

From: Sue Chandler, Cabinet Member for Integrated Children's Services
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To: Children's, Young People and Education Cabinet Committee – 10 January 2020

Subject: London Borough of Bexley, Kent County Council & Medway Council Regional Adoption Agency

Classification: Unrestricted

Past Pathway of Paper: Children's, Young People & Education Cabinet Committee – 28 June 2019

Future Pathway of Paper: March 2020

Electoral Division: All

Summary:

In March 2016, the government announced changes to the delivery of adoption services setting a very clear direction that all local authorities' adoption services must be delivered on a regionalised basis by 2020. Discussions regarding Kent County Council establishing a RAA with the London Borough of Bexley and Medway Council began in 2016.

The most recent paper presented to CYPE Cabinet Committee in June 2019 outlined a plan to establish a RAA using a Local Authority hosted model. However, further discussions have resulted in a move away from a hosted model to a Partnership Model. The Executive Board have agreed that the desired objectives and outcomes of a RAA can be achieved by forming a partnership, which will be less disruptive to staff and allow them to remain working under their current employment terms & conditions.

The Partnership will be underpinned by a Legal Partnership Agreement, based on the Business Case attached.

The RAA plans to 'Go Live' from October 2020, with a phased implementation from 1st April 2020.

Recommendation(s): The Children's, Young People and Education Cabinet Committee is asked to:

- (i) NOTE and COMMENT on the Business Case; and
- (ii) NOTE the plans to proceed with the drafting of a legal partnership agreement.

1. Introduction

1.1 In March 2016, the government announced changes to the delivery of adoption services setting a very clear direction that all local authorities' adoption services must be delivered on a regionalised basis by 2020. This followed a range of national policy changes since 2012, including the 2015 'Regionalising Adoption' paper by the DfE that sought improvements in adoption performance. Following the general election in June 2017, the Minister of State for Children and Families reaffirmed commitment to this policy. In March 2018, the DfE commenced the legislation that allows them to direct a local authority into a RAA if there is no progress being made.

1.2 It is proposed that a new Regional Adoption Agency (RAA) is created through combining the adoption services for the three authorities of Kent, Bexley and Medway. These agencies wish to build on the success of their existing services to improve performance in meeting the needs of children who require permanence through adoption, by bringing together the best practice from each authority within the RAA. It is proposed that this will be a partnership arrangement, subject to legal agreement.

1.3 The Key objectives of regionalisation (as set out by the DfE) are:

- Early identification of children for whom adoption is the right option
- Timely placement of all children including sibling groups and older children
- Placements which are sustainable with the right support as needed
- A sufficient range and number of adopters able to parent children with a wide range of profiles and needs, enabling more children to be placed "in house"
- Making available a range of different adoption placement types, including early placement approaches such as Foster to Adopt
- To have an effective and well performing service which would be reflected in the adoption scorecard

1.4 The Bexley, Kent & Medway RAA intend to use the Department for Education criteria (2.2) to guide the outline scope and delivery of the model. For the Bexley, Kent & Medway RAA this will mean

- One Head of Service, to be recruited prior to the implementation date to lead the detailed design and ultimately, the delivery of the new service. The post holder will be employed and managed by KCC.
- A partnership board which will hold the delivery of regional adoption services to account, underpinned by a robust risk sharing and partnership agreement
- A single pooled budget
- The RAA will deliver all the core functions of adoption across the region and will commit to pan-regional approaches to formulating and embedding best practice
- A collaborative approach and model will engage and consult with wider stakeholders to achieve the best possible service

1.5 Key principles

The principles below which are set out in detail in the business case aim to add clarity and assurance around some key areas:

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

- **Governance and accountability** – The business case outlines how the RAA will be underpinned by a partnership and risk sharing agreement, to be agreed by members of the executive board and finance, legal and HR colleagues prior to implementation.

2. Background

The matter of the development of a Regional Adoption Agency has been presented three times previously to Kent children's cabinet forums. (*previous papers attached*)

- i. 6th of September 2016 - Children's Health and Social Care Cabinet Committee was asked to consider and comment on the content of the report and endorse in principle the proposal to enter formal dialogue with Medway Council and the London Borough of Bexley with a view to establishing a Regional Adoption Agency.
 - ii. 7th September 2017 - The Children's, Young People and Education Cabinet Committee was asked to note the content of the report and endorse the progress of partnership working and the continued development of a Regional Adoption Agency with the London Borough of Bexley and Medway Council.
 - iii. 28th June 2019– Children, Young People's Education Cabinet Committee was asked to note and endorse the Cabinet Member decision to delegate responsibility to the Director for Children's Services and lead member for children's services to complete the full business case for regionalisation and formulate the detailed design of the Regional Adoption Agency model in collaboration with Medway Council and the London Borough of Bexley.
- 2.1 It is proposed that a new Regional Adoption Agency (RAA) is created through combining the adoption services for the three authorities of Bexley, Kent & Medway. These agencies wish to build on the success of their existing services to improve performance in meeting the needs of children who require permanence through adoption, by bringing together the best practice from each authority within the RAA.
 - 2.2 Initially, the region had been pursuing a local authority hosted model in which staff would be TUPE transferred and budgets pooled under Kent as the lead authority. However, subsequent detailed discussions with the regional executive board and the Department for Education have led to a revised proposal.
 - 2.3 The Bexley, Kent & Medway RAA are now formally proposing a partnership model that requires no physical transfer of staff but operates under a robust governance structure where each local authority will delegate to the Head of the Regional Adoption Agency, responsibilities for finance and staffing matters to ensure the effective operation of the partnership and our adoption practice.
 - 2.4 This preferred model is subject to a legal agreement and will rely on the agreement that a key list of functions is delegated to the RAA Head of Service. The delegations of responsibility and operating practices of the RAA will be documented in a partnership agreement that will be a signed, legal document.

