

**TITLE OF REPORT:**           **Regional Adoption Agency Update**

**REPORT OF:**                 **Caroline O'Neill, Strategic Director, Care, Wellbeing and Learning**

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### **Purpose of the Report**

1. The development of a Regional Adoption Agency (RAA) for the North East is subject to approval of the Cabinets of each of the participating local authorities: Gateshead Council, Newcastle City Council, North Tyneside Council, Northumberland County Council and South Tyneside Council (the Constituent Councils).
2. 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.

### **Background**

3. 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.
4. 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 Expression of Interest and Establishment of the RAA Project Board and Team**

5. In November 2015, Newcastle City Council submitted an Expression of Interest on behalf of itself, Northumberland County Council, North Tyneside Council and Gateshead Council, 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.
6. 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 Childrens' 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.

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

### **Vision and Objectives**

8. RAA Vision:

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

9. 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**

10. 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
11. 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.
12. In June 2017, the Cabinets of the Constituent Councils indicated their support in 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 principle" support was subject to an analysis of the available options and the final decision on the model.
13. 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.

14. 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.
15. 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.
16. 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**

17. 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.
18. A number of workstreams under the direction of a Senior Manager from Children's Services within North Tyneside Council with support from Gateshead Council and the other authorities have been established to look at the issues associated with the transfer of functions from the four other Constituent Councils to North Tyneside Council.
19. The workstream are:
  - Communications
  - Finance
  - Human Resources
  - Information Technology
  - Legal
  - Social work practice
  - Procurement/Commissioning
  - Property/Estates
  - Performance Management

### **Governance Arrangements for the Hosted Model**

20. 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.

21. 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
22. Further details of the Adoption Functions to be undertaken by North Tyneside Council are set out in the Business Case at Appendix 2.
23. 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.
24. Heads of Terms for the Shared Services Agreement have been developed between the Constituent Authorities. The 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 above will operate.
25. A copy of the Heads of Terms is attached at Appendix 3. Cabinet is requested to approve the Head of Terms.
26. If Cabinet is minded to approve the Head of Terms, Cabinet is also requested to authorise the Strategic Director Corporate Services and Governance in consultation with the Director of Public Health, Service Director Learning and Schools, Service Director Children and Families, Strategic Director Corporate Resources and the Cabinet Member for Children and Young People to negotiate, finalise and complete the Shared Services Agreement between the Constituent Authorities in accordance with the principles provided by the Head of Terms.
27. 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).

28. 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.
29. The Liaison Group will monitor the performance of the RAA against the relevant performance management targets.
30. 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.
31. 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.
32. 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.
33. 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**

34. A significant element of the work undertaken 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.
35. 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>              |

36. 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            | <b>-£651,000</b>  |
| <b>Net Budget</b>                  | <b>£2,429,983</b> |

37. 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.

### **Identity and Branding**

38. As part of the development of Adopt North East, the communications workstream has led on the development of an identity for the new service.
39. The opportunity to submit identity proposals was promoted through each of the five local authorities' design and print channels.

40. 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.
41. 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.
42. The preferred identity and branding option is attached at Appendix 5.

### **Decision Options:**

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

#### Option 1

To approve the recommendations set out in Paragraph 44.

#### Option 2

To reject the recommendations set out in Paragraph 44 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.

### **Recommendations**

44. It is recommended that Cabinet is recommended to:
  - (i) Note the progress and in particular the outcome of public consultation, with respect to the proposal for the adoption services of Gateshead Council, Newcastle City Council, North Tyneside Council, Northumberland County Council and South Tyneside Council to be combined to create a Regional Adoption Agency.
  - (ii) 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 2.
  - (iii) 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.
  - (iv) 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.
  - (v) Agree the Heads of Terms, set out at Appendix 3, for the Shared Services Agreement between the Constituent Councils which will govern the provision of the RAA.
  - (vi) 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.

- (vii) Authorise Strategic Director, Corporate Services and Governance following consultation with the Director of Public Health, Service Director Learning and Schools, Service Director Children and Families, Strategic Director Corporate Resources and the Cabinet Member for Children and Young People to negotiate, finalise and complete the Shared Services Agreement between the Constituent Authorities prior to the arrangements set out above commencing.
- (viii) Agree to the RAA being known as “Adopt North East” and that the identity and branding proposal set out in Appendix 5 be approved.

For the following reason:

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

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## APPENDIX 1

### Policy Context

1. 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.
2. The provision of an adoption service is a statutory requirement and the Council is required to monitor the provision of adoption services.
3. The Adoption and Children Act 2002 provides the structure for an adoption service. Under section 3 of the Adoption and Children Act 2002, each Council must continue to maintain within its area an adoption service designed to meet the needs of children who may be adopted, their parents, natural parents and former guardians.
4. These services are referred to as the 'adoption service', meaning either a local authority or a registered adoption society (section 2(1) of the Adoption and Children Act 2002).

### Background

5. 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.
6. 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.
7. 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.
8. 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.

### Consultation

9. 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.

10. Consultation on the proposals to develop a Regional Adoption Agency was delivered over a period of eight weeks between 3 July – 28 August 2018.
11. 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.
12. 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.
13. The consultation was also promoted more widely to the general public via each local authority's communications channels.
14. The initial results of the consultation are attached at Appendix 4. The details of the completed consultation will be circulated in due course before the Cabinet meeting.
15. The Cabinet Members for Children and Young People has been consulted.

### **Alternative Options**

16. Not being part of the Project:

Any future difference in opinion across the LA's as to the role and scope of Adopt North East and future governance arrangements could delay implementation. There is a risk to the Local Authority if it fails to join a regional agency. This would include central government directing how and by whom its service would be delivered.

### **Implications of Recommended Option**

17. **Resources:**

- a) **Financial Implications** – The Council will make a contribution of £534,596 to the RAA for its first year of operation which will be accommodated within the existing revenue budget. It is suggested that a ring-fenced reserve is established by the RAA from any potential surplus, the value of any contribution to a reserve to be agreed between the Chief Finance officers. The RAA will be set its budget annually. Any changes in the contribution from the Council will be reported to Council as part of its normal budget-setting process.
- b) **Human Resources Implications** – 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.

**c) Property Implications** - The relocation of in scope staff from their current working base to the recommended accommodation site will be required to meet the needs of the organisation as a regional agency.

18. **Risk Management Implication** - 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.

19. **Equality and Diversity Implications** - An equality impact assessment (EIA) has been undertaken in relation to the proposals contained in this report. This attached at Appendix 6. The EIA does not identify any particular impact, with respect of the Authority's Public Sector Equality Duty, on individuals who possess protected characteristics.

20. **Crime and Disorder Implications** – There are no direct crime and disorder implications arising from this report.

21. **Health Implications** - There are no direct health implications

22. **Sustainability Implications** - There are no direct sustainability implications arising from this report.

23. **Human Rights Implications** - There are no direct human rights implications arising from this report.

24. **Area and Ward Implications** - There are no direct area and ward implications arising directly as a result of this report.

## 25. **Background Information**

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

1. Regionalising Adoption – Department for Education June 2015
2. Adoption: A Vision for change – Department for Education March 2016
3. The Education and Adoption Act 2016

## **Appendices:**

Appendix 2 – Business Case

Appendix 3 – Heads of Terms

Appendix 4 – Consultation outcome

Appendix 5 - Identity and branding proposals

Appendix 6 – Equality Impact Assessment