



# Northumberland

## County Council

### Cabinet

Date: 11 September 2018

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### Regional Adoption Agency

Report of the Executive Director of Children's Services, Cath McEvoy

Cabinet Member for Children's Services: Councillor Wayne Daley

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#### **Purpose of report.**

The development of a Regional Adoption Agency (RAA) for the North East will be subject to approval in September 2018 by the Cabinets of each of the participating local authorities: Gateshead MBC, Newcastle City Council, North Tyneside Council, Northumberland County Council and South Tyneside Council (the Constituent Councils).

This report provides an update to Cabinet on the progress of the development of the proposals of the RAA. It is proposed that North Tyneside Council will act as the host authority for the RAA with the other participating authorities delegating their adoption functions, pursuant to the Local Government Act 2000, to North Tyneside Council.

#### **Recommendations**

##### **It is recommended that Cabinet:**

1. Note the Business Case associated with the delivery of the RAA and the associated funding arrangements in relation to the local authority hosted model, set out at Appendix 1;
2. Agree that the preferred business model for the RAA be a local authority hosted model which will operate through the delegation of the Constituent Councils' Adoption Functions (as detailed in the report) to a host local authority pursuant to Sections 9EA and 9EB of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012;

3. Agree that North Tyneside Council will act as the Lead and Host Authority for the Regional Adoption Agency and that the new arrangements will commence 1st December 2018;
4. Agree the Heads of Terms, set out at Appendix 2, for the Shared Services Agreement between the Constituent Councils which will govern the provision of the RAA;
5. Agree to accept the delegation of the Adoption Functions, as detailed in the report, pursuant to Sections 9EA and 9EB of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012, from each of the Constituent Councils;
6. Authorise the Senior Manager; Legal Services and Information Governance in consultation with the Head of Health, Education, Care and Safeguarding, the Head of Finance and the Cabinet Member for Children, Young People and Learning to negotiate, finalise and complete the Shared Services Agreement between the Constituent Authorities prior to the arrangements set out above commencing; and
7. Agree to the RAA being known as “Adopt North East” and that the identity and branding proposal set out in Appendix 4 be approved.

### **Link to Corporate Plan**

The NCC Corporate Plan 2018-21 does not contain any reference to the regionalisation of adoption services. Nevertheless, its proposed creation and consultation process does support each of the named values:

- Ensuring our services are customer focussed.
- Supporting communities and staff to embrace change and innovation.
- Involving communities and staff in decision which affect them.
- Supporting communities to feel safe.
- Creating a healthy and positive working environment

More specifically, the proposal supports the aim that “we want you to feel safe, healthy and cared for”.

## **Key issues**

1. The following decision options are available for consideration by Cabinet:

### Option 1

To approve the recommendations set out in Paragraph 1.2.

### Option 2

To reject the recommendations set out in Paragraph 1.2 and request Officers to undertake more work in relation to the development of proposals for a Regional Adoption Agency.

Option 1 is the recommended option.

2. Reasons for recommended option:

Option 1 is recommended as this option meets the requirements being placed on the Authority by the Government in relation to the regionalisation of adoption services and is the most financially and legally efficient available option.

## **BACKGROUND**

The development of RAA proposals is part of the national adoption agenda set out in the Department for Education (DfE) paper 'Regionalising Adoption' in June 2015. This was further developed by the Government in 'Adoption; A Vision for Change' in March 2016.

In these papers the Government has sought to address a number of challenges in National adoption practice as follows:

- Inefficiencies in the delivery of adoption services in England
- Matching of children
- Recruitment concerns
- Adoption Support challenges

The Government has signaled a clear intention that by 2020 all local authorities will be part of regional agencies. The Education and Adoption Act 2016 makes provision for the Government to direct a local authority to have its adoption functions carried out on its behalf by another authority or adoption agency where such provision has not already been made by the Authority.

Local Authorities have a statutory duty to provide adoption services to all those affected by adoption living in their area. Services to meet those responsibilities are required to meet legislative requirements and Minimum Standards for Adoption Services and are inspected regularly by Ofsted to ensure they do so.

The move towards the proposed RAA will not remove the statutory responsibilities placed on local authorities but will have far reaching changes for how those functions are organised, managed and delivered.

While all the authorities involved with the project have and currently continue to provide high performing adoption services, the Government expects that regional adoption agencies will be better able to target the recruitment of prospective adopters, speed up the matching and placement of children, improve adoption support services and may create efficiency savings.

