAA will be led by a commitment both to excellent and innovative practice, and value for money. A number of benefits are anticipated, both because of the opportunities for total re-design of the service, and because of its larger scale:

Anticipated Benefits - Efficiencies

- Reduction in LA expenditure on fostering placements (and practitioner time)
- Unit cost reduction of adopter recruitment, family finding and support services
- Decreased use of inter- agency placements
- More children identified for adoption through improved permanence planning.

Anticipated Benefits – Quality of Practice and Outcomes

- Improved permanence planning for children
- Increased placement choice from a larger pool of adopters
- Reduction of placement days from children entering care to being placed with their adoptive family
- Fewer children for whom the permanence plan changes away from adoption
- A wider range of support services for adoptive families, promoting stability and reducing disruption
- More adopters approved and swifter matching of adopters with children.

Project management and governance approach to establish the RAA

Substantial work has been undertaken since November 2015 to implement the new RAA which is planned to go live by July 2018. Funding of £274,551 has been claimed to 31st March 2017 from the DfE to support the project including project management, and independent specialist legal, financial and technical advice. The project is required to provide progress reports to the DfE, and subsequent phases of funding are contingent upon satisfactory progress.

Project organisation and governance arrangements are well established. The project is led by the City of Wolverhampton Council and the overall project sponsor is Dudley's Strategic Director for People. A Project Manager is in place with responsibility for managing the project and the project management approach includes processes for risk management. There is active consultation with stakeholders including council elected members, adopters, and staff as the proposals has developed. A stakeholder engagement strategy is in place. Voluntary Adoption Agencies (VAA's) are actively involved, in line with DfE expectations. A Partnership protocol, setting out the agreed ways of working together, is in place. The project governance structure is presented in **Appendix 1**.

Design of the new service and operating model

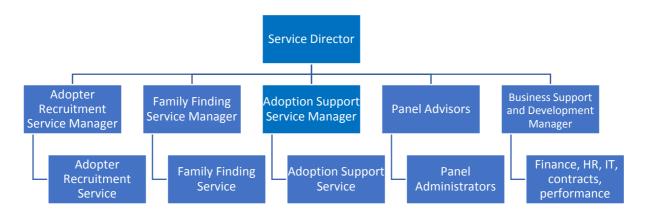
The development of the RAA provides the opportunity to design a new service from top to bottom, and a whole range of new and innovative practice will enable the efficiencies and improvements outlined in 2.3 to be delivered. The RAA will deliver the following services:

- Support and challenge to child care teams in assessing children's needs and early identification of children for whom an adoption plan is suitable
- Early Permanence Placements
- Child preparation and life story work

- Recruitment and approval of adopters including Panel and ADM decision
- Purchase and sale of inter-agency placements to achieve the best match
- Family finding and matching
- Matching Panel and Agency Decision Maker (ADM) decision on matches
- Pre and post approval support for adoptive families
- Birth Family support including Letterbox
- Support for adopted adults access to records and counselling
- A non agency adoption service

The service specification will set out the related responsibilities which will remain with the LAs (primarily those relating to the children) to ensure that the whole system works effectively. A detailed list of respective responsibilities is presented **Appendix 2**.

A 'Hub & Spoke' model is planned with a central hub helping to build the identity and culture of Adoption@Heart, whilst maintaining a local and accessible presence via 'spokes', keeping staff and service user travel time to a minimum. Practitioners will be equipped to work flexibly, making use of 'hot desk' arrangements in local authority office bases. The high level structure for the RAA is shown below.



The organisational design of the RAA is shown in Appendix 3

Required productivity of RAA to meet local need for adoption services

Modelling has been undertaken to determine the likely numbers of adoptive placements required from the RAA each year, based on 2015/16 and 2016/17data.

- 140 children were placed for adoption by the 4 LAs in each year.
- A high proportion of placements were provided by another agency, thus incurring an inter-agency fee: 36.5% in 2015/16, and 59% in 2016/17. This is likely to be linked to usage of the DfE Inter Agency Fee grant (now ended).

This has informed the productivity projections and assumptions for the RAA:

- A modest increase in the number of placements during the first 3 years, then becoming stable. This is in line with the anticipated requirements of the 4 LAs.
- A gradually reducing proportion of placements incurring the Inter-Agency fee, stabilising at 20% from year 3 to ensure effective matching for every child.
- A modest increase in the number of placements found for children from other LAs (and so generating an Inter-Agency fee as income for the RAA).

2018/19 2019/20 20	2020/21
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	(Year 1)		(Year	2) (Year 3		3 onwards)
Total children to be placed for adoption	150		155		160	
Placed by RAA	105	70%	116	75%	128	80%
Placements provided by another agency*	45	30%	39	25%	32	20%
Placements found for other children	15		15		16	
(income)						
Total placements 'made' by RAA	120		131		144	

*Combination of RAAs, LAs and VAAs

Arrangements with Voluntary Adoption Agencies

VAs will be involved in the co-design and delivery of the RAA, both as subcontracted providers of identified services, and as contributors to the RAA's strategic direction through a non voting role on the RAA Board. The RAA will procure a VA consortium to achieve this. In addition, we are working through the West Midlands Regional Adoption Board to establish a Regional Permanence Hub which will include a supplier framework from which providers of specialist adoption support can be accessed on a spot purchase basis to meet family need.

Proposed delivery vehicle for the RAA and options appraisal

The RAA Project Board has undertaken an options appraisal of a range of possible delivery vehicles for the RAA. The models that have been considered are:

- Model 1 A single LA hosting on behalf of the other LAs
- Model 2 A Local Authority Trading Company (LATC) wholly owned by the LAs
- Model 3 A Joint Venture between the LAs and VAs creating a new VA
- Model 4 Outsourcing service delivery to an existing VA

Independent legal advice was obtained and presented to Directors of Children's Services, Project Board members and local authority legal officers. A comparison of the likely running costs of Models 1 and 2 was also considered. This showed very little difference between the two models, with the only material difference being that the LATC model is likely to be subject to irrecoverable VAT on the purchase of non-welfare items (see section 4). The table below presents a summary of the options appraisal.

