

CABINET – 25 APRIL 2017

ADOPT THAMES VALLEY REGIONAL ADOPTION AGENCY

Report by Deputy Director for Children's Social Care

Purpose/Recommendation

- **To approve plans for Oxfordshire County Council to join and host the Regional Adoption Agency (Adopt Thames Valley) as a shared service with the other partner authorities.**
- Note that 'in principle' approval was given by Cabinet in November 2016, but it was agreed that a final decision would come back to Cabinet once all partners had confirmed the detail of:
 - the budget and funding formula for Local Authority contributions;
 - scope of services (service specification); and
 - legal governance structure.

Background

1. Work is well underway developing Adopt Thames Valley (ATV) as a shared service model between seven local authorities (Bracknell Forest, Oxfordshire, West Berkshire, Windsor and Maidenhead, Wokingham, Swindon and Reading) in partnership with two Voluntary Adoption Agencies (PACT and Barnardos).
2. The Regional Adoption Agency (RAA) will provide adoption services across the geographical area of the participating local authorities. It aims to deliver better outcomes for children and adopters whilst also reducing costs through economies of scale for the local authorities participating.
3. The Government have stated that they expect every local authority to be part of an RAA or to have delegated their adoption functions to one by 2020.
4. Adopt Thames Valley is being developed with the support of the Department for Education, who have also provided grant funding for the set up.
5. The key benefits of the Adopt Thames Valley Model are:
 - a) improved outcomes for children through the availability of a larger pool of adopters;
 - b) improved ability to place harder to place children for adoption (e.g. older children, children with disabilities, sibling groups and BME children);
 - c) improved experience for adopters through quicker matches with children who need placements;

- d) better value for local authorities through economies of scale in the recruitment and assessment process for adopters;
- e) potential savings for local authorities through placing children with adopters more quickly (i.e. saving foster care costs); and
- f) improved adoption support services across a wider geographical area.

Progress Update

- 6. In November 2016, Cabinet gave approval 'in principle' to joining and hosting the RAA, subject to final approval on the following areas, which are now complete: i) the budget and financial contributions, ii) the scope of services (RAA service specification) and iii) the legal governance structure. An update on all these areas is provided in the following sections of this report.
- 7. In addition, good progress has been made on all other areas and the project is on track for go-live on 1st November. In particular to note, the new staffing structure and the commissioning intentions of the new RAA have both been approved by all partners.

Service Specification

- 8. The Service Specification for Adopt Thames Valley has been agreed by all partners. It will build on the success of the organisations that have come together to create it to be even more efficient and effective. It will focus improvements on:
 - High quality matches for children and adopters;
 - Using the large geographical area to recruit more adopters who match the needs of children in the ATV area; and
 - High quality adoption support at every stage of the adoption journey.
- 9. All activity in the RAA will ensure compliance with requirements set by legislation, regulation, national minimum standards and local procedures. The RAA will operate under an agreed performance management framework and will be subject to inspection and periodic audit (self-audit, peer review etc.).
- 10. Services in scope of Adopt Thames Valley are as follows:
 - Recruitment and assessment of adopters
 - Family Finding, Matching & Early Placement Support, including linking with social work teams
 - Post Adoption Activity, including letterbox and birth relative support
 - Adoption Processes, including adoption panels, adoption advisors and medical advisors
 - Financial Activity and Performance Management, including adoption data collection for Ofsted/ ALB and administering the Adoption Support Fund

- Adoption and Special Guardianship (SGO) Support, including case work support, buddying or mentoring, access to support groups and other practical support, therapeutic support and birth relative support.

Budget

11. Extensive work has taken place to map and understand existing spend. The objectives of this work have been to: i) develop a prudent and robust budget that will enable ATV to deliver adoption services to a good standard, and ii) to identify the fairest, most reasonable and transparent basis for agreeing the contribution required from each of our local authority partners.
12. In preparing the budget we have held a workshop attended by all local authorities' service managers and accountants to agree the principles of the budget and funding contributions. We have analysed levels of demand and activity, designed a staffing structure linked to projected levels of activity (staffing is the largest area of spend in the budget). We have also modelled various options for how funding contributions could be shared across all local authorities, before agreeing on the proposed mechanism.

Cost Share Mechanism

13. All local authority partners have agreed that the local authority funding contributions to the RAA should be based on a rolling 3-year average of adoption placements. This mechanism was deemed to be the fairest measure to directly link cost to activity, it also smooths budget fluctuations by using a rolling average.
14. In budget terms, the Adoption and SGO support services are being treated differently to the rest of the RAA service. It was agreed that for the first year of operation, existing adoption support budgets will remain as they currently are, and each authority will draw down the level of service they contribute (i.e. if an authority supplies 1.5 FTE social worker staff for adoption support, they will be deployed to provide adoption/ SGO support in that area). In the first year of operation, Adoption and SGO Support will be reviewed and costed, based on evidence informed practice and agreed outcomes. As part of this review, a separate cost share mechanism may be required for adoption support based on a different measure of activity. This may result in changes to the required contribution for this area of work in future years, but forms part of a separate process to be approved by the Adopt Thames Valley Board.

