

Manchester City Council Report for Information

Report to: Children and Young People Scrutiny Committee – 20 June 2017

Subject: Establishing a Regional Adoption Agency

Report of: Strategic Director of Children's Services

Summary

This report sets out the proposals for Manchester City Council Adoption Service to form a Regional Adoption Agency (RAA) with four neighbouring local authorities and two voluntary adoption agencies and seeks approval to proceed. It is anticipated that creating a regional service will reduce competition and create efficiencies through the pooling of resources. Most importantly a regional service will widen the pool of adopters for Manchester's looked after children who need adoption and enhance our ability to place those children for adoption in a timelier manner than as a single agency.

Regionalising the service is consistent with the Government agenda to promote regional adoption agencies and in line with the Greater Manchester (GM) agenda and initiatives for joined up services across the GM region.

Recommendations

It is recommended that Scrutiny Committee note the content of this report and the plans for Manchester to enter the Regional Adoption Agency

Wards Affected: All

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Joining the regional adoption agency will increase our ability to provide quality permanent family homes for looked after children with a plan for adoption. This will support our children to thrive, and to grow and to develop into skilled and responsible adults who will support Manchester's economic success.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Providing the right environment for looked after children who are unable to live with their families to grow up in via permanent adoptive families is essential for developing their capacity as adults to contribute to Manchester's success.

A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The proposals will support our aim to provide all children who need it with equality of access to timely adoption and to support their ability to engage and contribute to community and city life.
A liveable and low carbon city: a destination of choice to live, visit, work	The proposals will support safer, healthier family environments, and wider improved community outcomes.
A connected city: world class infrastructure and connectivity to drive growth	The proposals will support the ambition in the Children and Young People's Plan of connecting children and young people to the opportunities in the city.

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The cost of the RAA for year 1 is the existing cash limit budget of £1.769m which includes a 10% overhead charge from Stockport of £169k. As one of the hubs will be a Manchester site, a recharge for accommodation will realise £99k additional income, which will reduce the overhead cost to 70k. The cost of the service will be met from Children's Service cash limit resources and offset by the £99k income with a financial risk of c£70k from the unbudgeted overhead charge. However when compared to a 'do nothing' option this cost is significantly less than would be incurred on inter-agency adoption fees of c£400k in excess of cash limit budget, following loss of grant funding from DfE of £432k. Further information on this is provided in Section 7 of the report.

The Partnership Agreement with Stockport MBC and other Local Authority partners is currently being finalised and will include reporting requirements from Stockport to individual Councils and the RAA Board, treatment of surpluses and deficits, performance measures, review stages, exit arrangements etc.

VAT implications of the proposed arrangements are currently being considered.

Financial Consequences – Capital

None

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Background documents (available for public inspection):

None

1. Background

1.1 In the spirit of increased collaboration and devolution agenda across Greater Manchester, Manchester City Council Adoption Service is working with four other local authorities and two voluntary agencies to form one of two Regional Adoption Agencies (RAA) from July 2017. The four other local authorities are Stockport, Trafford, Salford, and Cheshire East. The two voluntary adoption agencies are Adoption Matters and Caritas. A project team has been in place since October 2015 undertaking the necessary development work. The DfE, which is promoting and supporting regionalisation of adoption services, have provided funding in total of £340,000 to support the development work. A full Transition Plan, detailing how the agencies would move towards forming one regional agency was submitted to the DfE and approved in April 2016.

1.2 The £340k development grant from the DfE has funded a Regional Adoption Agency Project Team from October 2015 which has led the necessary development work. The project team has included a full time project manager, a part time head of service, part time team manager, admin support, and more recently an adoption support service manager scoping out the needs for an adoption support service. In addition to the project team, the grant has also funded a financial consultant to work on the funding model, an IT consultant to work on the IT solutions and a marketing company to work on the new name and branding. The spending of this grant has been overseen by the DfE over the development period.