	Model 1	Model 2	Model 3	Model 4
Ownership, governance and features	 One LA delivers the RAA on behalf of the other 3 LAs who do not have any ownership of the RAA. Control would be exercised through contracts between the LAs and they could share strategic decisions about service design and improvement, investment and savings. VAs could be co-opted in, but would not hold a governance role. Back office likely to be delivered by host LA's corporate services 	 The RAA is established as a separate legal entity, with 100% ownership by the LAs. Each LA would be a member of the RAA and appoint a board member. They would have equal ownership, offering balanced control between LAs, compared to Model 1. VAs can be represented as Non Executive Directors. Back office likely to be directly delivered by RAA; delivery needs to ensure minimum VAT liability 	 The RAA is established as a separate legal entity from the LAs, with ownership shared between the LAs and VA(s). The RAA would be accountable to all owners. It would be possible to use the division of voting rights to determine the influence of different LAs or VAs. The RAA would have regulatory scrutiny from either the Charity Commission or the CIC Regulator. 	• The entire RAA is outsourced to an existing VA for them to deliver on behalf of the LAs via a procurement exercise. LAs would not own the RAA but would monitor the contract through a Joint Commissioning Board.
Benefits	 Implementation: Easier to implement as utilising existing infrastructure so lower service risk during transition. Procurement: simple contractual arrangement between the LAs and the LA carrying out the RAA function. Running costs: as for an LATC except that LAs are VAT registered so can recover VAT on non-welfare purchases 	 Scrutiny and accountability by LAs would be equal. Stability and sustainability: Equal LA ownership means greater stability and shared risk. Greater potential to access charitable grants and social investment, especially through VAA partners. Flexibility: More flexible as separate legal entity; mechanisms can allow LAs to join or leave; LATC could be used for other purposes later. Implementation: Greater opportunity to re-design processes and structures to improve quality and outcomes. Procurement: No procurement 	 Stability and sustainability: All key stakeholders have a level of ownership with potential for a balanced structure and shared risk. Flexibility: More flexible as a separate legal entity with a broad spread of ownership. Greater ability to raise finance and a charity structure might offer greater opportunities for grant funding. 	 VAAs have strong track record in this area An existing VAA is a charity, and has an existing Board of Trustees.

	Model 1	Model 2	Model 3	Model 4
		would be required as the Teckal exemption allows LAs to contract with a body they own and control.		
Risks	 Scrutiny and accountability: unequal role in governance between the LAs would need to be addressed through contractual agreements. Stability and sustainability: Risks will need to be fairly allocated across LAs. Non-host LAs may feel less participation and commitment. Service is subject to priorities of host LA, which may create risks. No opportunity to access social investment. Flexibility: Difficult for RAA to run independently of the host LA in the event of difficulties; less scope for RAA to adapt its range of activities. Limited potential for innovation; more likely to adopt processes of host rather than best practice of all partners and beyond. Staffing: Host LA takes on the staff, LGPS obligations and statutory responsibilities. Alignment of pay scales more challenging as benchmarked to each LA's pay scales. 	 Running costs: As for the hosted model except the LATC will not be VAT registered and so be unable to recover VAT on the purchase of non-welfare items, although a national change to these rules is being sought Staffing: Uncertainty about Terms & Conditions could create risks in recruiting social workers compared with an LA hosted model. Implementation: More complex transition than LA hosted model. 	 Implementation: more complex and costly to establish and operate. The due diligence and transfer process will be a significant and resource intensive process. Setting up the RAA as a charity will take longer and be more complicated than for a CIC. The Teckal consideration would not apply as this structure would not be wholly owned by LAs. The potential charitable advantages of this vehicle could be realised instead through partnership with VAs. The VAs involved in the project did not wish to participate in this option. They wish to be involved in co-delivery and design of the RAA, whilst retaining the ability to deliver services in their own right. They perceive that model 2 better defines the relationship between the VAs with the RAA. Other RAA projects are not adopting this model. 	 Unlikely to be as cost effective as other options Less flexible Transfer issues more complex Less favourable in terms of likelihood of achieving the desired outcomes. Less control and influence by the LAs. Staff in LAs may be nervous about moving to the voluntary sector Other RAA projects are not adopting this model.

In the light of this assessment, **the recommendation is that the RAA is developed as an LATC**. This option holds the following advantages and opportunities:

- A joint venture creates a new entity which offers a neutral platform, affords all participating authorities equal status within the arrangements and avoids the perception of control which the required role of a "lead authority" can create.
- The structure allows governance arrangements to be straightforward with all LAs represented on the Board of Directors, and VAs in a Non Executive Director role.
- It will be easier to establish a new identity and brand distinct from the local authorities, providing a better platform to engage adopters, build trust and innovate while maintaining effective connections with LA children services teams.
- Greater flexibility outside of the regulation of local government offers opportunities for innovation, growth and transformation of adoption delivery.
- A separate entity enables the development of a culture and practice that focuses purely around adoption and the needs of children and adopters.
- The creation of a new company owned by the local authorities offers future opportunities for further shared service delivery.

The legal form of the new company

If the recommendation of an LATC is accepted, a legal form for the new company needs to be further agreed. An appraisal of the options (in terms of branding and identity, tax reliefs, use of surpluses and profits, liability and regulation), has concluded that one of the following legal forms will be the most appropriate:

- a community interest company (limited by guarantee);
- a community interest company (limited by shares);

Other legal forms have been ruled out because they will not enable two key factors:

- The RAA needs not only to operate for social impact, but also for its structure and branding to make this clear to the outside world. A legal form with an asset lock will be best to achieve this.
- The RAA needs to be a "body corporate that is not carried on for profit" in order for the LAs to delegate relevant care functions as the child's corporate parent.