15. The table below shows the adoption placement data used to drive the funding contributions of all authorities from go live until 31 March 2019, when the formula will be updated with the next data set:

Placements Data	2014/15	2015/16	2016/17	3 Year Average	Cost Share %
Oxfordshire	48	39	47	45	46.9%
Reading	23	12	13	16	16.8%
Bracknell	8	9	3	7	7.0%
Swindon	6	7	23	12	12.6%
RBWM	9	2	3	5	4.9%
Wokingham	3	1	6	3	3.5%
West Berks	6	13	5	8	8.4%
Total	103	83	100	95	100.0%

16. Budget shares are calculated on the basis of the percentage share of the overall number of placements, so with the current 3yr average this would look as follows:

3 Year Average	Adoption Share	Cost	Adoption Support - Fixed Share Initially	Total
Oxfordshire	1,201,116		321,378	1,522,494
Reading	430,250		106,990	537,240
Bracknell	179,271		60,620	239,891
Swindon	322,688		88,263	410,951
RBWM	125,490		73,470	198,960
Wokingham	89,636		98,860	188,496
West Berkshire	215,125		40,890	256,015
Total (£)	2,563,576		790,471	3,354,047

Transitional budget arrangements

17. When using the 3yr average of placements to assess each local authorities' share of the RAA budget, it identified some significant changes (both increases and decreases) when compared to current budgets. There are a multitude of reasons for this, and such differences are not unusual for this kind of service.

18. In order to smooth the transition for all local authorities into this new RAA budget, it was recommended that for the first 12months (from go live, Nov 2017) local authorities would contribute their current budget (less the target 5.6% saving).

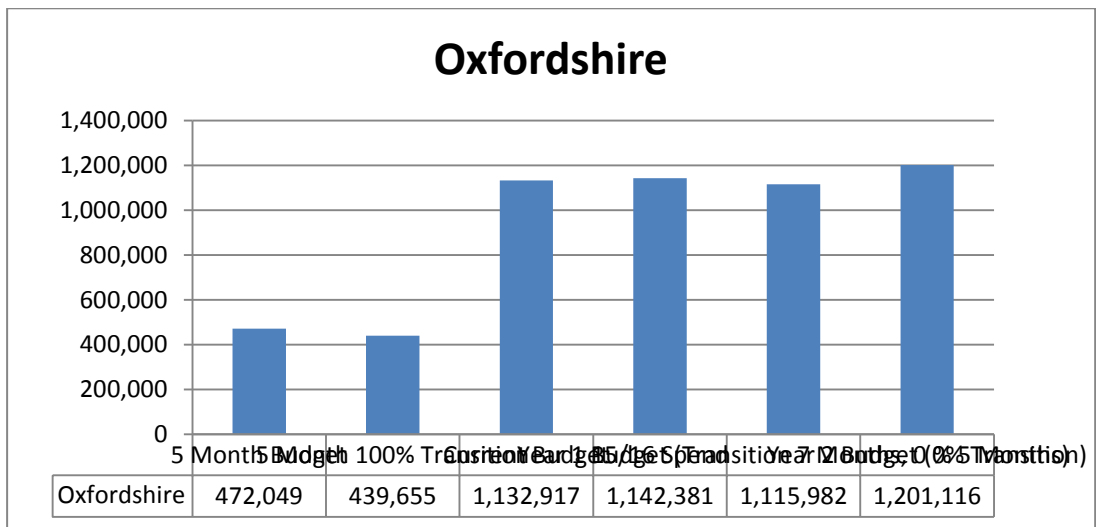
19. This was a pragmatic and strong partnership approach which the recommended in order to ensure all partners could agree to the budget and joining the RAA. It avoids any authority having any major unplanned changes within the remainder of the current year budget (i.e. between Nov 17 – Mar 18), and it smooths the transition into next year's budget (18/19).

20. The funding formula for the RAA (i.e. 3 year rolling average of placements) has been approved, but the recommendation regarding the transitional budget arrangement needs agreement from all Local Authorities. At the time of writing this is still under discussion. If this is not concluded by 25 April Cabinet meeting,

Cabinet are asked to give delegated approval on this matter to the Director of Children’s Services in consultation with the Lead Member.

21. The table and graph below is based on a go live date of 1 November and shows the expected budget for Oxfordshire over the first 29 months of ATV (i.e. 5 months of part 17/18 year operation, plus the first 2 full years 18/19 and 19/20).

22. In reality, the year 2 (2019/20) budget estimate is indicative, because budget shares will be re-calculated on the latest 3 year average placement data (adding in 2017/18), which is unknown at this stage. Activity for each authority could be higher or lower than the last 3yr average, and accordingly the budget share could go up or down.