1.3 Stockport Council is the lead agency and will be the 'host authority' in the proposed Regional Adoption Agency.

1.4 This work is in line with the Government policy paper, 'Regionalising Adoption', published in 2015, which set out their plans for all local authority adoption services to merge into larger regional adoption agencies. In addition, the Government subsequently legislated to provide powers in the Education and Adoption Act 2016 to require local authority adoption services to regionalise where they were not making voluntary plans to do so by 2020 Planning must have started by 2017 with entry into a regional adoption agency completed by 2020.

2. Branding

2.1 Following an extensive consultation exercise with adoption service staff and adopters engaged with the respective agencies involved in the partnership, it is proposed that the new Regional Adoption Agency will be called 'Adoption Counts' followed by the respective Local Authority name ie Adoption Counts in Manchester. The primary strap line to follow the agency name on the agency marketing material is 'Supporting Families Through Adoption'. The agency will refer to itself when talking to the public as 'Your Regional Adoption Team'.

3. Objectives of the new Regional Adoption Agency

3.1 The objectives of the new agency will be:

- To provide children with the right adopters at the right time, assessing, approving, and supporting adopters equipped to meet the needs of children waiting.
- To ensure that adoption is secured for children where it is assessed as being in their best interests

- To avoid any unnecessary delay and ensure timely matching and placement for all children –working with care planning processes in each local authority to improve early identification / twin track planning and to achieve best practice and consistency across the region.
- To improve earlier permanency planning using:
 - i) Concurrent Planning
 - ii) Fostering for Adoption
- To take innovative approaches towards placing ‘hard to place’ children, linking children with adopters from enquiry stage onwards where appropriate, and thoroughly preparing child and family for placement
- To reduce the likelihood of placement breakdown through timely and improved matching, preparation and adoption support.
- To ensure the service offers value for money over time through economies of scale and a regional approach to inter agency adoption.

3.2 In the longer term it is anticipated that the new agency will be expanded to include:

- Supporting all permanence options for children including Special Guardianship Orders.
- Reducing the number of parents who have successive children placed for adoption

3.3 A decision has been taken not to include the work identified in 3.2 in the remit of the RAA in the first year. This is because in a period of transition, priority has been given to maintaining and improving performance on adoption before introducing new and additional areas of work to those currently undertaken by the five local authority adoption services.

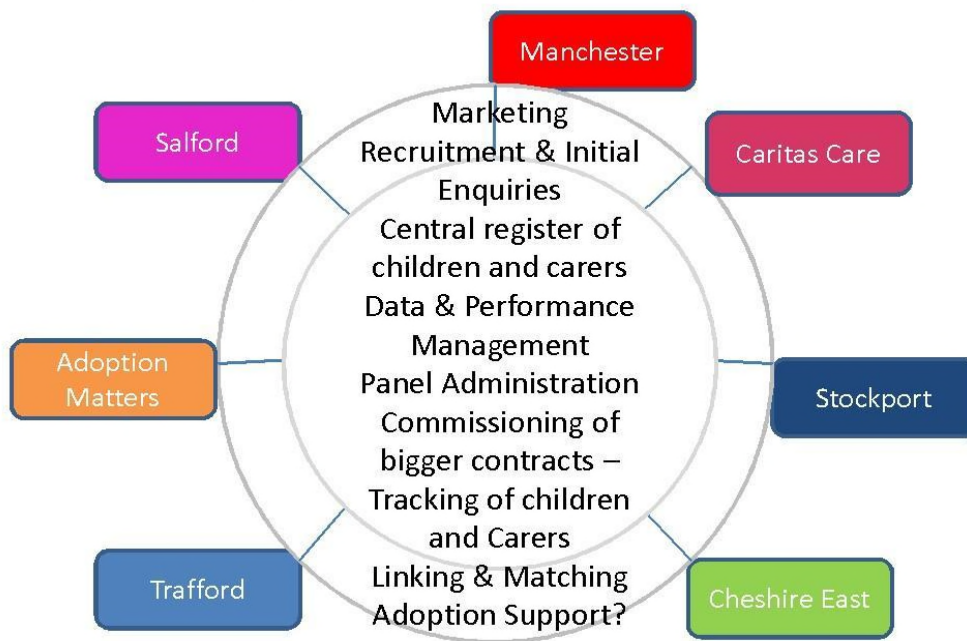
4. The Structure of the New RAA

4.1 The structure of the new RAA is based on a ‘hub and spokes model’, planned as follows:

A ‘Hub’ - to be set up by April 2017 providing:

- A centralised marketing function
- A centralised team to receive recruitment enquiries
- A central register of children and carers
- A data & performance management function
- Centralised administration of adoption panels
- Commissioning of larger contracts from other agencies
- Centralised tracking of children and carers
- Centralised linking & matching functions
- A strategic plan for the delivery of adoption support across the region

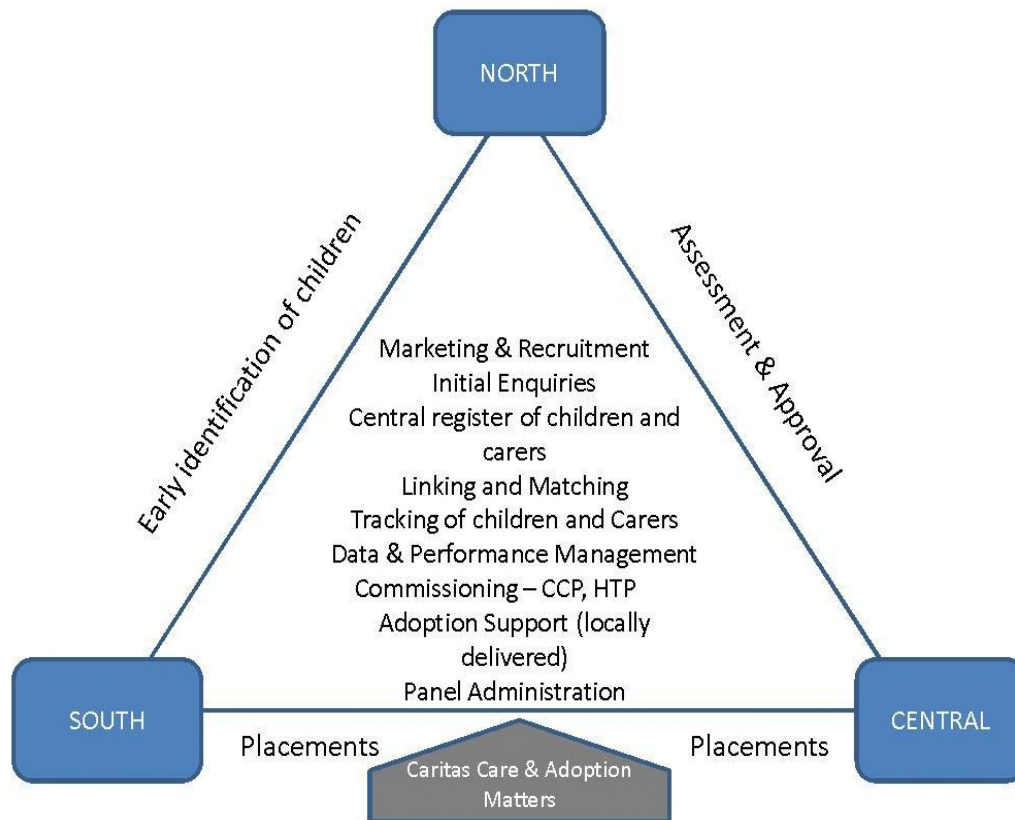
Hub functions



Three 'spoke' offices covering the North, Centre and South of the region, to be set up by April 2017, delivering:

- Adopter preparation and approval
- Early identification of the children being looked after by each local authority and likely to require adoption.
- The capacity and skills to place children and support adopters
- Adoption Support services

RAA Spokes - Implementation April 2017



The Hub and the South spoke will be located in the Manchester City Council's Etrop Court premises in Wythenshawe, where Manchester's Adoption Service is currently located.

