# Regionalising Adoption
# Vision for London

## Background

The DfE paper *Regionalising Adoption* proposes the move to regional adoption agencies in order to speed up matching, improve adopter recruitment and adoption support, reduce costs, and improve  the life chances of London's most vulnerable children. London is committed to ensuring that regionalisation delivers the best, most timely outcomes and experiences for both children and adopters.

This paper sets out the vision for London based on extensive consultation.

## Vision

**Our vision is to ensure that all London's children who require adoptive families receive excellent services that meet their needs leading to excellent outcomes for them and their adoptive family.**

*For children* where adoption is the best option, we will:
- Ensure that the child and the child's journey is foremost in the new service design.
- Maximise the opportunity to find a loving family as quickly as possible.
- Provide support from the start of their journey through to adulthood, with a proactive and flexible offer to meet their educational, health and emotional needs.
- Involve children and young people in the development of the regionalised service.

*For prospective adopters and adopters*, we will:
- Provide clear, realistic and welcoming communication from first enquiry to post-adoption.
- Ensure that they are equipped to meet their children's current and future needs through high quality training and guidance.
- Deliver evidence-based assessment and approval processes within a consistent timeframe.
- Reduce time taken from approval to matching.
- Provide consistent post-adoption support across the region.
- Increase the diversity of adoptive parents.
- Engage with potential adopters and adoptive parents in the design of the regionalised service.

*For birth parents* of children being adopted, we will:
- Provide consistent access to support throughout London e.g. counselling and contact.

*For local authorities (LAs)*, we will:
- Share learning across the region, and between the local authority and voluntary sector.
- Achieve savings and cost efficiencies, making the best use of public money.

- Match the supply of adopters to the children awaiting adoption across the region.
- Minimise complexity and ensure that barriers are not created between organisations.
- Be adaptable and responsive to manage future changes e.g. demand, legislation.
- Develop a model that allows flexibility in the level of service for individual LAs.
- Engage with universal services to enable consistent provision of adoption support.
- Identify opportunities for regionalised services to support other routes to permanence.
- Involve practitioners working in adoption services in the development of the model.
- Engage with VAAs and ASAs throughout the development of the regionalised model.

*For voluntary adoption agencies* (VAAs) and adoption support agencies (ASAs), we will:
- Create an organisation that recognises and utilises the expertise within the voluntary sector.
- Recognise and respond to demand and funding challenges in the voluntary sector.
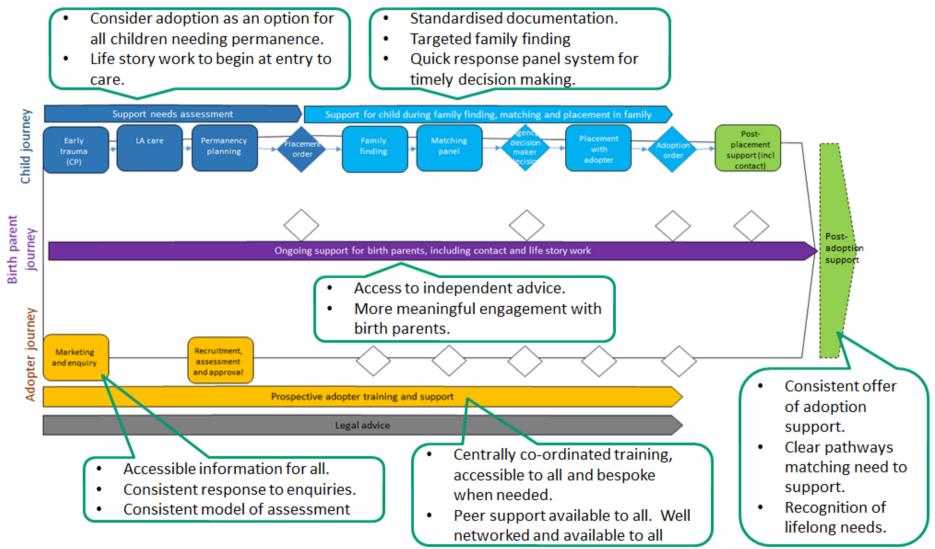- Engage with VAAs, ASAs and LAs throughout the development of the regionalised service.

