

Executive

9 February 2017

**Report of the Director Children, Education & Communities
Portfolio of the Executive Member for Education, Children &
Young People**

North and Humber Regional Adoption Agency

Summary

1. This report provides information about the adoption reform proposals contained within the Education and Adoption Act 2016. The government is clear that all local authorities (LAs) will be part of a Regional Adoption Agency (RAA) or will have delegated their adoption functions to a RAA by 2020. If LAs do not implement the required changes they are likely to be directed to do so, with less control over the process, arrangements and service delivery. The Education and Adoption Act 2016 makes provision for joint arrangements and the Secretary of State has the power to direct one or more LAs to make arrangements for any or all of their specified adoption functions to be carried out on their behalf by one of the LAs named or by another adoption agency.
2. York has been working in collaboration with other LAs and the voluntary sector throughout the Yorkshire and Humber region to create a new model of service delivery for adoption services, in line with the government's agenda. The intention is to improve services for children and adoptive families and deliver a more effective and cost efficient service, utilising government transitional funding to manage the change.
3. There will be three RAAs in the Yorkshire and Humber region: West Yorkshire, South Yorkshire and North and Humber. The North and Humber RAA will consist of the combined adoption services of York, East Riding, North Yorkshire, North Lincolnshire, North East Lincolnshire and Hull Councils. The RAA will deliver adopter recruitment; timely linking of children with a suitable adoptive family and adoption support to the child and family.

Some services may be jointly commissioned via a shared regional 'hub'. The LAs will retain responsibility for the plan for adoption for a child and agreeing a match with an adoptive family.

4. The Assistant Directors of Children's Services from the six LAs have worked together to identify the best delivery model for the RAA and conclude that it should be a LA hosted arrangement. Other options considered would be more costly to implement and maintain, without any assurance of better delivery of services.
5. Members are asked to agree that City of York Council host the RAA. The proposed governance would be a Joint Committee made up of elected members from the six North and Humber councils, which will have formal oversight of the RAA but will be invited to sub-delegate the functions to York's Director of Children's Services, to enable the day to day running of the service. The Director will in turn be accountable to the Joint Committee for discharge of the adoption functions. The RAA will operate under the terms of a Partnership Agreement, which will confirm the legal and governance arrangements, the budget, staffing and funding contributions for the six LAs. The operational accountability will be to the Management Board, comprising of senior officers delegated by the Director of Children Services for each LA, with representation drawn from key stakeholders, including adoptive parents and the voluntary sector. The RAA will be led by a Head of Agency, reporting to the Assistant Director Children's Specialist Services. Staff from the other LAs will transfer into the employment of City of York Council, to become RAA staff.

Recommendations

6. Members are asked to agree in principle:
 - to the establishment of a North and Humber Regional Adoption Agency (to be known as One Adoption North and Humber) formed from the amalgamation of the adoption services of East Riding, North Yorkshire, North East Lincolnshire, North Lincolnshire, Hull and York councils
 - that the delivery model be the integration of the six LA adoption agencies into a single Regional Adoption Agency led by a host LA. Alternative delivery models were considered by the senior managers for the six LAs but a LA hosted agency was assessed as the best value option

- that the North and Humber RAA is hosted by City of York; that it is a shared service and that the name of the Agency is One Adoption North and Humber. The Children's Services Directors of the other five LAs support the proposal of York hosting the RAA. If this proposal is accepted, then the other LAs will ask their Executives to then formally confirm their existing commitment to a regional agency hosted by City of York.

Reason: The recommendations outline a pro-active response to Government requirements, in a cost effective way that offers York the opportunity to take on a regional leadership role, with the potential for future expansion into other areas of regional provision.