	Reasons
A charity	A company wholly owned by the LAs cannot register as a charity.
A company limited by shares	Although it is possible to build in an asset lock to a simple CLS, a CLS would not project the same message as the CIC label.
A charitable incorporated organisation	A company wholly owned by the LAs cannot register as a charity. Some legislation relating to LAs does not recognise CIOs as a suitable corporate form.
A limited liability partnership	These do not have an asset lock, which could be of concern to investors. The advantage of LLPs, that they are tax transparent, would not be a key consideration as the purpose of the RAA will be to deliver social impact. LLPs are also not eligible for social investment tax relief.

The table below shows the other legal forms rejected, with the reasons:

Rationale for forming the RAA as a Community Interest Company (CIC)

CICs are a popular form of company specifically designed for social enterprise – sometimes called a 'wrapper'. They have a positive reputation as self-sustaining organisations that exist to benefit the wider community. Key features of a CIC:

- The company must carry out activities for the benefit of the community
- CIC makes clear the company is not profit making and has a clear social purpose

- There is an asset lock
- It may be possible to attract some business rate relief
- A CIC has the ability to carry out its own trading activities
- There are lower levels of regulatory oversight allowing greater flexibility.

A CIC can be either limited by shares or by guarantee.

- With a company limited by guarantee, each member guarantees a sum to be put towards the company's finances if it is wound up. The company cannot issue shares, nor pay dividends to its members.
- With a company limited by shares, shareholders each hold shares in the company and liability is limited to the amount unpaid on shares they hold.

Key advantages of a CIC CLS here are the ability to:

- Pay some financial returns to LA members, if affordable, providing they have invested capital in the entity (in cash or in the form of asset transfers).
- Raise third party capital (social investment) due to ability to issue shares.
- Create different economic interests for stakeholders if needed.

In the light of the assessment above, the recommendation is that the legal form of the LATC is a Community Interest Company Limited by Shares (CIC CLS).

Proposed governance and accountability of the Regional Adoption Agency

The RAA will be wholly owned by the participating LAs, with each LA having an equal share of ownership (25% each). They would be the Members of the organisation and would enter into a 'Members' Agreement. The anticipated governance arrangements of the RAA, via a Board of Directors, can be viewed in **Appendix 4**:

Day-to-day operational decisions will be taken by the RAA and strategic decisions referred to the Board of Directors which will be accountable for running the RAA.

The RAA Board of Directors

- LAs will have full ownership of the strategic direction of the RAA. To ensure this, each will have a Non Executive Director place on the Board of Directors, and will be the only members with voting rights. LA officers acting as directors will be offered training and support to carry out their duties effectively and in a way that promotes the success of the RAA for the benefit of its members as a whole.
- The Adoption@Heart Service Director will be an Executive Director on the RAA Board (with no voting rights). They will advise and be held to account by the Board. Other RAA managers can be invited to attend as required.
- The VA consortium will be offered a place on the Board in the capacity of Non Executive Director (non voting member).
- A further Non-Executive Director with valued expertise could be appointed if it becomes clear that there are knowledge or skills gaps on the Board as a whole.
- All directors would be duty bound to act in the best interests of the company. Where conflicts arise, a declaration of interest protocol will be followed.

Stakeholder influence

Mechanisms to enable key stakeholders to influence the RAA will be established:

- An Adopter Advisory group with ability both to send papers up to the Board, and be tasked by the Board to give advice or attend board meetings.
- A mechanism for the child's voice (adoptees) to engage with and contribute to the Board will be developed.
- A staff forum to contribute staff views to the Board will also be considered.

Relationship with the LA Joint Commissioning Board

In addition to sitting on the RAA's Board of Directors, the participating authorities will need to hold a commissioning relationship with the RAA. A Joint Commissioning Board, consisting of representation from each of the local authorities will be formed for this purpose, governed by an agreement between the commissioning authorities. It will be important to ensure there is an "ethical wall" between the Joint Commissioning Board and the RAA Board of Directors and that membership is different and appropriate to the respective roles of each Board. This will enable all members to act in the best interests of the function they are representing.

A Commissioning Agreement will then be entered into between the participating authorities and the RAA. The Joint Commissioning Board will monitor the delivery of this and the performance of the RAA. A Performance Monitoring Framework is being developed to monitor the performance of the RAA against the agreed contract. Other agreements will also be required, in particular around information sharing, both between the LAs and with the RAA in line with Data Protection and security.

4. Council priorities

Key Council priority of **Make a positive difference to the lives of Walsall people:** This will be addressed by enabling Walsall residents to approach a Regional Adoption Agency which is local to them to explore adoption as a positive choice for them to make and to become successful adoptive parents for local children. This will be achieved through effective and robust collaborative working relationships with our Black Country colleagues.

Key Council priority of **Children are safe from harm, happy and learning well with self-belief, aspiration and support to be their best:** This will be addressed through effective recruitment of skilled adoptive parents who are able to meet the diverse range of needs of children cared for by Walsall and who require their long term needs to be met through the security of an adoptive placement. It will also support our aim of reducing down on the cost of inter-agency placements as over time the number of children placed with Adoption@Heart families will increase.

Key Council Priority of **Safe, resilient and prospering communities:** This will be addressed by providing children who have a plan of adoption with safety and a strong sense of belonging which will endure throughout their childhood and into adulthood.

5. Risk management

At the outset, there is a risk to the Local Authority if it fails to join a regional agency. This could include central government directing how its services would be delivered. Participation in the Department for Education's Regional Adoption Agency Programme project allows the Council to influence ways of working rather than having them imposed upon it.