5. Development Work

5.1 Most of the development and preparation work has been completed, although a legal agreement needs to be finalised between the five partner local authorities.

5.2 A mechanism for fairly funding the agency has been agreed for year 1 and the model for funding year 2 and beyond will be finalised in year 1 but the principles that will be applied are set out below in sections 6 and 7.

5.3 It has been agreed that staff will be seconded from their employing agency into Stockport Council as the host agency. New staff appointed to vacancies that arise once the RAA is established will be recruited and employed by Stockport Council as the host agency. Trades Unions have been fully consulted as part of the staffing process. The development of the RAA has been discussed with unions in Manchester via JCC and regular updates on progress have been provided to staff. Following a series of engagement events with affected groups of staff, consultation with staff and trade unions has been undertaken. There is no expectation that staff numbers will be reduced in the new agency, although as the service becomes increasingly efficient, this may be a long term possibility. Should this be the case, it is expected any staff reductions will be managed collectively and via business as usual.

Human Resource processes.

New staff appointed to vacancies that arise once the RAA is established will be recruited and employed by Stockport Council as the host agency.

5.4 A decision not to transfer staff under TUPE legislation in year 1 was taken based on:

- The difficulty for the host authority in taking on the staff in year 1 in the absence of absolute clarity about the funding agreement for year 2.
- The likely resistance of staff to moving under TUPE arrangements compared to secondment
- The additional time that would have been needed to move staff under TUPE arrangements would have delayed the scheduled start date for the RAA

This decision will be reviewed in year 1 with a view to what the arrangement should be for year 2 and beyond.

5.5 Information Technology

An Information Technology consultant has been commissioned to support the Project Team to identify IT solutions for the RAA, in partnership with each respective member of the agency. In the longer term, the RAA proposes to procure a new electronic record system to record and store case files and performance information in respect of prospective/approved adoptive parents.

In relation to children's electronic records, the RAA will continue to work with the 5 different local authority recording systems as it is deemed not realistic or practical for all five authorities to change their recording system to one consistent across all. Total costs in relation to IT systems and staff training needs will be met by the RAA from the core funding they will receive from the five local authority partners.

5.6 Reporting and Governance

The RAA Board will continue to meet regularly once the RAA starts business to govern and monitor the RAA work and performance. The Board is chaired by the Director of Children's Services in the host authority, Stockport Council. Manchester's Strategic Lead for Children's Social Care and the Head of Service for Looked after Children are both Board Members.

There will also be an Operations Group consisting of managers from the RAA and the five partner local authorities who will meet monthly.

In addition to those indicators linked to the national adoption scorecard the RAA will be expected to report on a monthly basis progress and impact against the following measures:

- Recruitment activity
- Number of enquiries
- Number of on-going assessments
- Number of new adoptive families approved
- Number of children waiting adoptive families
- Securing adoption and timeliness for harder to place children
- Number of approved families awaiting a match compared to children waiting
- Timeliness – how quickly they match children following a Placement Order
- The extent to which adoption placements outside the RAA are still required

- The number of children who have their plan changed away from adoption because a family cannot be identified
- Number of disruptions in adoption placements
- The extent to which the RAA is linking with and supporting Manchester City Council children's social workers to understand the child's adoption journey and to move the child in a timely fashion towards adoption

The Head of Service for Looked after Children will continue to monitor and track Manchester children's adoption journey/performance to ensure performance is maintained and improved further. Adoption performance, including the percentage of Manchester looked after children adopted and the timeliness of adoption will be reported and scrutinised within the now well established monthly performance clinics. In addition, adoption performance will continue to be reported to Manchester's Corporate Parenting Panel and to the Children's Scrutiny Committee.

While it is not reasonable to hold the RAA solely to account for adoption performance generally for Manchester children once we have entered, given the significant role that MCC have to play in the child's journey, the RAA will have lead responsibility for family finding. As indicated we will be holding the RAA to account for the number and percentage of our children with an adoption plan for whom they provide a suitable adoptive family, and the timeliness with which that is achieved. In relation to national performance indicators for example, we will be holding the RAA to account for performance particularly on the number of children waiting/not linked, matched and the A2 measure, the number of days that a child takes on average from being made subject to a Placement Order, to the decision on a match with a family. We will expect on average that they will meet the government target of 121 days or less. It should be noted that Manchester's performance currently is 142 days and improving.