This way of working will mean:
 - No TUPE or secondment of staff
 - Pooling of budgets and a clear structure in which the RAA Head of service has final accountability for budgets and staffing across the region
 - Practices will be aligned, over time, through co-design with staff at every level of the business
 - Where functions do need to be led by one Local Authority on behalf of the others, this will be identified and agreed by the Executive Board.
 - 2.5 The business case attached describes how establishing a single agency will allow the three authorities to provide cohesive, efficient and effective use of resources and development of practice to the benefit of children, adopters and others who gain from adoption services. It proposes that, they will work in the spirit of partnership and collaboration and each local authority is equally accountable for the performance and delivery of the service.

This business case is founded on several key assumptions:

- This is an equal partnership.
- There is one Head of Service who is responsible for the management of all the staff assigned to the RAA
- Consistency of adoption practices and processes will be sought and service delivery the same across all three local authority areas, within an agreed period.
- All agencies have the resources available to actively lead on and participate in agreed work streams and achieve the deliverables within agreed timescales set out in the plan;
- The RAA will work in partnership with the Children's social work teams in all partner authorities to ensure early permanence planning
- RAA staff will remain an employee of their current local authority but each partner authority will delegate the ultimate management responsibility for those staff to the Head of Service for the RAA. This post will be an employee of Kent County Council.
- The RAA will be delivered from office bases in all three locality areas. This will ensure continuity of provision as far as possible; close working relationships with children's social workers and easy access for local communities to a service within their community.
- All RAA workers will also be expected to work across all the three local bases if the needs / demands of the service require it
- Staff will retain their local bases.
- The model will be built on existing budgets and FTE numbers and as such will ensure there are no redundancies.
- There will be opportunities for cross-speciality working. This could be on a rotational basis or another method.
- The RAA will have teams providing specialist functions: post adoption support, recruitment and family finding.

3. Legal implications

- 3.1 The RAA will be an entity in its own right underpinned by a partnership agreement setting out how the three local authorities will jointly exercise adoption service functions.
- 3.2 The partnership agreement will be formulated between now and March 2020 at which point, Cabinet members will be provided with a clear summary of legal implications for consideration and the decisions required to implement the partnership. The detail of the partnership agreement will be drafted and agreed in collaboration between legal leads in all three local authorities.
- 3.3 A further report will be presented to Cabinet, which will include details of the formation of the RAA and the delegations to enable the RAA to perform its functions.

4.1 Financial Implications

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

- Each LA will transfer their annual total adoption budget to the RAA.
- Each LA contribution to the RAA will be set in agreement with both the RAA Executive Board and each LA's own Medium-Term Financial Planning/Budget process.
- The RAA budget will cover all adoption related costs including:
 - Staffing related spend
 - Non-staff costs
- Each partner LA will pay for direct staffing related costs such as salary, on costs or other expenditure administered through the local authorities' payroll and recharge/invoice the RAA staffing related costs to the RAA budget on a quarterly basis.
- All other non-staffing costs or staffing costs not administered through the local authorities' payroll system will be charged directly to the RAA budget.

- The RAA budget will be managed by the RAA Head of Service who will complete monthly monitoring of the RAA budget and will request additional financial information where necessary from partner authorities
- The RAA Head of Service will report the forecast financial position regularly to the Executive Board. The Executive Board will determine how any overspend is managed/funded or how any underspend should be spent/returned to the partner local authorities.

Budget

The RAA partnership is committed to the principle there will be no overall increase in the total adoption budget across the three local authorities in Year 1 of the RAA. To this end, each LA will contribute its 2019-20 adoption budget plus additional budget for the 2020-21 pay award. The RAA Head of Service will manage this budget in order to affect the smooth running of the RAA. In future years, the RAA will move to a demand led spending model, which may increase / decrease the contribution from each LA, but this will be agreed by the executive board in line with an equitable formula.

The draft annual budget for the RAA and total contributions from each local authority for Year 1 is set out below. This budget is based on 2019-20 budgets only and will be updated to include 2020-21 pay award. The RAA budget will be split into 2 parts. The budgets for recruitment, adoption panels and other management costs will operate as a pooled budget from Year 1. The Adoption Support budget will also be transferred to the RAA from Year 1 but each Local Authorities budget will remain separately managed under the RAA until the commissioning plan for the adoption support service is unified across the three authorities. The total net budget for the RAA is estimated to be £4.2m in 2019-20 of which £1.3m relates to adoption support. These figures do not include expenditure funded from the Adoption Support Fund. ASF income will be generated by the RAA and used to fund specific adoption support costs.

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

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

Interagency placement budget and approach

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

Future years

The RAA partnership board will need to agree the exact mechanisms and processes for budget review through the partnership agreement. The RAA budgets will be reviewed annually in line with Local Authorities Medium Term Financial Planning process. At the end

of Year 1, this review will include a view of overheads to ensure no partner authority is significantly negatively impacted from the creation of the RAA.

The RAA intends to move towards a fully demand led formula for budget setting by the end of year 3 at the latest. A demand led formula will likely mean the contributions from each local authority will change over time. An equitable formula for demand led budget setting will need to be agreed through the partnership board but early indications suggest that future budgets will be set in line with either the number of placement orders or number of adoptions in each partner authority.

Recommendation(s): The Children's, Young People and Education Cabinet Committee is asked to:

- (i) NOTE and COMMENT on the Business Case; and
- (ii) NOTE the plans to proceed with the drafting of a legal partnership agreement.

6. Background Documents

- RAA full business case – Appendix 1

7. Contact details

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