### **The Expression of Interest and establishment of the RAA Project Board and Team**

In November 2015, Newcastle City Council submitted an Expression of Interest on behalf of itself, Northumberland County Council, North Tyneside Council and Gateshead MBC, and four voluntary adoption agencies - After Adoption, Barnardos, ARC NE and Durham Family Welfare (DFW) to the DfE in relation to the development of regional adoption agency arrangements in the North East. South Tyneside Council subsequently joined the project. These five authorities are the Constituent Councils for the RAA proposals.

Following the approval of the Expression of Interest, a Project Board was established to drive the project forward. The Project Board is made up from the Assistant Directors of Children's Services from each of the

authorities and the Voluntary Adoption Agencies of After Adoption, Barnardos, Arc Adoption and Durham Family Welfare. The Project Board is overseen by an Executive Board made up of the Directors of Children's Services from each of the Constituent Authorities.

As an initial starting point the Project Board, supported by DfE appointed project mentors, agreed the following vision and high level objectives:

**RAA vision:**

- Excellent adoption services that transform children's and families' lives for the better

**RAA objectives:**

- We place all children in a timely way in high quality, successful, life-long adoptive placements which meet all of their needs.
- Families and prospective adopters receive a high quality experience no matter where they live.
- Adoptive children and families receive the support they need for as long as they need it.
- Our skilled and dedicated staff are proud to work for the service.
- We achieve our objectives by working together in a spirit of collaboration, openness and co-production.

**Options appraisal**

To take the project forward the Project Board carried out an options appraisal on a number of potential delivery models for regionalised adoption services. The potential delivery models, which the DfE asked the Project Board to consider, are summarised below:

- Option 1: A single local authority host on behalf of a number of local authorities;
- Option 2: A Joint Venture between local authorities;
- Option 3: A Joint Venture between the voluntary adoption agencies and the local authorities;
- Option 4: Outsourcing to existing Voluntary Adoption Agency

Financial modeling was carried out on Option 1 and Option 2. Options 3 and 4 were discounted at an early stage as none of the voluntary adoption agencies indicated a wish to enter in such arrangements.

In June 2017, the Cabinets of the Constituent Councils indicated their support in principal principle for the continued development of a RAA for the North East and the use of a local authority owned Joint Venture Company (JVCo) (Option 2) as the preferred business model to deliver

the RAA. This “in principal principle” support was subject to an analysis of the available options and the final decision on the model.

In March 2018, a further report to the Cabinets indicated that although initial results of the options appraisal exercise had indicated that Option 2 could potentially provide flexibility and the ability to innovate in a business sense, as financial modeling progressed it became clear that the cost this model would be considerably more expensive than current arrangements in each local authority.

The financial modeling highlighted that, between the two options, the ability to recover VAT within the local authority hosted model (Option 1) established a clear and significant financial difference between the two options with the host model assessed as significantly more efficient in this regard.

In relation to ease of implementation generally, the delegation of adoption functions to one local authority is more straightforward than establishing a joint venture vehicle and commissioning that vehicle to provide the required services. In addition the transfer of staff to another local authority and the provision of proper pension arrangements is simpler and cheaper than with a joint venture vehicle. Furthermore it is considered an advantage in terms of the sense of ownership if the regional adoption service is hosted by one of the Constituent Councils.

In the light of the above, the Cabinets agreed in June 2018 that the preferred delivery model for the RAA be the local authority hosted model (Option 1). Furthermore the Cabinets agreed that North Tyneside Council, subject to final approval, would undertake the role of lead and host authority for the RAA.

### **The development and implementation of the Preferred Option**

Since the decision in June 2018, the Project Team and the specialist workstreams created to deliver the RAA proposals have worked to develop the arrangements to deliver and implement the Preferred Option.

A number of workstreams under the direction of a Senior Manager from Children’s Services within North Tyneside Council have been established to look at the issues associated with the transfer of functions from the four other Constituent Councils to North Tyneside Council.

The workstream are:

- Communications
- Finance
- Human Resources
- Information Technology
- Legal
- Social work practice
- Procurement/Commissioning

- Property/Estates
- Performance Management

Each of the workstreams was led by an Officer of North Tyneside Council. The detail of the workstreams input into the arrangements is set out in the Business Case at Appendix 1.