## Key Design Criteria of model
- Child-centred, focussed on achieving the best outcomes for all London's children in need of an adoptive placement.

- Pan-London solution ensuring sufficient numbers of children and reducing any "postcode lottery" of provision across the capital and improving support for adopters.

- Regional focus on capacity and sufficiency ensuring equality of provision.

- Effective and high quality delivery of all statutory duties in relation to adoption and adoption support across London, utilising "Freedoms and Flexibilities" available to local authorities enshrined in amendments to the Children and Young Persons Act 2008.

- Creates an ability to work flexibly around a new London offer.

- Encompasses aspects of other permanency options into the future.

- Commits to close collaboration between all stakeholders.

- Considers the options for pooling resources and sharing responsibilities, including the legal functions currently performed by individual boroughs.

- Maintains and builds a clear relationship with London boroughs who remain responsible for the journey of the child.

- Works closely with VAA partners.

- A cost efficient and effective delivery approach enabling local authorities to deliver significant cost savings in adoption services whilst maintain high quality provision to children and families.

- The majority of funding for the regionalised model will go towards direct work to increase stable, secure, adoptive families for London's children.

## Governance

Partners will work together under the strategic leadership of ALDCS, LAB as the multi-agency responsible body, and an executive steering group made up of representatives from LAs, VAAs and London Councils.

*Appendix 2 – Adoption journey outcome summary*



**Child journey**

- Consider adoption as an option for all children needing permanence.
- Life story work to begin at entry to care.

- Standardised documentation.
- Targeted family finding
- Quick response panel system for timely decision making.

Support needs assessment

Support for child during family finding, matching and placement in family

Early trauma (CP) → LA care → Permanency planning → Placement order → Family finding → Matching panel → Agency decision maker decision → Placement with adopter → Adoption order → Post-placement support (incl contact)

Post-adoption support

**Birth parent journey**

Ongoing support for birth parents, including contact and life story work

- Access to independent advice.
- More meaningful engagement with birth parents.

**Adopter journey**

Marketing and enquiry → Recruitment, assessment and approval

Prospective adopter training and support

Legal advice

- Accessible information for all.
- Consistent response to enquiries.
- Consistent model of assessment

- Centrally co-ordinated training, accessible to all and bespoke when needed.
- Peer support available to all. Well networked and available to all

- Consistent offer of adoption support.
- Clear pathways matching need to support.
- Recognition of lifelong needs.

## 2. Preferred Delivery Models

The Regionalisation Steering Group meeting held on 24th February used scoring of the models and information collected throughout the phase to drive a discussion on the preferred models.  The models were considered as combinations of delivery model (entity type) and structure (organisational configuration).

1.  Delivery Models

The following delivery models were considered as part of the options appraisal process:

| Model | Key points |
|---|---|
| **Single LA hosting on behalf of other LAs** | Steering group agreed that this option was not viable due to:<br>☐ Scale and complexity is too large for a single LA to manage.<br>☐ Organisational culture would be strongly influenced by the individual LA identified.<br>☐ Likelihood of limiting membership of some LAs for political and geographical reasons. |
| **LATC – a new LA owned entity** | The steering group agreed that this model should be explored further.  Key areas of discussion included:<br>☐ Potential for strategic partnership with VAAs in a new LA-owned entity.<br>☐ Lower procurement risk in this model. |
| **LA-VAA joint venture** | The steering group agreed that this model should be explored further.  Key areas of discussion included:<br>☐ VAAs would prefer to be around the table.<br>☐ The commissioning income stream is vital to VAAs.<br>☐ Greater potential for competition and income generation. |
| **Outsouce to existing London VAA** | This was eliminated prior to scoring as VAAs attending stakeholder forum identified significant concerns with this model as indicated in the single LA host commentary. |