23. The table above shows the contribution from OCC increasing in the second full year, as the transitional protection is removed from the budget. This is because OCC had a good year for adoptions in 2016/17; therefore the 3 year average for Oxfordshire is relatively high. However the data which will be used for the budget share in year 2 is not yet available and therefore the position will change when the new data is utilised. This increased contribution will be offset against the lower than budget contribution in Year 1 and will be managed within the broader Corporate Parenting budget.

24. It is important to note that if placements, and therefore budget shares, increase, this should be deemed as a positive. This is a positive outcome in terms of family finding solutions for children and adopters, but also a positive outcome financially because an adoptive placement means significant cost avoidance in Looked After Children budgets.

Overall Budget

25. The table below shows the overall RAA budget based on decisions made to date. There remains some risk of change within this budget, particularly around precise staffing costs (due to TUPE arrangements and final job evaluation and grading agreement) and premises (where lease arrangements are yet to be agreed).

	Total Adoption Services	Adoption Support	Total
Total Staffing Costs	1,895,000	678,000	2,573,000
Travel & Expenses:	41,000	14,000	55,000
Training, CPD & Service Development:	4,100	1,400	5,500
Contracts:	143,000		307,173
Joint Commissioning	2,476	9,903	12,378
Memberships/Subscriptions:	15,000		15,000
Adoption Costs:	105,000		105,000
Interagency Spend	500,000		500,000
Panel Costs:	23,000		23,000
Premises Costs:	56,000	19,000	75,000
Interagency Income:	(500,000)		(500,000)
Contingency:	91,000	2,168	115,000
Total RAA Service Budget Required	2,375,576	724,471	3,100,046
Overheads:	188,000	66,000	254,000
Total RAA Budget Requirement	2,563,576	790,471	3,354,046
Current Budgeted Spend	2,752,458	790,471	3,542,929
Overall Reduction	-188,882	0	-188,882

Saving target

26. The RAA budget for adoption services (excluding adoption support which remains the same for year one) represents an overall reduction of 5.6% compared to the current budgets reported by each authority. This is the saving target we are seeking to achieve through economies of scale by establishing the RAA. This is in addition to the less tangible savings which authorities will also make from overhead budgets which do not transfer.

Payments

27. Authorities would be invoiced quarterly against the budgeted contributions for the year in advance. A final invoice for the year in the case of an overspend will be issued in early March based on the most recent monitoring position. Any underspend or additional overspend would be carried forward to the new financial year.

Variances to Budget

28. Any variances to the budget will be shared amongst the members of ATV on the basis of the relevant cost sharing mechanism.

Budget Setting

29. The current proposal is that a draft budget for ATV will be set by the end of July before the year it will apply to (e.g. July 2017 for 1 April 2018). This would take in to account known or expected changes at this time (e.g. pay inflation) and new

data sets for the cost mechanism. This will then allow each authority to identify any material changes to their budgets at an early stage. The final budget would be agreed by the board by the end of September to allow all authorities to make changes to their budgets, if required, as part of their annual budget setting processes.

Governance Structure

30. Oxfordshire County Council is not providing a service to the other authorities in the way that a paid contractor would. Nonetheless, the host authority is responsible for delivery of these important functions and therefore needs to be accountable to its partners (who retain the statutory duty to deliver these functions).
31. Furthermore, all participating authorities will need to deliver their social care functions in a way that supports Adopt Thames Valley in its work. The arrangement therefore needs to be captured in a suitable legal agreement setting out the scope of functions to be delivered by Adopt Thames Valley, what is expected of the participants, its aspirations for performance and its duration.
32. The interim Adopt Thames Valley Board (comprising membership from all local authorities and voluntary adoption agencies) agreed a two-tier Board structure as follows:
 - A **Management Board**, with membership comprising Deputy Directors and Senior Voluntary Adoption Agency officers. This Board would approve major operational and strategic decisions (e.g. changes to service specification and setting budget). The Management Board would meet monthly at the beginning, then moving to quarterly once well established.
 - An **Oversight Board**, with membership comprising Directors of Children's Services (DSC) and Lead Members from all authorities. This Board would receive reports and have oversight of performance. The Oversight Board would meet twice a year at the beginning, with frequency to be reviewed.
 - All operational, day to day decisions will reside with Oxfordshire County Council as the host authority for the shared service.
33. A full legal agreement is being drawn up based on a shared service arrangement, which partners will sign up to.

Equalities Implications

34. It is not envisaged that the changes proposed will impact upon any protected groups. Access and eligibility for adoption services would not be changed by joining the RAA.

RECOMMENDATION

35. The Cabinet is RECOMMENDED to:

- (a) agree to join and host Adopt Thames Valley; and**
- (b) If not concluded by 25 April Cabinet meeting, Cabinet are asked to give delegated approval for the transitional budget arrangements to the Director of Children's Services in consultation with the Lead Member.**

HANNAH FARNCOMBE

Deputy Director for Children's Social Care

Contact Officer Hannah Farncombe, 01865 815273

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