



**23 April 2018**

**Agenda Item: 6**

## **REPORT OF THE SERVICE DIRECTOR, YOUTH, FAMILIES AND SOCIAL WORK**

### **ESTABLISHMENT OF THE D2N2 REGIONAL ADOPTION AGENCY**

#### **Purpose of the Report**

1. To seek agreement in principle for the development of a business case for the establishment of a regional adoption agency (RAA) for the D2N2 partnership (Derby City, Derbyshire County, Nottingham City and Nottinghamshire County Councils). A final Policy Committee decision will only be sought once the final costs of a D2N2 Regional Adoption agency are fully understood.
2. To agree, in principle, that the regional adoption agency may be hosted by Nottinghamshire County Council, and operated on behalf of local authority partners in the D2N2 partnership.

#### **Information**

3. The Government legislated to regionalise adoption services in the 2016 Education and Adoption Act, stating its intention that all individual local authority adoption agencies be combined into regional adoption agencies by 2020. The rationale is that, with 180 adoption agencies placing children in England, the system is too fragmented, and this has led to delay for children. Regionalisation should improve outcomes for children, adopters and adoptive families.
4. To date eight regional adoption agencies have been established in England which provide services to 30 local authorities. The vast majority of local authorities in England are engaged with the funded programme for regionalising adoption. In the East Midlands, this has been through the East Midlands Regional Adoption Agency (EMRAA) partnership comprising Lincolnshire, Leicestershire (also provides adoption services for Rutland), Leicester, Derbyshire, Derby, Nottinghamshire and Nottingham.
5. EMRAA has made good progress in developing adoption functions which draw on excellent and innovative practice. Developments include the setting up of permanence teams in many of the partner local authorities and in establishing the D2N2 pilot for Derbyshire, Derby, Nottinghamshire and Nottingham. Good progress is also being made in aligning ways of working in respect of adopter recruitment, matching and adoption support across the EMRAA footprint. BDO, the financial consultants engaged by EMRAA, also reviewed the local authorities' spend on adoption activity and this work has provided the basis to set out the business case for the D2N2 RAA.

6. Options for regional adoption arrangements were considered by the EMRAA Project Governance Board in December 2017. This was in the context of the preferred approach of each local authority following consultation with Lead Members and Directors of Children's Services. The strategic leads of each local authority agreed that the preferred option is to develop a formal regional adoption agency for D2N2, and a regional adoption 'arrangement' for Lincolnshire, Leicester, Leicestershire and Rutland councils.
7. Following consultation and appraisal of the possible operating models for the D2N2 RAA with Lead Members and Directors of Children's Services, the EMRAA Project Governance Board recommends that the D2N2 RAA should be delivered as a shared service between the participating local authorities.
8. The D2N2 RAA will, as a minimum, provide the following adoption services:

#### **Tracking of children for whom adoption may be the plan for permanence**

- a) The establishment of permanence teams within each of the D2N2 local authorities provides a standard model which will inform the RAA on the potential needs of the child early in the planning process and enable improved targeted recruitment of adoptive families. Earlier, appropriate, placement of children is likely to reduce spend on looked after children budgets.

#### **Recruitment of adopters to meet the needs of D2N2 children for whom adoption is the plan for permanence**

- a) The D2N2 group of local authorities placed an average of 282 children for adoption per year between 2012 and 2015, of which 57.5% were placed with adopters from the home authority (Derby 42 children - 44% placed in house, Derbyshire 95 children – 62% placed in house, Nottingham 57 children – 52% placed in house, Nottinghamshire 87 – 62% placed in house). An average of 104 children per year (37%) were placed with adopters from local authorities outside the EMRAA partnership or with voluntary adoption agencies.
- b) An analysis of inter-agency costs and income for the year 2015-16 indicates a net expenditure on inter-agency adoption placement fees of £1,337,000 for the D2N2 group (Derby £541,000, Derbyshire £343,000, Nottingham £82,000, Nottinghamshire £371,000).
- c) If an additional 8 children per year are placed in house each year (increase of 5%) the inter-agency placement costs will reduce by approximately £216,000 (based on £27,000 per placement. Given that the RAA will provide a greater pool of adopters (and based on the experience of shared adoption services in the North West and London) it is reasonable to expect that this figure can be reached and exceeded.
- d) Increasing the number of children placed in house is also likely to assist in improving outcomes for children through the provision of local timely and appropriate adoption support to families.

## **Panels for approving adopters**

- a) Work is underway to understand the frequency of the current panel arrangements and the costs to the local authorities. This work will inform the full business case for the D2N2 RAA. However, it is reasonable to expect that the greater scale provided by a shared service will assist in reducing panel costs as well as reducing delays to decision making.

## **Adoption support**

- a) The D2N2 group of local authorities spent £1,347,000 supporting adopted children and adoptive families in 2015/16 (including staff costs). The non-staff costs for adoption support during this period was £325,000 of which £210,000 was funded by the Adoption Support Fund. Access to the Adoption Support Fund will continue until at least 2020.
- b) The D2N2 RAA is likely to assist in sustaining (or improving) adoption support provision through economies of scale and joint commissioning of therapeutic support.