A risk register is maintained as part of regular project management practice with

mitigating actions identified to ensure the likelihood and impact of risks is managed proactively. Key risks identified include:

Risk	Mitigation
Major reorganisation of adoption services in the region has an impact on service delivery to children and adoptive families in the short term.	 Staff engagement and consultation Management oversight and close monitoring via performance measures aligned with the revised operating model Effective transition planning agreed with service managers and flexibility to enable service delivery priorities to be managed.
Loss of key quality staff through the change process	 Staff consultation and engagement to ensure they are engaged and enthused about the opportunities presented by a joint agency Dedicated HR workstream in place
Required RAA productivity is not achieved within resources agreed	 Effective financial modelling including expert advice underpins RAA Engagement of all partners in agreeing proposals to ensure estimates are understood by all and are as accurate as possible. Strong management and leadership ensures clear understanding of requirements Performance and financial monitoring frameworks in place
Fluctuations in volumes mean that proposed staffing levels are not always consistent with demand.	 Proposed organisational staffing levels are based on actual demand experienced over the past three years VAA partners are commissioned to meet unexpected demand. More coordinated and targeted recruitment activity.
Adopters lose confidence during the change process resulting in deterioration in relationships with adopters	 Adopter forums and newsletters disseminating information and gathering feedback. Involvement of adopters throughout the process. Service monitoring during transition to ensure no impact on service delivery.
Disruption of good working relationships with child care teams in authorities, and disrupted links with health, education and other services. ICT system change impacts on service information, governance and records, e.g. loss of	 Engagement of child care teams in the project and specific input into service specification and process changes. Engagement with all partner agencies and service providers Ensure robust systems are in place to maintain ongoing relationships into the future. ICT lead officers involvement and collaboration in planning and developing appropriate solutions. Detailed information gathering and analysis prior to service implementation. Information Governance Agreement between partners

Risk	Mitigation
personal information,	
delays in processes,	
safeguarding risk	
and cost of	
information security	
failures.	

6. Financial implications

Set up and project costs

The costs of setting up the RAA are being funded by the Department for Education as part of the support available to early adopters of the programme. It is not anticipated that any set up costs will be payable by the LA's. However, the DfE are not able to cover the costs of marketing the new agency, this cost will need to be met by the four LA's.

Developing the RAA Financial Model and Budget

A five year budget for the RAA is under development, using a base budget approach and taking account of the required productivity to achieve the outcomes required. The budget will reflect some incremental increases in productivity and an inbuilt inflationary increase which will be accommodated by the RAA.

A cashflow forecast will be developed as part of the financial modelling which will inform both the timing of payments by the LAs to the RAA and the working capital requirements of the RAA. The level of working capital required and terms under which it may be accessed will be fully identified in the detailed business case, along with a recommendation about how it will be provided. Working capital is not considered by DfE to be part of the set up costs of the RAA and so will not be provided by them.

Delivering Efficiencies

It is anticipated that there will be some efficiencies over the medium to long term arising from bringing the adoption services together into one agency. In particular, the strategy to reduce the historically high spend on interagency placement fees is a key part of the approach to achieving efficiencies. Savings are also anticipated through reduced placement costs as children are placed for adoption more quickly. In addition, there are some non-cashable savings for the LAs, e.g. through adoption services ceasing to use the Council's corporate services, and through the release of office premises back to Councils.

VAT Implications of an LATC model

Tax advice has identified that if the RAA were to be a separate legal entity from the LAs, the nature of its supplies and contracts with the local authorities would determine the VAT liability. HMRC see adoption agencies as providing solely VAT exempt 'care and welfare' activities. There are two consequences of this exemption:

- The RAA will not be required to charge VAT to the participating authorities in respect of the welfare services it provides.
- The RAA may not be able to recover the VAT it incurs in procuring support services from third parties. Examples here include venue hire, software licenses, printing, advertising, and any externally procured business support services.

Consequently, RAA support and back office services arrangements will be as VAT efficient as possible. The unavoidable payment of irrecoverable VAT will be factored into the RAA budget.

Discussions are currently taking place at the national level to present a counter argument to HMRC that RAAs are providing a full management service on behalf of local authorities and that legal responsibility still lies with the local authorities, with OFSTED inspecting the RAA as agent of the local authorities rather than as an adoption agency. This will take time to agree and success is not guaranteed.

The Funding Agreement

Funding for the new RAA will be largely provided by the partner local authorities. In the first two years of operation, the expectation is for each LA to contribute an amount equal to their budget for relevant adoption services. This will also enable year 1 contributions to be based on a direct transfer of current relevant resources.

For Walsall the current total budget currently being considered (but subject to change) is £0.961k (associated with Adoption services and a proportion of Children's Administrative service). For 2016/17 the services final outturn position was an overspend of £168k. Walsall has maintained that the budget envelope remains its preferred stance since a position based on outturn would create a significant financial pressure for Walsall due to the challenges as a result of the higher number of Children currently being supported along with changes to the re-imbursement criteria set by the Department for Education (DfE).

Basing the funding on current budgets will become increasingly irrelevant as the RAA becomes established. As part of the commitment amongst partners to work collaboratively, a demand based formula that will seek to identify efficiencies and ensure that the initial budgets are not exceeded will be agreed by all LAs and used from year 3 (adjusted if necessary to accommodate significant differences from current contributions). This will ensure funding contributions from each local authority reflect differential use of the service. The funding agreement will also identify an agreed approach to any underspends or overspends. The financial risk to each LA will be identified along with a formula for apportioning these.

7. Legal implications

Legal requirement to provide an adoption service

The provision of an adoption service is a statutory requirement and the Council is required to monitor the provision of adoption services. The Adoption and Children Act 2002 provides the structure for this and under section 3 of the Act, each Council must continue to maintain within its area an adoption service designed to meet the needs of children who may be adopted, their parents, natural parents and former guardians. These services are referred to as the 'adoption service', meaning either a local authority or a registered adoption society may be referred to as an adoption agency (section 2(1) of the Adoption and Children Act 2002).

The development of an RAA will not absolve each local authority of its statutory responsibilities, but will allow for certain functions to be delegated to facilitate the operation of a regional adoption agency. Legal Services representatives from the four local authorities are developing the legal framework for the RAA.