Background

National

7. In 2015 the government published "Regionalising Adoption", a White Paper with the stated intention of improving the provision of adoption services through the establishment of regional adoption agencies. The key aims of this are to place more children in a more timely way; to recruit more of the right families for the children waiting, preparing them consistently and well; to improve the range, accessibility and quality of adoption support.
8. If the councils do not implement the required changes in a collegiate way with other LAs and the voluntary sector, they are likely to be directed by government to do so, with less control over the process, arrangements and service delivery. The Education and Adoption Act 2016 makes provision for joint arrangements to carry out LA adoption functions in England and the Secretary of State has the power to direct one or more LAs to make arrangements for any or all of their specified adoption functions to be carried out on their behalf by one of the LAs named or by another adoption agency.
9. The issues that the government were seeking to address within the adoption reform were:
 - Inefficiencies: in that the current system is fragmented with around 180 agencies, both LA and voluntary adoption agencies, recruiting and matching adopters for 5000 children per year. The majority of agencies are operating at a very small scale and this hinders strategic planning and economies of scale

- timeliness of placing children: whilst there has been significant improvement in the performance of LAs in placing children swiftly with adoptive families, there is further progress that can be made. This is particularly the case with harder to place children, often older, within a sibling group or with a disability
- adopter recruitment: whilst here has been improvement in both the number of adopters recruited and the timescales to achieve this, many of these adopters are less willing to consider those children who are harder to place
- adoption support: the help that is offered to families after adoption is the responsibility of LAs but it is currently fragmented and characterised by a combination of in-house and spot purchased arrangements, with often significant variations between LA areas

Yorkshire and Humber Region

10. In view of the White Paper the Yorkshire and Humber region, with a strong history of working together as part of the Yorkshire and Humberside Adoption Consortium, in August 2015 submitted an expression of interest to the Department of Education (DfE) to be one of the pioneer projects. This resulted in DfE funding project work throughout Yorkshire and Humber to look at developing a hub and spoke model of delivering adoption services. The plan put forward and supported by the DfE is for three RAAs: South Yorkshire, North and Humber and West Yorkshire, as spokes who deliver adopter recruitment, assessment, family finding and adoption support at a local level. These spokes are connected by a hub that will provide for the three RAAs services previously provided in the Consortium: the coordination of a regional matching register, performance reporting, specialist training, practice sharing and regional scale commissioning. The role of the hub will develop in line with the needs of the developing RAAs over the next few years
11. The Yorkshire and Humber project has been selected as one of the five 'Demonstration Projects' by the DfE (out of nineteen) projects in England and has received additional funding to develop the project through to the establishment of the three RAAs .

North and Humber

12. The six LAs in the North and Humber region, East Riding, North Yorkshire, North Lincolnshire, North East Lincolnshire, York and Hull, recognise that working collaboratively provides a significant opportunity to respond to the national agenda. By delivering a single service whilst maintaining functions at a regional and local level, partners envisage achieving economies of scale and delivering a faster and more cost efficient process of finding adoptive families for children across the North and Humber region. The new service will improve outcomes, whilst delivering savings based on lower service costs from a more efficient staffing structure due to the aggregation of workloads, streamlining management and service delivery costs, and ensuring better value from commissioning.
13. The RAA will work in partnership with children's social work services in each LA. Each LA will retain the corporate parenting responsibility for looked after children and each LA will still retain the responsibility for decisions about the planning for a child and the match with an adoptive family. In York, this will remain the responsibility of the Director of Children's Services; sub delegated to the Assistant Director, Children's Specialist Services.

Consultation

14. There has been regional consultation with Executive Members for children's services across the region to keep them updated about progress and consultation has also taken place locally. Steps have been taken regionally to ensure that new elected Members have been briefed and there will be more detailed and ongoing consultation as the project develops.
15. Engagement of adopted young people, adoptive parents and birth families has been undertaken regarding the regionalisation agenda; with adoptive parents on the Project Board to ensure that the RAA is developed to meet the needs of adoptive families.
16. The transfer of the adoption function to the regional agency and transfer of staff from other LAs to York will require detailed HR processes to address TUPE, assimilation, due diligence etc as well as formal consultation with the staff and trade unions in the coming months.