5.7 Commissioning

In respect of any commissioning activity, it is proposed the RAA will undertake its own commissioning via Stockport Council's commissioning and procurement arm; which is also a member of the GM procurement arrangements. For example the RAA may commission specialist adoption support services or IT systems. The costs of any commissioned services and commissioning and procurement costs and risks will be managed by Stockport MBC and met by the RAA from their agreed core funding from the five local authority partners.

6. Proposal

6.1 In light of the legislative changes and progress made to date, it is proposed Manchester City Council proceeds with the plan to become a partner in the RAA, as per the details set out above, and agrees in principle to the funding arrangements set out below.

6.2 It has been proposed by the RAA Board overseeing the development work that the RAA would be funded in year 1 through each of the 5 local authority partners committing the equivalent of their adoption service budgets, excepting the budget for payment of adoption allowances, for 2016/17 and paying to Stockport a business overhead of 10% of budget (£170k for Manchester). Business overhead costs include costs for support services, costs of commissioning and procurement functions and accommodation costs. There will be a requirement for 33 desks to be provided

for RAA staff at premises at Etrop Court in Wythenshawe. There is an annual recurring £3,000 per desk re-charge of £99,000 which will be offset from the overhead charge to MCC, bringing the additional cost down to £99k.

6.3 The planned model for funding the RAA from year two onwards will be based on activity levels. Essentially this means that each of the five local authority partners will commit funding in line with the number of children requiring adoption placements, based on historic data and future projections. The detailed financial proposals for year 2 onwards have not been finalised and at this stage, partners are invited to agree the principle of a move to an activity basis. An assessment of the proposed financial modelling and likely implications for MCC will be completed and reported to the Strategic Director of Children's Services before signing the legal agreement.

6.4 It is expected that as the RAA establishes itself, there will a gradual decrease in the number of adoptive placements that need to be purchased from outside the region. Where this occurs we can expect cost savings to Manchester City Council based on a reduction in the funding we contribute to cover inter-agency placements (our contribution to RAA in year 1 for inter-agency placements will be £485k - see below)

7. Financial Costs of the Proposal

7.1 The proposed cost of the RAA for Manchester in year 1 is £1.769m which is £1.868m gross cost less £99k income from use of accommodation at Etrop Court. The overall cost includes seconded staff, the inter-agency adoption placements budget and 90% of the cost of our contract for adoption support services with After Adoption for the 3 last quarters of 2017/18 plus 10% business overheads. The budget being transferred does not include adoption allowances, which will be managed by MCC. The number of full time equivalent staff seconded to the RAA is 19.3 Adoption Service staff and 4.3 Business Support staff. MCC will continue to incur the payroll costs for the seconded staff, so there will be no cash transfer to Stockport for this element of the budget. The overhead charge will be reviewed before the end of year 1 to inform the year 2 contribution. There is cash limit budget of £1.699m to meet the costs of the proposed contribution costs which leaves a shortfall of £70k to meet the full cost of £1.769m.

7.2 It is worth highlighting that the projected spend in 2016/17 on inter-agency adoption placements is £913k which is £428k greater than the cash limit budget. Each inter-agency placement purchased from another adoption agency costs £27k. In 2016/17 spend has been met by the Government Grant for Inter-Agency Placements for 'difficult to place' children of £432k. This grant has now ended except for a very limited number of cases, and so making the same number of inter agency placements in 2017/18 would incur a potential unfunded financial pressure. It is anticipated that the increased efficiency and expanded pool of adoptive families that the RAA will bring will enable the service to place Manchester children for adoption without increasing our interagency placement budget, as otherwise would likely be required.