Section 15 of the Education and Adoption Act 2016 enables the development of Regional Adoption Agencies by amending the Adoption and Children Act 2002 to

include joint arrangements by one or more local authorities for all or any of their functions to be carried out on their behalf by either a) one of those authorities; or b) one or more other adoption agencies.

Each local authority will continue to be registered as an adoption agency as it will retain the Agency Decision Maker (ADM) responsibility for the child along with its care planning responsibilities. ADM for adopter approval and matching will sit with the RAA. The RAA will have its own Unique Registration Number and satisfy Ofsted requirements.

Procurement of the RAA and governance considerations

No procurement of the RAA will be required as the LAs will take advantage of Regulation 12 of the Public Contract Regulations 2015, which allows one or more LAs to contract with a body they own and control without undertaking an EU compliant procurement. Supporting services will be procured (sub-contracted) by the RAA itself under the Lighter Touch Regime, and below the €750k threshold.

Each of the participating authorities will commission services from the RAA, and a Joint Commissioning Board, consisting of representation from each of the local authorities will be formed for this purpose, governed by an agreement between the commissioning authorities. The RAA will then be directly accountable through a contract with the LA Joint Commissioning Board for delivering adoption services.

8. **Property implications**

A Property workstream has been established with representatives from all LAs to determine options on suitable Council premises for the RAA "Hub". Leasing arrangements and costs will then be identified. RAA staff will have flexible access to existing office accommodation to enable locality working, and will be provided by each local authority at no cost to the RAA.

9. Health and wellbeing implications

These proposals are fully compliant with the Marmot principles and more specifically with policy objective A 'Give every child the best start in life' and policy objective B 'Enable all children, young people and adults to maximise their capabilities and have control over their lives'. This will be achieved by ensuring that we build resilience in children and their adopters by securing early permanence and wrap around support for the entirety of the adoption journey and by ensuring that the holistic needs of children and young people are met being through the provision of stable, safe and secure adoption placements.

10. Staffing implications

Appropriate current employees of the LAs will transfer to the new agency under the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006. HR advisers from all local authorities are working closely together to consider the implications for staff transfer and pensions. Pension indemnity costs have been accounted for from set up funding provided by the Department for Education.

All partners will carry out their responsibilities with regards to the legal requirements. This will include exchange of information on the impact of the transfer on affected staff, and any measures being proposed by the new agency. A due diligence review of the numbers, roles and Terms & Conditions (T&Cs) which currently apply to employees will be undertaken to identify what T&Cs the RAA would inherit on a TUPE transfer. The RAA will consider how the variety of terms would fit in with its

structure of T&Cs and identify any potential issues or conflicts. A formal consultation process with all affected staff and recognised Trade Unions will be undertaken by all the partner employer(s) for all staff affected by the transfer.

Appropriate 'pension protection' will need to be provided for employees transferring under TUPE from the LAs to the RAA. Discussions will take place with the West Midlands LGPS Pension Fund, of which all 4 LAs are members, regarding the RAA also participating in the LGPS to allow the transferring employees to continue with their membership, or entitlement to join following the transfer. Next steps include a Pension Actuarial Assessment, considering TUPE implications, staff consultation, and the Due Diligence process for policies and procedures. Consideration will be given as to pension arrangements for future staff employed by the RAA.

11. Equality implications

This proposal has equal opportunity implications as the development of an RAA has direct implications for looked after children with a plan for adoption. Actions included in this report target support for the most vulnerable children and therefore will have a positive impact on equalities. Research and data analysis has been undertaken to identify and agree actions to address potential equality impacts for service users and staff, and the project will continue to explore and address equality impacts. The data analysis includes results by protected characteristics to ensure that the actions outlined in this report are targeted to those areas that require it the most. The Equalities Assessment, undertaken by City of Wolverhampton Council on behalf of the RAA members is **Appendix 5**.

12. Consultation

Consultation with stakeholders is an integral part of the Regional Adoption Agency project. Key stakeholders including council elected members, adopters, and staff have been engaged in the development of proposals. A stakeholder engagement strategy is in place, identifying all stakeholders and the approach to engagement with each.

A quarterly newsletter is distributed to Local Authority and VA staff and adopters setting out progress with the project. A website <u>www.adoptionheart.org.uk</u> provides general information about Adoption@Heart and has a members' area for staff where "Frequently Asked Questions" about the project are answered.

Engagement events have taken place with adoption team staff and adoption Panel members in October 2016, November 2016 and April 2017. Staff also have ongoing communication with service managers and are involved in a range of workstreams related to the detailed design of the new service. There are plans to engage with Children's Social Care staff, who already receive the quarterly newsletter. Trade Unions have been informed of outline proposals and arrangements are in place for ongoing consultation as proposals are developed further.

Lead Members were consulted at a workshop in March 2016 and since then have been kept informed of project progress directly by officers. The Trade unions were also informed via a briefing paper which out lined the RAA proposals.

Adopters are directly involved with the project via a number of means. 43 adopters and prospective adopters responded to a web based survey in August 2016

expressing an interest in being involved in the plans to develop the RAA. The views of adopters are integral to the service design and will continue to be central to the operation of regional adoption services. There is adopter representation on the service design group and an Adopter Advisory Group is now being established through Adoption UK to contribute adopter views and ensure that proposals are informed by service users. Key messages that adopters have contributed to date include the importance of services being local, with travel kept to a minimum, especially as the geographical area of the organisation is seen to be growing; continuity of staff working with adopters and prospective adopters; and the need for adoption support services to be accessible post adoption and throughout family life.

There are plans to consult with adopted children directly. A report prepared by one of our VA partners, After Adoption in August 2016, *The Big Consult*, set out the results of their consultation work with young adopted people to identify the issues they find important that can be incorporated into the development of Regional Adoption Agencies.