Options

Providing an adoption service

16. There are two options:
- continue with present arrangement of York running its own adoption agency
 - the establishment of a Regional Adoption Agency formed from the amalgamation of the adoption services of East Riding, North Yorkshire, North East Lincolnshire, North Lincolnshire, Hull and York councils

Delivery Model

17. There are four delivery options identified by DfE as possible models for a RAA:
- hosted by a LA on behalf of other LAs
 - a joint venture between LAs, with a LA trading company structure
 - the creation of a new voluntary adoption agency
 - outsourcing to an existing voluntary adoption agency

RAA Host

18. There is only one proposed option, that York is the host LA.

Analysis

Providing an adoption service

19. The option to maintain the present arrangements does not meet the government's wish to reduce the number of adoption agencies nationally. If councils do not implement the required changes in a collegiate way with other LAs and the voluntary sector, they are likely to be forced by government to do so, with less control over the process, arrangements and service delivery.
20. The Education and Adoption Act 2016 makes provision for joint arrangements to carry out LA adoption functions in England and the Secretary of State has the power to direct one or more LAs to make arrangements for any or all of their specified adoption functions to be carried out on their behalf by one of the LAs named or by another adoption agency. If York does not implement this

proposal it would be out of step with the Yorkshire and Humber LAs and will miss the opportunity of government transitional funding

Delivery Model

21. The pros and cons of each option were discussed by the Assistant Directors for the six LAs at the North and Humber Regionalisation Project Board. The outcome was the selection of either a LA host or a Joint Venture between LAs as the preferred options. The options involving a Voluntary Adoption Agency were not selected as they would be significantly more costly to implement, with increased pension costs and eligibility for VAT payments and as such would be not be best value in terms of LA finance.
22. The options of a LA host or a Joint Venture were explored further and it became evident that a Joint Venture would be the more costly option. A LA trading company has to apply for admitted body status to Local Government Pension Scheme, which is accorded only after an actuarial assessment of the transferred staff, which would be a considerable additional cost. Also a LA trading company is not VAT exempt, so there would be irrecoverable VAT expenses. These additional costs would have to be covered by reduction in direct funding for the service or an increase in the contractual contributions of the six LAs, both of which poses a risk to a smooth transition with affordable costs. The Assistant Directors for the six LAs concluded that a LA hosted agency was the best value option.

RAA host

23. Expressions of interest in hosting were invited from all six LAs, with York and North Yorkshire the only ones wishing to consider this. Initially the intention was to jointly host. However, legal advice indicated that this would be difficult to achieve and would probably involve the establishment of a Joint Venture, with the financial draw backs outlined above. The option remaining was for York or North Yorkshire to be the single host, supported by the close partnership working with the other LA.
24. In recognition of York's expertise in adoption matters and long established history of delivering a high quality adoption service, the other five LAs supported a proposal that York be the single host.

York's geographical position as a city in the centre of the region added to its suitability to host.

25. Offering to host the regional agency gives York the ability to influence the development of good practice across the North and Humber region. Aligned to this is the opportunity to step into a regional leadership role, with the potential for future expansion into other areas of regional provision.
26. The formal establishment of a North and Humber Regional Adoption Agency hosted by City of York Council will entail the appointment of a Joint Committee with appropriate membership, terms of reference and rules of procedure; the appointment of a Management Board including all the North and Humber LAs and third sector organisations; delegation of functions from the Joint Committee to York's Corporate Director of Children, Education and Communities with regard to the recruitment and assessment of adopters, adoption panels, family finding and adoption support; the transfer of staff from the five other partner LAs into City of York Council; the establishment of a budget for the new agency and a funding formula to reflect each LA's contribution to the RAA budget; the creation of an organisational unit within Children's Service for the North and Humber RAA.

Council Plan

27. The adoption service contributes to the Council Plan 2015-19 'a focus on frontline services' and the specific aim that 'Every child has the opportunity to get the best possible start in life'. In addition, it meets an objectives of the children and Young People's Plan 2016-2020 of ensuring that children and young people who are looked are enabled to be: happy and healthy, safe and protected, and supported each step of the way to adult life. The adoption service is integral to the strategy of ensuring all children and young people who are looked are placed in a safe, permanent family as soon as possible. The RAA will have an emphasis on the local delivery of services. The RAA will retain a base in each LA office and will work with each LA to ensure that children's needs are prioritised and that there is a sense of urgency in the planning for children regarding permanence. This will also ensure that families are recruited to meet children's needs and that adoption support can be delivered effectively at a local level.