### **Governance Arrangements for the hosted model**

To make the hosted model operate effectively the four other Constituent Councils must delegate their adoption services functions to the Host Authority pursuant to Sections 9EA and 9EB of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012. Each Cabinet of the Constituent Authorities must therefore make a resolution that its Adoption Functions be delegated to North Tyneside Council. North Tyneside Council's Cabinet must also make a resolution to accept the delegations from the other four Constituent Councils.

The Adoption Functions to be delegated to North Tyneside Council are:

- Recruitment and Assessment of prospective adopters;
- Matching and Placement - to match prospective adopters with children in need of adoption
- Post placement and post Adoption Order support (3 year limit)
- Support and advice to all affected by adoption
- Develop and manage all forms of post adoption contact (Post Box) between adopted children and their birth families
- Step Parent Adoption
- Inter-country Adoption

Further details of the Adoption Functions to be undertaken by North Tyneside Council are set out in the Business Case at Appendix 1.

The arrangements for the delivery of the RAA services by the lead and host authority will be supported by an appropriate legal agreement being entered into by the Constituent Councils. The Shared Services Agreement will cover such matters as the financial contributions necessary from the Constituent Councils, indemnities, apportionment of surplus and deficits, governance and oversight and the services to be provided.

Heads of Terms for the Shared Services Agreement have been developed between the Constituent Authorities. The draft Head of

Terms if approved will set out the overall legal, financial and operational principles under which the shared arrangements pursuant to the lead authority and host model as described Option 1 above will operate.

A copy of the Heads of Terms is attached at Appendix 2. Cabinet is requested to approve the Head of Terms.

If Cabinet is minded to approve the Head of Terms, Cabinet is also requested to authorise the Senior Manager Legal Services and Information Governance in consultation with the Head of Health, Education, Care and Safeguarding, the Head of Finance and the Cabinet Member for Children, Young People and Learning from North Tyneside to negotiate, finalise and complete the Shared Services Agreement between the Constituent Authorities in accordance with the principals principles provided by the Head of Terms.

In relation to the operation of the RAA at a practical level, the RAA will be led by a Senior Manager of North Tyneside Council who will act as the service head. That Senior Manager will be a member of the Senior Management Team of the Health, Education, Care and Safeguarding Service and will report directly to the Head of Health, Education, Care and Safeguarding (the Director of Adults and Children's Services).

To ensure that there is effective communication and engagement between the Constituent Councils the Shared Services Agreement will provide for the creation of an Officer Liaison Group. This will be made up of the Directors of Children's Services or their nominees. This Officer Liaison Group will meet on a quarterly basis and will provide a direct formal point of contact between North Tyneside Council as the lead and host of the RAA and the other Constituent Councils.

The Liaison Group will monitor the performance of the RAA against the relevant performance management targets.

Within the Constituent Councils who are delegating their Adoption Functions appropriate arrangements between their Director of Children's Services and their authority's administration will be necessary to ensure that political oversight of the arrangements is maintained within each authority.

Notwithstanding the above the Shared Services Agreement will also provide for a formal dispute resolution process should issues in relation to the delivery of the RAA develop.

The RAA will have its own budget and medium term financial plan. It is anticipated that discussions in relation to the RAA's budget will begin in September of each year with a view to an agreed budget being ready for



incorporation into the overall budget of North Tyneside Council when it sets its annual budget in February/March each year.

The Shared Services Agreement will also provide, should the situation arise, for the termination of the agreement and thereby termination of the delivery of the functions of the RAA by North Tyneside Council. It is proposed that where one of the Constituent Councils gives notice to terminate this will cause a termination event and will bring an end to the whole arrangement. 12 months' notice will be required by any of the Constituent Councils to terminate the shared service arrangement.

### **Financial arrangements**

A significant element of the work undertaken has been in relation to development of the RAA has related to the financial arrangements that will be necessary between the Constituent Authorities to support the delivery of the functions of the RAA by North Tyneside Council.

The RAA will be funded by the Constituent Council's under the following arrangements based on an average of the 2015/16 & 2016/17 net cost to each Local Authority, with a view to annual review of the model in line with performance management.

The RAA will be funded by the Constituent Council's under the following arrangements based on an average of the 2015/16 & 2016/17 net cost to each Local Authority, with a view to annual review of the model in line with performance management.