We also consulted with the Family Justice Board in October 2016 and there are plans to involve birth families, health service commissioners and providers, and Virtual Schools.

Background papers

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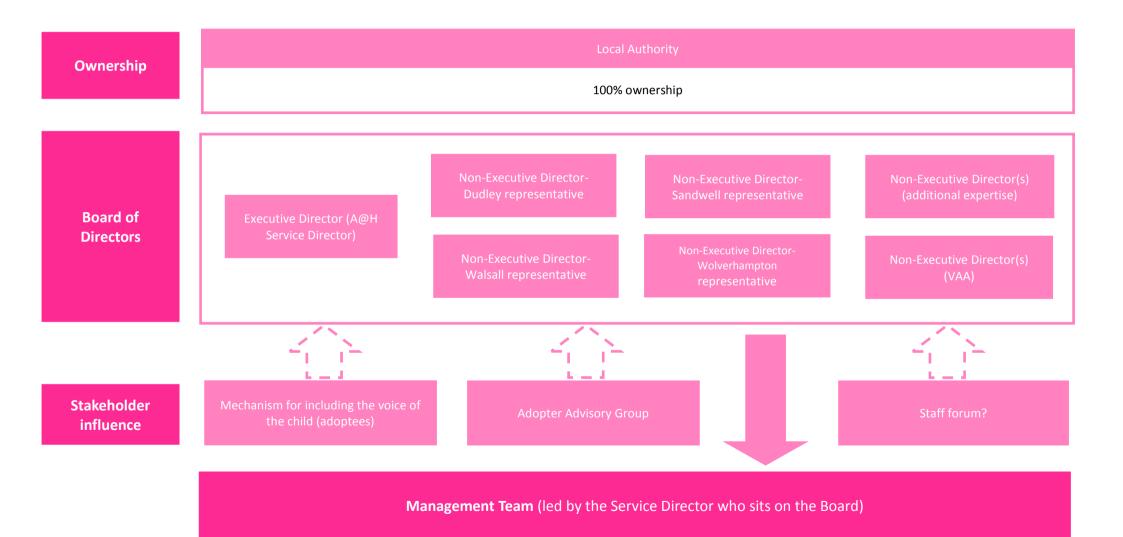
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David Haley Executive Director 13 June 2017

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Councillor A Nawaz Portfolio Holder 13 June 2017

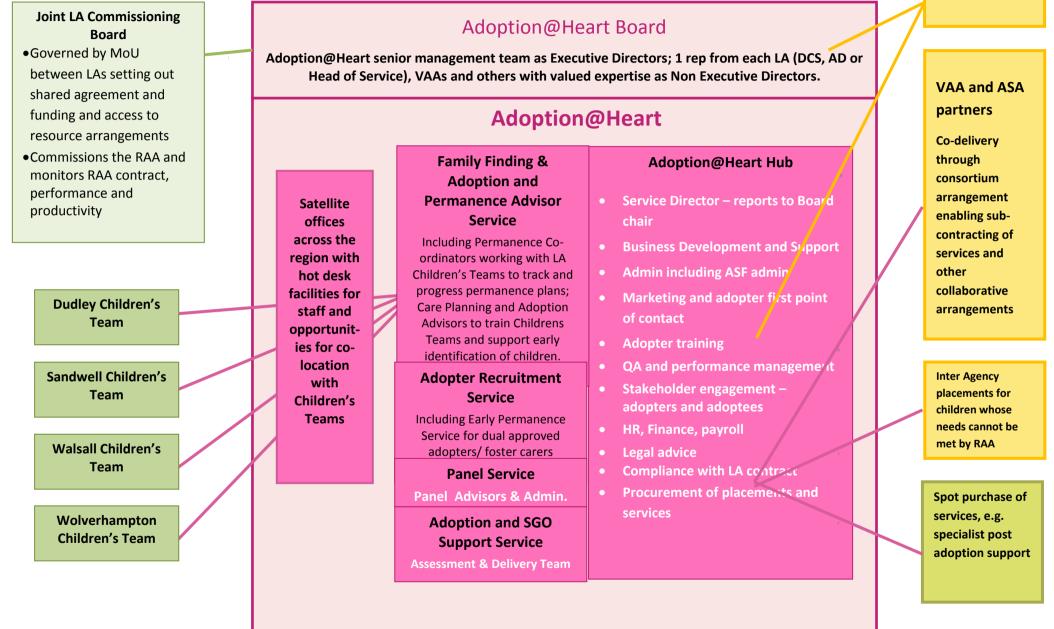
Adoption@Heart governance arrangements



www.adoptionheart.org.uk

Adoption@Heart LATC Operating Model

Adopter Advisory Group



Equality Analysis Template.

Directorate: People	Lead Officer: Emma Bennett
Service Area: Children & Young People	Date completed: 18.04.17
Cervice Area. Children a roung reopie	
Service / Function / Policy / Procedure to be assessed:	
This Equality Analysis is for the proposed introduction of a Research separate Adoption Agencies (Wolverhampton, Walsall, Dudle	egional Adoption Agency (RAA). This is bringing together four ey & Sandwell).
Is this:	Review date:
New / Proposed	
Existing/Review	
(Please tick appropriate box)	

Part A – Initial Equality Analysis to determine if a full Equality Analysis is required.

What are the aims and objectives/purpose of this service, function, policy or procedure?

The aim is to take a regional approach to the functions of an adoption agency. The proposal entails bringing together four separate functions into one Service that serves the Wolverhampton, Walsall, Dudley & Sandwell area. The agency will be responsible for all adoption functions including recruitment and approval of adopters, family finding and matching, and support for all those affected by adoption.

Please indicate its relevance to any of the equality duties (below) by selecting Yes or No?