Implications

Financial

28. The budget proposals put forward have been recommended by the shadow management board from across the six LAs for approval as part of the budget setting process. The proposed budget is £3.5 million and the contributions of each LA has been calculated from the combined budgets of all six LAs for the provision of adoption services in 2016-17, minus adoption allowance payments and with some overhead charges removed and a percentage of the LAs total adoption budget substituted to rationalise the wide discrepancies in overhead costs across the six LAs.
29. The budget proposal does not include adoption allowances paid directly to adoptive families by LAs, where the need for on going financial support has been assessed and agreed. These payments form a significant part of most LA adoption budgets. Many will be long standing commitments by each LA to families that will continue until the children in the family reach adulthood. The payment of adoption allowances and the corresponding budgets show a significant degree of variance between the six LAs and the RAA will have very limited scope to influence this large expenditure. These historical arrangements will continue to be administered and reviewed by each LA unless at some future point it is agreed that work is undertaken on the eligibility criteria for financial support, the financial assessment model, rates, duration and review of payment, on behalf of all six LAs.
30. In drafting the proposed budget, consideration has been given to the efficiencies that will be made from bringing together six adoption services. However, as a new venture and a national demonstration project, it is important that the agency is able to function effectively as a new entity. In addition the number of children requiring adoption at a national level is in a period of flux and therefore the budget needs to be able to be flexible enough to respond to this. In the first year it is anticipated that the proposed budget achieves saving efficiencies with regard to rationalising adoption panels and joint commissioning of adoption support services. Over time there are likely to be further efficiencies in adoption support and management costs as practice is embedded and systems are put in place to support the service.

31. It is not envisaged that there will be additional financial costs to York as the host authority. Any under spend in the budget at the end of the year could be apportioned out to each LA in proportion to their contribution to the overall budget. Conversely, should there be any overspend (due to increased demand) this would be met by each LA in proportion to their contribution to the overall budget. In future years the proportion of the annual budget that each authority pays will be in accordance with a pre-agreed formula but the budget itself is subject to the agreement of each individual authority through the management board. The budget will only change in line with LA pay settlements and changes to the scope of the function that is being discharged.

Human Resources

32. The regional agency will be led by a Head of Agency and a draft staffing structure will be presented to the North and Humber Regionalisation Project Board. It is proposed to appoint a Head of Agency in advance of the formal establishment of the RAA to take a lead on steps to set it up. Agreement for the shared funding of this post will be sought from the partner authorities.
33. One of the key drivers in bringing agencies together is to improve outcomes for children and families by improving practice. It is essential that the staffing structure provides a good skill mix of staff to deliver the service, alongside policies, systems and processes to support the work. Management oversight and leadership, along with effective business and quality assurance systems, will be essential to ensure a high quality service across the RAA.
34. It is envisaged that staff from East Riding, North Yorkshire, North Lincolnshire, North East Lincolnshire and Hull adoption services will be transferred into the employment of City of York Council, pursuant to the Transfer of undertakings (Protection of Employment) Regulations 2006 (TUPE). There will be engagement with the affected staff and trade unions by each LA. The transfer of staff requires detailed HR processes to address assimilation, due diligence etc as well as formal consultation with the trade unions in the coming months.

City of York Council will be employing around 50 full time equivalent staff dedicated to the function. This will include both existing City of York employees and staff from the other five North

and Humber LAs. The North and Humber RAA will be based in York with staff based in offices in all six LA areas. Appropriate arrangements will be put in place to ensure that they have adequate resources. There will be increased demands on some support services and these will be considered within the implementation planning.

Equalities

35. An equality impact assessment will need to be completed and the RAA will complete a full impact assessment within the first six months of the new agency being operational.