2.  Structures

Within the above delivery models, a number of structures were considered:

| Structure | Key points |
|---|---|
| **Fully centralised**: single London body | Steering group agreed that this option was not viable due to:<br>☐ Inability to deliver the adoption journey as mapped<br>☐ Reduces benefit of local knowledge and relationships. |

| | |
|---|---|
| **Hub and spoke**: Central hub for London-wide co-ordination, commissioning, and delivery. Sub-regional spokes for delivery and local commissioning under the same organisation (not necessarily using current consortia). | Steering group agreed preference for this structure. Key points of discussion were:<br>☐ Local enough to maintain relationship with child and adopter at centre.<br>☐ Good balance of delivery at scale while retaining clear organisational structure.<br>☐ Configuration flexibility – elements to be commissioned or delivered in hubs or spokes<br>☐ Long term contract options for providers servicing spokes. |
| **Tiered approach**: top strategic tier, second strategic/ operational tier, | Steering group agreed that this option was not viable due to:<br>☐ Similarity to current arrangements likely to lead to continuation of postcode lottery.<br>☐ Additional tiers adding complexity to management and funding arrangements. |
| **As-Is+**: current arrangement with more formalised partnerships | This was eliminated prior to scoring as DfE learning events identified that this would be viewed as insufficient change. |

3. <u>Recommendation</u>

The steering group recommends the following preferred models for further investigation with regards to their governance, legal implications, procurement and financial implications:

☐ LA trading company delivery model with a strategic VAA partnership operating in a hub and spoke structure

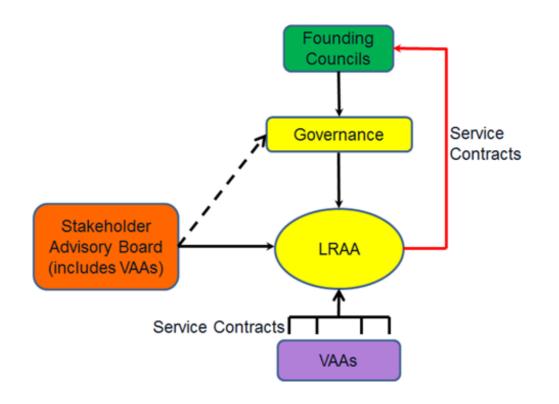☐ LA-VAA joint venture operating in a hub and spoke structure.

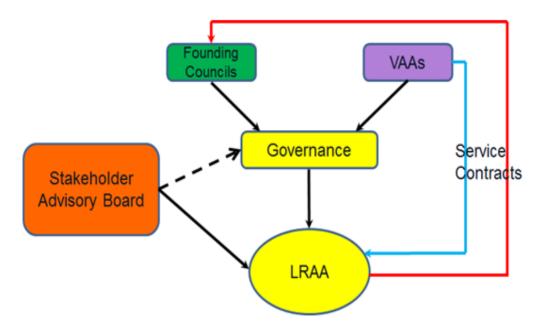Please see appendix 1 for further summary regarding the identification of these models.

1      **Objectives**

1.1    This report has been prepared for London Councils (**LC**) acting as a host for the Association of London Directors' of Children's Services (**ALDCS**) on behalf of the 33 London Local Authorities (**LAs**) and the Voluntary Adoption Agencies (**VAAs**) working in London in relation to the legal issues concerning potential delivery models for a pan-London Regionalised Adoption Agency (**LRAA**).

1.2    This report builds on the work previously undertaken by the LC project team including consultation with stakeholders and users of the existing adoption services. In particular, the report focuses on the following two potential delivery options:

       **Option 1** – the development of a multi-LA owned corporate entity working in partnership with the VAAs to deliver adoption services;



       **Option 2** – the development of a corporate entity involving both the LAs and VAAs as members/shareholders to deliver adoption services.

In each case, the LRAA delivery model is expected to operate on a 'hub and spoke' basis with a central hub for London-wide co-ordination, commissioning and delivery. In addition, the LRAA would organise and/or commission between 3 and 5 sub-regional spokes for local delivery and local commissioning.

