

Committee: Cabinet

Date: 19 September 2016

Agenda item:

Wards: All

Subject: Regionalisation of London Adoption Services

Lead officer: Paul Angeli, Head of Children's Social Care & Youth Inclusion

Lead member: Councillor Katy Neep, Cabinet Member for Children's Services

Forward Plan reference number:

Contact officer: Paul Angeli, Head of Children's Social Care & Youth Inclusion

Recommendations:

That Cabinet:

- (i) Agree, in principle, to join a London Regional Adoption Agency, as supported by London Councils and the Association of London Directors of Children's Services; and
 - (ii) Authorise the Director of Children's Services, in consultation with the Cabinet Member for Children's Services, to progress arrangements relating to the development of the Agency model.
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 It is likely that Local Authorities will be required to join a Regional Adoption Agency. London Councils have worked with boroughs to develop an agency that will be able to meet the needs of adoption teams across London. A commitment to developing the model, with an in principle agreement to joining, is required for work to continue to progress.
- 1.2 This report seeks Cabinet approval for the Council to work with London Councils to continue to develop the London Regional Adoption Agency, with the intention of joining the agency, when it becomes operational (2017/18).

2. INTRODUCTION AND BACKGROUND

- 2.1 Adoption is a legal process and is the decision of the family courts. The child must first become looked after and then new parent/s, adoptive parent/s are found for the child. The adoptive parent/s must obtain a legal order to become the new permanent parent/s for the child for the rest of the child's life.
- 2.2 Successive governments have been concerned about the low rate at which children in care become adopted. This is because children in care generally have poorer life outcomes than children not raised in the care system. This means that children in care, for example, are more likely to be unemployed, to experience mental health problems, to become homeless and to have their own children removed from them. It should be noted that children in care often arrive in care with significant issues

that contribute to poor outcomes; however, a care experience can exacerbate rather than remedy these issues.

- 2.3 In order to improve outcomes for children in care, the Coalition Government introduced the 'Action Plan for Adoption - reducing delay' in 2011 with legislative changes to the monitoring of the adoption process through an Adoption Scorecard. The legislation was the Children and Families Act 2014. This set targets for Local Authorities to speed up the adoption process. In many authorities, including Merton those targets have not been met and the speed of adoption remains a local corporate parent and central government concern.
- 2.4 The government has reinforced their policy ambition through provisions in the Education and Adoption Bill. The Department for Education's ambition remains for all local authorities to be part of a regionalised service by 2020.
- 2.5 The Department invited councils and Voluntary Adoption Agencies to submit Expressions of Interest in becoming part of new regionalised arrangements. In response, the Association of London Directors of Children's Services (ALDCS) submitted a London proposition in late 2015. The DfE subsequently approved the ALDCS proposition as a "scope and define" project, and it recently received transitional funding while the DfE considers the London implementation proposal covering 2016/17 and 2017/18.
- 2.6 Merton Council will need to formally agree whether they wish to join the ALDCS Regional Adoption Arrangements, or seek other arrangements to join. The final model is expected to be developed by July 2017.
- 2.7 There are no immediate financial implications because the DfE have funded the development work. As part of developing the model financial implications are being carefully considered. ALDCS has given the project team a clear steer that the new arrangements should be cost neutral at worst or, ideally, create an improved service at lower cost.
- 2.8 A number of possible models for the London Regional Adoption Agency are being explored. The development group have been asked to create a model which is, as a minimum, cost-neutral for the boroughs. The model is expected to retain a strong local link. At its maximum the agency could require all 9 of our adoption team staff to be TUPE'd to the Regional Adoption Agency, the number could be less if it is decided to develop a lean central team with more staff retained in local authorities. This has not yet been decided. It is recognised that local knowledge and relationships will be essential.

3 PROPOSAL AND ISSUES

- 3.1 In order for the London Regional Adoption Agency to progress to the next stage of development, commitment to join must be secured from the London boroughs.
- 3.2 All boroughs are likely to be required to join a regional agency.
- 3.3 Alternative proposals would require partnership with boroughs outside of the London Councils' group and buying into an agency that we have had no part in developing.

4. OPTIONS APPRAISAL

4.1 In order to be able to advise boroughs, ALDCS has sought economic and legal advice regarding the proposed London scheme. In addition a London Councils' seminar, chaired by Peter Johns, was held on Friday 24th June 2016.

4.2 **Economic analysis** - A central component of the scope and define phase activity for the London Regional Adoption Agency was an analysis of the potential efficiencies of a regionalised offer. This analysis sought to map activity to cost and reach some high level conclusions in respect of the potential economies of scale which could be achieved. Economic analysts were appointed to produce a report that would provide the following:

- Understanding of the relationship between costs and key performance indicators.
- Benchmarking across the region to identify potential cost reduction opportunities.
- Understanding of the potential savings that could be achieved through a regional agency.
- Identification of the key dependencies, such as the number of LAs signed up to the organisation.
- Identification of opportunities for regionalised commissioning.

This analysis will form the foundation for a more detailed, second phase financial modelling project which will develop a more detailed financial model for regionalised services.