Table 1 – Baseline net cost, % Contribution and Value of Contribution to the RAA.

| <b>LA</b>      | <b>2 Year Average Net Cost<br/>2015/16 to 2016/17<br/>(excluding purchased<br/>placements but including<br/>inter-agency income)</b> | <b>%</b>   | <b>Contribution<br/>To RAA</b> |
|----------------|--|------------|--------------------------------|
| Gateshead      | £593,140   | 22         | £534,596                       |
| Newcastle      | £525,575   | 20         | £485,997                       |
| North Tyneside | £384,535   | 15         | £364,497                       |
| Northumberland | £712,963   | 27         | £656,095                       |
| South Tyneside | £420,934   | 16         | £388,797                       |
| <b>Total</b>   | <b>£2,637,148</b>  | <b>100</b> | <b>£2,429,983</b>              |

A proposed budget for a proposed North Tyneside Council hosted model is shown in Table 2.

Table 2 – Draft Budget for the proposed RAA hosted by North Tyneside Council

| <b>Expenditure/Income Category</b> | <b>Budget</b>     |
|------------------------------------|-------------------|
| Staffing                           | £2,173,840        |
| Premises, IT and Running Costs     | £499,249          |
| Support Services                   | £257,714          |
| Commissioned Post Adoption Support | £150,180          |
| <b>Gross Expenditure</b>           | <b>£3,080,983</b> |
| Inter-agency fee income            | -£651,000         |
| <b>Net Budget</b>                  | <b>£2,429,983</b> |

There are a number of assumptions to note in the proposed budget including:

- The RAA will generate income from selling 21 adopters each year and any income generated from selling these placements is retained by the RAA.
- There will be no redundancy costs anticipated as part of the setup of the hosted service.
- All set up costs (including ICT, premises, and additional staffing resource required by the host authority) will be fully funded from the DfE implementation grant held by Newcastle.

It is proposed that any surplus or deficit is allocated to take into account both the proportion of an authority's financial contribution and the actual number of adoptions achieved for each authority, weighted 50% and 50% respectively.

It is suggested that a ring-fenced reserve is established from any potential surplus, up to a value of £50,000 p.a., before it is then redistributed via the agreed option. This is to offset any future years' pressures, particularly in relation to risk areas such as achieving income from selling placements, and to develop the service moving forward.

### **Transfer of staff from the Constituent Councils**

Under the proposed Host and Lead Authority arrangement approximately fifty staff from across the Constituent Councils will come together under the employment of North Tyneside Council. Those staff currently employed by the Constituent Councils (other than North Tyneside Council) will be transferred to North Tyneside Council pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 (the TUPE Regulations). Staff engagement has begun and if the Cabinets of the Constituent Authorities agree to the proposals in this report, further engagement will be undertaken to ensure that each authority complies with its duties under the TUPE Regulations.

## **Identity and Branding**

As part of the development of Adopt North East, the communications workstream has led on the development of an identity for the new service.

The opportunity to submit identity proposals was promoted through each of the five local authorities' design and print channels.

The creative brief focused on developing a branding toolkit including logos, stationery and signage. The scope of the brief did not include a marketing campaign, this will be developed closer to the launch of Adopt North East by North Tyneside Council in consultation with the other Constituent Councils.

Consultation on the five options took place from 20 – 27 July 2018 with key stakeholders including prospective adopters, adoptive parents, children and birth families, voluntary adoption agencies, lead Cabinet members and staff across the five local authorities.

The preferred identity and branding option is attached at Appendix 4.

### **Appendices:**

Appendix 1 – Business Case

Appendix 2 – Heads of Terms

Appendix 3 – Consultation outcome

Appendix 4 - Identity and branding proposals

Appendix 5 – Equality Impact Assessment

### **2.7 Crime and disorder**

There are no direct crime and disorder implications arising from this report.

### **2.8 Environment and sustainability**

There are no direct environment and sustainability implications arising from this report.