	Yes	No
		No
Eliminating unlawful discrimination, victimisation and harassment		
	Yes	
Advancing equality of opportunity		
	Yes	
Fostering good community relations		

If not relevant to any of the three equality duties and this is agreed by your Head of Service, the Equality Analysis is now complete - please send a copy to the Equality & Diversity Team. If any of the three equality duties are relevant, a Full Equality Analysis will need to be undertaken (PART B below).

PART B: Full Equality Analysis.

Step 1 – Identifying outcomes and delivery mechanisms (in relation to what you are assessing)

What outcomes are sought and for whom?	The overall outcome is to ensure that where the plan for a Looked After Child (LAC) is Adoption that we are able to provide an adoptive family who is well matched to the needs of the child. This is to provide them with a permanent family where they thrive and achieve the best possible outcomes in life.
Are there any associated policies, functions, services or procedures?	Yes each agency already has their own established policies, procedures & protocols to allow their Service to run.
If partners (including external partners) are involved in delivering the service, who are they?	The partners in the proposal will be: The City of Wolverhampton Council Dudley Metropolitian Borough Council Walsall Council Sandwell Metropolitian Borough Council

Step 2 – What does the information you have collected, or that you have available, tell you?

What evidence/data already exists about the service and its users? (in terms of its impact on the 'equality strands', i.e. race, disability, gender, gender re-assignment, age, religion or belief, sexual orientation, maternity/pregnancy, marriage/civil partnership and other socially excluded communities or groups) and what does the data tell you? e.g. are there any significant gaps?

We have data for all of the four authorities around the protected characteristics. We do not hold data on maternity/pregnancy, gender re-assignement and sexual orientation.

Each of the four local authorities holds data on the number and characteristics of approved adopters, applicants applying to become adopters and those approved. This also includes the reasons for not making it through to assessment or full approval.

Data on the make-up of each authorities Looked After Children (LAC) population is also readily available.

Has there been any consultation with, or input from, customers / service users or other stakeholders? If so, with whom, how were they consulted and what did they say? If you haven't consulted yet and are intending to do so, please list which specific groups or communities you are going to consult with and when.

Yes all four loal authorities have undertaken a wide range of consultation both jointly and independently.

Consultation with stakeholders is an integral part of the Regional Adoption Agency project. Key stakeholders including council elected members, adopters, and staff have been engaged in the development of proposals. A stakeholder engagement strategy is in place, identifying all stakeholders and the approach to engagement with each.

A quarterly newsletter is distributed to Local Authority, Voluntary Adoption Agency and Adoption Support Agency staff and adopters setting out progress with the project. A website <u>www.adoptionheart.org.uk</u> provides general information about Adoption@Heart and has a members' area for staff where "Frequently Asked Questions" about the project are answered.

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We also consulted with the Family Justice Board in October 2016 and there are plans to involve birth families, health service commissioners and providers and Virtual Schools.

Are there any complaints, compliments, satisfaction surveys or customer feedback that could help inform this assessment? If yes, what do these tell you?

Each of the four local authorities gathers various forms of feedback from all those affected by adoption. Each authority also has a complaints procedure where formal complaints are made. As the proposal is a new service a clear compliments and complaints prodedure will be implemented in consultation with the current adoption agencies to ensure any issues/concerns that .

Step 3 – Identifying the negative impact.

a. Is there any negative impact on individuals or groups in the community?

Barriers:

Each Local Authority has a Corporate Parenting respo- to ensure we are able to pr LAC with a permanent place and experience a normal fa- to enable them to achieve possible outcomes.	onsibility ovide cement amily life the best	Consider: • Where you prov • Who provides it, • How it is provided requirements provided • When it is provided	ide your service, e.g. the facilities/prem e.g. are staff trained and representatived, e.g. do people come to you or do yo event certain people accessing the serviced, e.g. opening hours?	nises; ve of the local population/users? ou go to them? Do any rules or vice?	
Each prospective adopter is assessed based on their own individual circumstances. The Service will have a robust Marekting and Communications Plan to ensure that all groups are able to apply inline with the makeup and needs of the LAC population		 What is provided, e.g. does the service meet everyone's needs? How do you know? * Some barriers are justified, e.g. for health or safety reasons, or might actually be designed to promote equality, e.g. single sex swimming/exercise sessions, or cannot be removed without excessive cost. If you believe any of the barriers identified to be justified then please indicate which they are and why. Solutions: What can be done to minimise or remove these barriers to make sure everyone has equal access to the service or to reduce adverse impact? Consider: 			
Any impacts on staff recruited or working within the RAA around the protected characteristics should be considered. All staff recruited will be in line with HR procedures.		How your actions	ents that can be made to ensure people s might help to promote good relations revent any unintentional future discrimi	between communities;	
Equality Themes	P	ositive Impacts	Negative Impacts identified	Solutions (ways in which you could mitigate the negative impact)	
Age (including children,	The RAA	will be designed to	N/A	Ensure we have a robust	

marketing and communciations

Ensure performance data is

regularly reviwed around the

makeup of LAC, prospective and

plan in place.

young people and older

people)

improve the prospects of

adoption for children who have

sibling group) that may mean it

is more difficult to find suitable

additional characteristics (e.g. older, BME, disabled, in a

	adopters		approved adopters to ensure any gaps are identified, reviewed and actioned.
Disability (including carers)	As above.	If the location of the Service is going to change then consideration around access for staff needs to be considered and minimized.	Ensure the site accessible for any staff with mobility issues.
Gender (men and women)	As above.	N/A	As above.
Race (including Gypsies & Travellers and Asylum Seekers)	As above	N/A	As above.
Religion or belief (including people of no religion or belief)	As above.	N/A	As above.
Gender Re-assignment (those that are going or have gone through a transition: male to female or female to male)	As above.	N/A	As above.
Pregnancy and Maternity	As above.	N/A	As above.
Sexual orientation (including gay, lesbian, bisexual and heterosexual)	As above.	N/A	As above.
Marriage and Civil Partnership	As above.	N/A	As above.
Human Rights	As above.	N/A	As above.