7.3 While increased adopter recruitment as a standalone agency in 2017/18 would be a realistic aim for Manchester, it is not anticipated that we would be able to recruit sufficient adopters to place all our children to keep with the cash limit budget of

£485k. It is estimated that membership of the RAA will halve the number of placements that need to be purchased from outside the partnership in 2017/18. A maximum of 60 Manchester children in adoptive placements is projected for 2017/18, of which up to 20 may be sourced from other adoption agencies using £485k of MCC budget for inter-agency placements which will be part of the sum paid to Stockport. This means projected spend on interagency adoptive placements should be affordable within budget and the financial pressure from the Adoption Grant ending will be avoided.

7.4 A key advantage of entering the RAA is to improve regional working and increase capacity to target recruitment activity to increase access to a wider pool of adopters that reflect the needs of Manchester children. This should significantly reduce the need to purchase placements from outside the partnership. Furthermore remaining as a single adoption agency outside of a regional arrangement is not likely to be an option beyond 2020 and will likely lead to additional costs, over and above this amount, being incurred in order to secure good, timely, outcomes for our hard to place children requiring adoptive families.

7.5 The Partnership Agreement is currently being finalised and will include reporting requirements from Stockport to individual Councils and the RAA Board. It is anticipated that where performance is such that the RAA is left with a surplus, this will either be re-invested in the RAA if a case can be made for that to the Board, or redistributed back to Councils proportionate to the core funding and activity. Whilst the Council is not expecting that there will be a financial deficit, where a deficit occurs, decisions will need to be made about the cause, whether the RAA is wholly accountable or whether there are special circumstances, such as an increase in adoption placements needed from one or more of the partners over and above what has been projected to inform the original funding. The development of the Partnership Agreement will need to consider performance measures and incentives in relation to the RAA. Ultimately where performance including cost is deemed to be unsatisfactory, MCC would need the flexibility to consider exiting the partnership to set up different arrangements.

7.6 The After Adoption contract is worth £185k per year. All partners in the RAA including Manchester have assessed that we can deliver a much improved service by using the contract money and other partners' contract money (they are ending their adoption support contracts also) to develop an in-house region wide support service in the RAA. Three of the partners inclusive of Manchester have contracts with After Adoption. However, it is not anticipated that the RAA will be ready to deliver its own adoption support service until July 2017. In light of this, we have extended our contract with After Adoption for a further 3 months to the end of June 2017. The financial contribution to the RAA indicated above is inclusive of 3 quarters of the contract fee to reflect that we will be extending the contract with After Adoption for quarter 1 in 2017/18, and minus 10% management costs within the contract that we do not feel are required within the RAA.

7.7 As indicated above, Manchester City Council will be hosting the 'hub' and one of the 'spokes' of the new service in Council premises in Wythenshawe (Etrop Court). There will be a proposed charge of £3k per annum per desk for the 33 desks required for RAA staff. A charge of £3k would bring income of £99k per annum. This

is a similar arrangement to other host authorities but with a higher charge, for example, another partner local authority will be charging £1.8k per desk per annum for desks provided to RAA staff from the 'spoke' based in their premises.

8. Summary

8.1 We are positive about the benefits of becoming part of a regional adoption agency. It will be good for children and adoptive families and it is consistent with the Greater Manchester agenda for greater collaboration and regional working; reflecting the Government's agenda and forthcoming and forthcoming respective changes for regional adoption services. We chose to move early with our partners to regionalise to take advantage of Department for Education development funds, of which we received £340,000.

8.2 Whilst there are additional unbudgeted costs of £70k for 2017/18, this cost is significantly outweighed by the benefits from reduced spend on inter-agency adoption fees which otherwise could be c£400k in excess of cash limit budget available following loss of grant funding from DfE. The £70k is a potential cost pressure for the Children's Services budget in 2017/18; for which it is proposed will be managed with existing allocations.

8.3 Being part of a regional agency is expected to remove 'competition' and improve our ability to find adoptive families for children and to place children for adoption more quickly than as a single agency. Whilst in the past we have not placed large numbers of children with our RAA partner agency adopters, the numbers have been increasing over the last year. We anticipate this increasing considerably once the RAA is established, as we will have immediate access to all adoptive families recruited across the region from which to match Manchester children who require adoption.