## IMPLICATIONS ARISING OUT OF THE REPORT

|  |   |
|--|---|
| <p><b>Policy:</b></p>                      | <p>The proposal is in line with the national adoption agenda as set out in the DfE paper “Regionalising Adoption” (June 2015)</p>   |
| <p><b>Finance and value for money:</b></p> | <p>It is suggested that a ring-fenced reserve is established from any potential surplus, the value of any contribution to a reserve to be agreed between the Chief Finance officers. This will include consideration of any future years’ pressures, particularly in relation to risk areas such as achieving income from selling placements, and to develop the service moving forward. Any remaining surplus to be redistributed in accordance with the agreed mechanism.</p> <p>The financial model proposed seeks to ensure that each Local Authority will continue to contribute the average net cost that they have paid from figures ??? 2015/16- 2016/17. The financial modeling has attempted to ensure that no local authority is required to pay more.</p> <p>Additional resources required by the proposed host authority (North Tyneside Council) to establish and set the RAA will be funded from the RAA programme DfE grant.</p>                            |
| <p><b>Legal:</b></p>                       | <p>The Government has signaled a clear intention that by 2020 all local authorities will be part of regional agencies. The Education and Adoption Act 2016 makes provision for the Government to direct a local authority to have its adoption functions carried out on its behalf by another authority or adoption agency where such provision has not already been made by the Authority.</p> <p>To make the hosted model operate effectively the four other Constituent Councils must delegate their adoption services functions to the Host Authority pursuant to Sections 9EA and 9EB of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012. Each Cabinet of the Constituent Authorities must therefore make a resolution that its Adoption Functions be delegated to North Tyneside Council. North Tyneside Council’s Cabinet must also make a resolution to accept the delegations</p> |

|  |  |
|--|--|
|  | <p>from the other four Constituent Councils.</p> <p>A decision of the Constituent Authorities to progress with the proposals as set out in this report will trigger the obligations placed on the Constituent Councils under the Transfer of Undertakings (Protection of Employment) Regulations 2006 to consult with the recognised trade unions/workplace representatives of the employees affected.</p> |
| <b>Procurement:</b>  | There will be implications however this will be covered in full in the next report as part of the business case.   |
| <b>Human Resources:</b>  | LA staff will be TUPE transferred or seconded to the new venture.  |
| <b>Property:</b>   | There will be implications however this will be covered in full in the next report as part of the business case.   |
| <b>Equalities:</b><br>(Impact Assessment attached)<br><br>Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> | An equality impact assessment (EIA) has been undertaken in relation to the proposals contained in this report. This attached at Appendix 5. The EIA does not identify any particular impact, with respect of the Authority's Public Sector Equality Duty, on individuals who possess protected characteristics.  |
| <b>Risk Assessment:</b>  | A risk register is maintained by the Project Board as part of regular project management practice with mitigating actions identified to ensure the likelihood and impact of risks is managed proactively.  |
| <b>Crime &amp; Disorder:</b>   | None   |
| <b>Customer Considerations:</b>  | Effective transition of children and adopters to the Joint Venture.  |
| <b>Carbon Reduction:</b>   | None   |
| <b>Wards:</b>  | Across the county.   |

## CONSULTATION

### Consultation

Engagement with stakeholders has been an integral part of the RAA project. Engagement events have taken place with over 250 participants from stakeholder groups including - adults, children and young people affected by adoption; adopters, LA and VAA adoption staff; partners in health – CCG's; education via Virtual Heads; and the Court Service. Engagement events have been held since February 2016 and continued stakeholder involvement has taken place through web based surveys, staff newsletters and face to face events.

Consultation on the proposals to develop a Regional Adoption Agency was delivered over a period of eight weeks between 3 July – 28 August 2018.

An online consultation was published on North Tyneside Council's website which outlined the proposals and provided an opportunity for stakeholders to have their say.

The online questionnaire was promoted to key stakeholders who have been regularly engaged throughout the process including; prospective adopters, adoptive parents, children and birth families, voluntary adoption agencies, staff, partners and providers.

The consultation was also promoted more widely to the general public via each local authority's communications channels.

The initial results of the consultation are attached at Appendix 3. The details of the completed consultation will be circulated in due course before the Cabinet meeting.

## **BACKGROUND PAPERS**

[Regionalising Adoption - Department for Education \(June 2015\)](#)

[Adoption; Vision for Change - Department for Education \(March 2016\)](#)

[The Education and Adoption Act 2016](#)

### **Report Sign Off**

***Authors must ensure that relevant officers and members have agreed the content of the report***

|                          |          |
|--------------------------|----------|
| Finance Officer          | initials |
| Monitoring Officer/Legal |          |
| Human Resources          |          |
| Procurement              |          |
| I.T.                     |          |
| Executive Director       |          |
| Portfolio Holder(s)      |          |

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## **Appendix 1**