Legal

36. The new arrangements will be overseen by a Joint Committee of councillors representing each of the six LAs. The Executive would be responsible for making an appointment to that Joint Committee. The Chair of the Joint Committee will be the Member appointed by the host authority. It is proposed that the Joint Committee will meet at least annually.
37. The Joint Committee will perform executive functions and the decision to establish the Committee and delegate powers to it is for the Executive. The powers proposed to be delegated are all adoption functions other than those related to individual children. The delegated powers will therefore include: recruitment and approval of prospective adopters; identification of potential matches between children and adopters; provision of adoption panels; and provision of adoption support services to adopters, adoptees, and birth families. Each partner local authority will though retain the responsibility for decisions about a plan for adoption for a child and the match with an adoptive family.
38. Members should note however that although the authority may choose to delegate functions to a Joint Committee, and that Committee may further sub-delegate the functions to an officer, the delegating authority remains accountable for, and may choose to discharge those functions itself.
39. There will need to be detailed legal agreements covering inter alia the transfer of staff, assets, rights and liabilities. The agreements will need to make provision for the use of premises and equipment. There will also need to be a partnership agreement setting out the

services to be provided by York and how they are to be funded by the partners as well as the arrangements for operational oversight.

Crime and Disorder

40. There are no Crime and Disorder implications.

Information Technology (IT)

41. Grant money allocated by DfE is being used to devise a systems specification to inform the identification of an IT system able to meet the needs of the RAA. This is likely to involve mobile working for the majority of RAA staff.

Property

42. Some RAA staff are likely to be located in West Offices, including the Head of Agency. The number is likely to be the same as that for York's current adoption staff who are located in West Offices. The majority of RAA staff will be located in the offices of the other five LAs. It will be important that agreements with partner LAs allow access to business facilities to RAA staff.

Other

43. There are no other implications.

Risk Management

44. The main risks and benefits are outlined below. The risks of taking on the role of host on behalf of partner LAs can be minimised through clear partnership agreements and robust governance and accountability arrangements. The Corporate Director of Children, Education and Communities will report to CMT on a quarterly basis regarding the performance and budget of the RAA so that any emerging issues can be proactively managed.

Reputational

45. *Benefits:* Enhancement of reputation as leader and innovator in the field of social care provision; the ability to steer development of a RAA that has been awarded status of 'Demonstration Project' by DfE; the ability to have day to day control of RAA functioning and to ensure the good practice in York is not diluted in a merger with other LAs.

46. *Risks:* that the RAA does not perform to expectations and the host is viewed as responsible. The mitigation is to have robust business and performance tracking system established, with regular reporting by the Head of Agency to York's Assistant Director so any dips in performance can quickly be corrected. Likewise in respect of Ofsted inspections, whereby the operation of the RAA is likely to be included in the inspection of York's children's services, monitoring systems would need to be established in the RAA to regularly check performance indicators, ensuring 'Ofsted readiness'.

Financial

47. *Benefits:* Savings could be achieved on the current cost of York providing an adoption service by itself. Hosting the RAA would build business capacity and reputation and could be a 'spring board' to provide other functions for LAs or other agencies
48. *Risks:* main risk is of an insufficient budget. Mitigation would be to be assured that the proposed RAA budget is sufficient and that there is long term funding agreement, backed up by a robust financial risk sharing agreements with the other five partner LAs. The partnership risk sharing agreement would need to clarify such things as shared liability regarding staff TUPE; that no partner can leave the partnership unless there are exceptional circumstances (such as lack of trust in Host's ability to run the RAA); joint ownership of any contracts secured on behalf of RAA, etc. Work has taken place to agree a regional adoption budget with partner LAs. Further work will be done on financial risk sharing agreements.

Operational

49. *Benefits:* These include the ability to direct cultural change to ensure good practice across the RAA and to directly influence development of agency to meet performance targets, Scorecards etc. There is further scope to look at support for Special Guardians and other permanence and kinship arrangements to be considered as part of the RAA, as the project develops.
50. *Risks:* the need to have sufficient senior management capacity to take on oversight of RAA and line management of RAA Head of Service. There is also a risk that the infra structure could be insufficient to provide support to RAA's operational structure. This

could be mitigated by ensuring commitment of HR/Legal/ Procurement/Finance Directors across York to provide sufficient infra structure support or commission a third party to do so.

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Wards Affected:			All ✓
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List of abbreviations used in this report:

DfE Department of Education
LAs Local Authorities
RAA Regional Adoption Agency