Step 4 – Changes or mitigating actions proposed or adopted

Having undertaken the assessment are there any changes necessary to the existing service, policy, function or procedure? What changes or mitigating actions are proposed?

Ensure that the new Service's marketing and communications plan is fully reflective of the makeup of each area's looked after children population.

Ensure that a robust performance framework is in place.

Step 5 – Monitoring

How are you going to monitor the existing service, function, policy or procedure ?

A robust performance framework will be set up to capture of the required data.

This data will then be regularly reviewed to ensure the Service is meeting the need of the LAC populaton where a plan of adoption is in place.

The marketing and communciations plan will also be reviewed in line with the Performance data.

Part C - Action Plan

Barrier/s or improvement/s identified	Action Required	Lead Officer	Timescale
Ensure the new Service has data to show it's effectiveness/gaps against the LAC population with a Plan for Adoption	Robust Performance Framework that is regularly reviewed.		
Ensure the new Service has a robust Marketing and Communications Plan to evidence how all groups will be reached inline with the make-up of the LAC population in all four areas.	Robust Marketing and Communications Plan that is regularly reviewed and monitored.		

Equality Analysis approved by:

Head of Service:	Date:
Service Director – Children & Young People	
Emma Bennett	

Please send an electronic copy of the Equality Analysis to the Equality & Diversity Team:

Adoption@Heart Project Governance Structure **RAA Governance Board** Directors of Children's Services Lead Members **Project Sponsor:** DCS Dudley and ALB Chair **Project Board** Chaired by Project Lead LA Assistant Directors, CEO Adoption Focus Dep CEO After Adoption, CEO Adoption UK **Project Manager** Workstream Leads Group Chaired by Project Manager Head of Service rep, Service Design Lead, Workstream Leads - Finance, HR, Legal, Procurement, Commissioning, IT, Communications Legal HR Procurement Finance Commissioning Communications Service Design Group IT Service Design Lead Property LA and VA Heads of Service Adopter Voice Champions **Commissioning Lead** Involvement from Adoption Team Managers Adoption@Heart Development

Services to be delivered by the Regional Adoption Agency

Child Journey	LA	RAA
Case Responsibility and care Planning	Х	
ADM best interest decision / SHOBPA	х	
Support to Children's Social Work Teams in assessing children's needs and early identification of children for whom an adoption plan is suitable.		х
Challenge to care plans and Child Placement Reports.		x
Early identification and tracking of children requiring adoption	x	x
Tracking children with a plan for adoption		x
Early Permanence Placements		
Payments via common policy for duration of fostering placement	x	
Responsibility for early permanence placements and supporting foster carers under these arrangements.		x
Recruit, register, approve and supervise the carers		x
Responsibility for identifying at the earliest opportunity where a child has 'harder to place' characteristics	x	
Supporting, challenging and raising LA ambition around the identification at the earliest opportunity where a child has 'harder to place' characteristics		x
Shared use of a common tracking tool	х	X
Identifying where adopters able to meet specific needs may be required, e.g. where a child has 'harder to place' characteristics		x
Identifying suitable adopters at the earliest stage.		x x
Preparing profiles of the child, including completing the early profile of the		x
child.		x
Identifying early matching considerations.		~
Preparation of the child		
Delegated responsibility for preparing the child for an adoptive placement.		x
Responsibility for the preparation of the child's Life story book.		x
Delegated responsibility for undertaking specialist preparation work with 'harder to place' children, including therapeutic support		х
Producing the Later Life Letter.	x	
Family finding		х
Linking and matching		x
Introductions		x
Organising the Matching Panel and ADM arrangements for matches, including sourcing legal and medical advisors		x
Agency decision maker (ADM) decision on matches		x

Adopter Journey	LA	RAA

Adopter Journey	LA	RA
Adoptive placements (contractual arrangement to include agreement on numbers for each LA?)		x
Recruitment and approval of adopters including: Marketing and recruitment activity including targeted marketing and recruitment of adopters for children who may be harder to place. Provision of information DBS checks for prospective adopters Preparation and training Assessment of adopters Additional training and preparation for potential carers to meet the needs of specific children		x
Purchase and sale of inter-agency placements where most suitable match.		x
Family finding for adopters		x
Introductions and adoption support assessments		x
Matching		x
Panels		x
ADM decision making for adopter approval		x
Court process and costs for adoption applications	v	
Support and supervision of placements, including early permanence placements	x	x

Adoption support for families	LA	RAA
As part of adoption support planning, assessment and proposal to LAs of adoption allowances using a common protocol, with agreed financial limits, across all LAs around eligibility for Adoption Allowances for new adoptions made through the RAA		x
Approval of RAA assessments for Adoption Allowance, and making payments for current and future adoptions.	x	
Pre-adoption support assessments and support planning at the point of the SHOBPA decision		x
Post-approval support to adopters		x
Assessment and provision of SGO carer support needs when order is applied for and post order	x	
Post adoption support assessments and support planning for relevant children /families in first 3 years of placement or at the request of the LA (at any time during the adoptive placement), for example alongside a joint		x
assessment for a child in need. Also for new families moving to area after 3 years.		x
Review of adoption support plans		x
Creation of a menu of support and ability to tailor support in line with need		x
Provision of a core adoption support offer (Tier 2) as set out in assessment for the first 3 years of placement for relevant families.		^
Providing or commissioning Tier 3 targeted and specialist support,via a) direct services within A@H, b) VA block contracts and c) (commissioned) bespoke adoption support provision.		x
Assessments and funding applications to the Adoption Support Fund.		^

Support for those affected by adoption	LA	RAA
Pre-adoption support and post adoption contact for birth family members, including Letterbox	x	
Birth Parent Support to prevent recurring proceedings	x	
Support for adopted adults – access to records and counselling	x	
A (limited) non agency adoption service, e.g. for step parents	x	
An Inter-country adoption service	x	
An Intermediary Service	x	