8.4 It is recognised that the demographics of the populations in the other four local authorities are different to Manchester and we will still need to recruit the bulk of families for our black and minority ethnic children from communities in Manchester. (Of Manchester's total looked after children population at the end of 2015/16, 39% were of black and minority ethnic origin. Of Manchester children adopted in 2015/16, 32% were of black and minority ethnic origin, and of the 59 children adopted so far in 2016/17, 41% were of black and minority ethnic origin.) This will be achieved by a targeted recruitment campaign that will be enhanced by the additional capacity and resource available as we collaborate with the 4 other Local Authorities and 2 Voluntary Adoption Agencies as part of the RAA.

8.5 It is anticipated that the sum of our resources merged in one organisation will increase our ability to recruit a diverse range of adopters in Manchester and across the whole region.

8.6 Being able to place more children for adoption within the RAA will reduce the need to buy adoption placements from other local authority or voluntary adoption agency services.

8.7 Manchester City Council Adoption Service has significantly improved the timeliness with which it moves children to adoption over the last two years. We

anticipate that being part of the RAA will further increase our ability to improve timeliness further. This will be good for children and adopters and will achieve cost efficiencies from the reduced time that children need to stay in foster placements prior to adoption.

8.8 Being part of the RAA is expected to result in cost efficiencies from economies of scale in areas including adoption panel costs, marketing costs, and senior management costs. Efficiencies and surpluses will be re-distributed back to member authorities' proportionately in year 2 and beyond. Work is ongoing to ascertain and agree the most equitable methodology for this but it will be based on activity and the proportion of core funding committed by each local authority partner.

8.9 Entering the RAA does require a commitment to identify funding in excess of the current adoption and adoption business support service budgets, in order that we make a contribution to the business overhead costs. These costs in Manchester are met from within central corporate budgets from which it is very difficult to disentangle a proportion related to the Adoption Service. However, the anticipated gains, both financially and in relation to improved outcomes for our looked after and adopted children, are more substantial than these additional costs. These include improved access to and timeliness of adoption for children, and the avoidance of the £428k inter-agency placement costs discussed in 8.4 above.

8.10 Not joining the RAA and instead remaining as a stand-alone service will mean competing in the recruitment of adoptive families with all of the new surrounding regional adoption agencies, who are likely to have gained a competitive advantage from becoming larger regional agencies. This may harm our ability to recruit adoptive families, which would necessitate the need to purchase more inter-agency placements not less, creating additional budget pressures. In addition, whilst it is yet unknown what will happen in respect of those authorities that choose not be a member of a RAA, there is potential for Manchester City Council's adoption service to be directed to be a member of a RAA in 2020.

8.11 Furthermore, not joining the RAA at this stage after 18 months of development work funded by the Department for Education will likely cause reputational damage to the Council. We may ultimately be forced to join a RAA by 2020 and it is better that we engage in an arrangement developed ourselves rather than wait until this later stage.

8.12 The plan to be part of this RAA has been previously considered in principle and endorsed by the Senior Management Team and the Executive Member.

9. Conclusion

9.1 In conclusion for the basis of this proposal has been informed by:

- Being part of the RAA will improve our ability to place Manchester's children in adoptive families and to do so in a timely manner. This will be good for children and will result in cost efficiencies for the Council.
- It will in reality cost us no more financially to be a part of the RAA and will lead to cost efficiencies – especially in relation to the reduced need to purchase inter-agency placements. However, this is cost avoidance given the loss of

- grant in 2017/18. The 10% overhead will cost £169,855.
- The proposal is consistent with the Greater Manchester devolution/increased collaboration and the Government agenda to establish regional adoption agencies.

It is therefore recommended Manchester City Council Executive agree the City Council's Adoption Service becomes a member of the "Adoption Counts" RAA and commit funding as detailed above in section 7.