4.3 **Legal guidance** - At the March meeting of ALDCS, Directors received a report of stakeholder engagement in respect of the potential legal entities which could form the model for a future regionalised offer. On the direction of ALDCS, legal advisors have now been appointed to produce detailed advice on the two preferences which Directors supported. Those preferences, based on guidance from stakeholders including VAAs, were a local authority trading company and a joint venture. This advice will cover the following areas for the preferred models:

- Benefits and limitations of VAA involvement in the ownership and/or strategic partnership, with advice on the joint venture options and whether joint venture partners would need to be procured.
- Governance implications with regard to the need for accountability to the LAs responsible for the child.
- Legal entities that would be appropriate for securing the optimum balance with non-statutory organisations within these models.
- Income and tax implications of the models, including VAT treatment and the ability to trade with other regional agencies.
- Procurement implications of these models, particularly with reference to Teckal exemption.
- Implications for registered charities including charitable assets and income.
- Potential staff transfer implications.

Further legal advice has been presented to the project team in June and will be presented to ALDCS in July.

- 4.4 **London level Member engagement** - In July 2015, London Councils published a Member Briefing¹ on the Department's regionalisation policy platform and informed members that ALDCS had submitted an Expression of Interest. This was followed by a report to London Councils' Executive in October 2015 setting out the regionalisation project in high level terms and seeking Executive's in principle support, which was agreed. In November 2015, a London Councils' Member Event² was hosted by the project team. The feedback from members subsequently informed the project vision and detailed project plan.
- 4.5 **Local Decision Making** - Each London borough is asked to reach their own decision on whether to join the London Regional Adoption Agency.
- 4.6 **Options Appraisal for Merton** - The London Regional Adoption Agency has been developed to meet the needs of London boroughs, including Merton. It would operate in a similar manner to the London Admissions and London Grid for Learning Teams, with governance through ALDCS and London Councils. No other Regional Adoption Agency, that we are aware of, has proposed governance linked to local authorities.
- 4.7 At the moment there are no other options available which would enable work with other London boroughs.
- 4.8 Given the strong borough commitment to working with London Councils, and the involvement of Merton staff in developing the London Regional Adoption Agency, it is considered to be the only viable option currently.
- 5. CONSULTATION UNDERTAKEN OR PROPOSED**
- 5.1 Staff in the Children's Adoption Team have been consulted and are in agreement that the London Agency is the best regional adoption agency option for Merton.
- 6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**
- 6.1 This report seeks Cabinet approval for the Council to work with London Councils in the development of London Regional Adoption Agency. There are no direct financial implications arising from this report as initial funding has been provided by the Department for Education (DfE). Once proposals are developed, full financial implications will be reported to Cabinet.
- 7. LEGAL AND STATUTORY IMPLICATIONS**
- 7.1 Cabinet is asked to support Merton joining in the development of a London Regional Adoption Agency which aims to improve adoption services, deliver all adopter recruitment, matching and support functions for all of the London boroughs.
- 7.2 A legislative framework for the regionalisation of adoption services came into existence through the Education and Adoption Act 2016 (the Act) on 16 March

¹ <http://www.londoncouncils.gov.uk/members-area/member-briefings/children-and-youth-people-member-briefing/regionalising-adoption>

² Reforming Adoption in London. Nov 6th 2015.

2016. The council is required to join a regional adoption agency or can be forced by the Secretary of State do so.

- 7.3 The council has anticipated the implementation of the Act. It joined the Regional Adoption Agency Projects for London. All London boroughs and 10 Voluntary Adoption Agencies are included. The council cannot join any other regional agency as no other exists. The approval of Cabinet is required to enable the council to participate in negotiations about the delivery model for the adoption services through the London Regional Adoption Agency.

8. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 8.1 **Risk Management** – No significant risks are associated with joining the London Regional Adoption Agency when it is established. Merton staff have been involved in shaping the proposal. A small number of staff may need to be TUPE'd to the agency.

- 8.2 If the London Regional Adoption Agency does not progress there is a risk that Merton could be instructed to join another Regional Adoption Agency, or may have to join an RAA that it has not been part of developing.

9. OTHER IMPLICATIONS

- 9.1 **Staffing Issues** – Whilst staff are aware of the direction of travel, Adoption will need to be consulted on the specific proposal, which may affect up to 9 members of staff, depending on the final model. The LRAA model recognises the need for local links with children and families, alongside a central team. As the model is developed staff will continue to be consulted. The final model is likely to involve some of the current adoption team being TUPE'd over to the London Team, which is likely to be hosted by one of the London boroughs, unless national models require the hosting to be separate from local authorities.

- 9.2 **Corporate Policy and Customer Impact** - The decision will assist the council in fulfilling its statutory obligations for adoption and its corporate parenting responsibilities for Looked After Children. This initiative supports enabling social responsibility.

- 9.3 **Safeguarding Children** - Adoption of the recommendations will contribute to the Council's objectives to improve the wellbeing of children in the borough, reduce inequalities and ensure looked after children have the best opportunities to transition to a secure family environment permanently, where they are not able to return to their own family.

- 9.4 **Health Issues** – The relationship between a secure family environment and children's emotional health and wellbeing is well documented. Children placed with adoptive families do better in all outcome areas than those in less permanent care arrangements.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

None

11. CRIME AND DISORDER IMPLICATIONS

None

APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

None

BACKGROUND PAPERS

Public Background Papers Used in the Preparation of the Report:

DFE (2015) Regionalising Adoption

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/437128/Regionalising_adoption.pdf

London Councils (2015) Regionalising Adoption: A Vision for London

<http://www.londoncouncils.gov.uk/members-area/member-briefings/children-and-youth-people-member-briefing/regionalising-adoption>