## **Hosting the D2N2 RAA**

9. Following an appraisal of expressions of interest in hosting the D2N2 RAA on behalf of the other local authorities, Nottinghamshire has been identified as the preferred host by the EMRAA Project Governance Board.
10. The appraisal was made based on 10 criteria including support to member local authorities in relation to their role as a corporate parent, capacity to support management and administrative functions, service performance and quality, and capacity to effectively support an agile workforce.
11. Subject to Committee approval, in principle, that Nottinghamshire may host the D2N2 RAA, a detailed business case will be developed setting out how the model will work, both at strategic and operational levels. The costs of hosting will be met from the D2N2 RAA budget. The outcome will be reported to Policy Committee for approval.

## **Other Options Considered**

12. No other options have been considered, given legislation requires the move towards regionalisation and funding has been received from central government and utilised by the region for this purpose.

## **Reason/s for Recommendation/s**

13. The proposed development of the D2N2 regional adoption agency meets the Department for Education (DfE) requirements of a regional adoption agency. The advantages of this approach include:
  - a) maintaining the momentum of D2N2 partners in developing the RAA following the positive experience of the pilot project focused on permanence teams

- b) providing an opportunity to align services across the EMRAA footprint (with the potential to include Lincolnshire, Leicester, Leicestershire and Rutland councils' adoption services at a later date subject to executive approval).
- c) The development of both the RAA and the 'arrangement' will maintain a focus on service improvement and outcomes for children across the partnership.

## **Statutory and Policy Implications**

14. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **Financial Implications**

15. Financial modelling of the new RAA is underway and will identify the funding formula for participating local authorities. The learning from established RAAs will assist in developing the funding formula.
16. Lead Members across the East Midlands have very clearly stated that regionalising adoption cannot cost any more for individual Councils than current expenditure. The project aims to deliver D2N2 RAA within the current funding envelope for staffing for recruitment, matching and adoption support services. The total budget for the D2N2 group is in the region of £6.2m per annum (Derby £1.0m, Derbyshire £1.3m, Nottingham £1.8m, Nottinghamshire £2.0m).
17. The EMRAA project governance board has considered a number of options for determining the financial contribution of each local authority partner to the D2N2 RAA. The board proposes that there is a simple pool of the 2018-19 local authority budgets (with some adjustments for back office functions) moving to a funding formula based on unit costs by year three of operation. This option provides the following advantages:
  - will not require an increase in any individual local authority's budget for adoption.
  - provides a starting budget for the RAA within the current budget envelope for each local authority
  - by year three the funding contribution of each partner will be directly linked to service demand via a unit cost mechanism.
18. Development grants from the DfE will enable the work required to establish the new RAA to be delivered without cost to any of the participating local authorities or voluntary adoption agencies. The DfE has considered an application to reprofile the project funding in the context of the proposed twin-track development for EMRAA and has confirmed continued project funding for the year 2018-19.
19. Individual local authorities will be required to cover their own costs to facilitate their participation in the RAA e.g. Legal, HR, Finance, project support etc.

## **Human Resources Implications**

20. Approximately 85 full time equivalent staff from across the four local authorities are in scope to deliver the functions of the RAA, of which 31 are Nottinghamshire County Council staff.
21. As mentioned in paragraph 12, once a detailed business case has been developed setting out how the shared service will work at a strategic and operational level, staff and trade unions will be consulted on the staffing delivery model and structure of the RAA.

## **Public Sector Equality Duty Implications**

22. A key priority of the D2N2 regional adoption agency will be to ensure the most appropriate ethnicity and cultural matches between adopters and children, ensuring all health needs and equality issues are fully addressed through the adoption support offer and a strong focus on long-term positive outcomes for children for whom adoption is the plan for permanence

## **Safeguarding of Children and Adults at Risk Implications**

23. Nottinghamshire may host the RAA on behalf of the other D2N2 councils and all safeguarding responsibilities for Nottinghamshire children will remain the responsibility of Nottinghamshire County Council.

## **Implications for Service Users**

24. Regionalisation should improve outcomes for children, adopters and adoptive families.

## **RECOMMENDATION/S**

That Committee:

- 1) approves in principle the development of a business case for the establishment of a D2N2 Regional Adoption Agency and for a further report to be taken to Policy Committee for a decision once the final costs of a D2N2 Regional Adoption Agency are fully understood
- 2) agrees, in principle, that the D2N2 Regional Adoption Agency may be hosted by Nottinghamshire County Council.

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### **Constitutional Comments (SLB 09/04/18)**

25. Children and Young People's Committee is the appropriate body to consider the content of this report.

### **Financial Comments (SAS 12/04/18)**

26. Work is ongoing to finalise the budget contributions for each local authority referenced in paragraph 16.
27. The initial cost to Nottinghamshire of participating in the RAA is still to be determined but it is anticipated that this would be met from the Adoption Service budget.
28. The cost of Nottinghamshire potentially hosting the RAA has not yet been determined. The RAA budget, however, will need to make an allowance for this as part of its operating costs.

### **HR Comments (BC 03/04/18)**

29. Detailed consultation with staff and trade unions will commence once the Business Case has been developed and the staffing delivery model and structure confirmed.

### **Background Papers and Published Documents**

None.

### **Electoral Division(s) and Member(s) Affected**

All.

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