1.3     The key objectives of the project are to ensure that all London's children who require adoptive families receive excellent services that meet their needs leading to excellent outcomes for them and their adoptive family (as further detailed in the Vision for London document incorporated at Appendix 1).

1.4     Our approach to the project has been:

1.4.1     to review the legal aspects of Option 1 and Option 2 for their suitability to address national policy in relation to the regionalisation of adoption services and in particular the objectives outlined in the Department for Education's policy papers Regionalising adoption (June 2015) and Adoption, a vision for change (March 2016);

1.4.2     to propose a model which can deliver best practice and address the inefficiency of the current fragmented service by encouraging the participation of all of the LAs and VAAs in a structure which is attractive to its stakeholders and which has clear and transparent governance arrangements;

1.4.3     to recommend a model which is capable of driving innovation in service delivery, consolidating expertise and achieving a greater focus on outcomes for children; and

1.4.4     to establish arrangements that can accommodate future partners.

1.4.5     to recognise the unique challenges of devising a suitable delivery model for London, given the scale of the service, and the large number of LAs and VAAs involved in service delivery in London.

1.5     The key considerations underlying the recommendation of a preferred model include:

1.5.1     that the proposed arrangements are within the powers of the participating LAs;

1.5.2    the arrangements comply with any requirements imposed by EU procurement rules;

1.5.3    the need to ensure that the preferred model includes a clear role for both the LAs and the VAAs that wish to participate in the LRAA;

1.5.4    the model provides opportunities for the VAAs to continue providing adoption services across London;

1.5.5    the likely cost, resources and time required to deliver the relevant model and the benefits likely to be delivered;

1.5.6    the ability of the model to attract as many of the LAs as owners/members as possible; and

1.5.7    that the model is sufficiently flexible to allow further development as the project progresses and in particular following consultation with stakeholders including the VAAs.

## 2    Preferred model

2.1    Working with the LC project team, the Regionalisation Steering Group and ALDCS (acting as the decision-making authority), the preferred option for delivering the agreed key objectives is Option 1.

2.2    We would recommend that the LRAA (as shown in the above diagram), would be a not for-profit community benefit society which is jointly owned by all of the LAs that wish to participate in the project from the outset (**Founding Councils**). The Founding Councils' involvement in the LRAA would be governed by a Members' Agreement which will set out the rights and obligations of the Founding Councils and the basis on which other LAs can become involved (as owners) in the LRAA in the future.

2.3    Because the LRAA will be wholly owned and controlled by the Founding Councils and will carry out the majority (over 80% by turnover) of its work for those Founding Councils (a *Teckal* company), procurement rules allow the Founding Councils to award a services contract (allowing them to buy services from the LRAA) without carrying out a competitive EU procurement process.

2.4    The contract between the Founding Councils and the LRAA will set out arrangements for the transfer of staff to the LRAA, the basis on which property and other assets are to be used and paid for, the services to be provided (including service standards and Key Performance Indicators) and the basis for payment.

2.5    At this stage, we would suggest that the LRAA is not established as a charity. As a community benefit society, it should be possible for the LRAA to achieve charitable status in the future by adopting charitable objects (subject to confirming that the intended activities of the LRAA are charitable).

2.6    The detail of the structure will be kept under review as the project develops and may evolve as a result of the financial appraisal which is being carried out by Alma Economics and following consultation with stakeholders.

## 3    Role of the Founding Councils

3.1    The Founding Councils will be responsible for the 'client side' under the proposed arrangements. They would keep their current responsibilities for setting strategy, monitoring performance and undertaking regular reviews of the arrangements. This

to includes exercising each Founding Council's overview and scrutiny functions in relation to the services provided by the LRAA.

3.2 As the arrangements develop, the Founding Councils may want to consider how they can streamline their internal governance arrangements to simplify the operation of the services contract and the overall management of the relationship with the LRAA. Options include delegating relevant powers to a joint committee of the Founding Councils or appointing individual Founding Council staff to represent more than one Founding Council. This can be explored at Stage 2.

## 4   Role of the LRAA

4.1 The LRAA will become the Founding Councils' service delivery organisation with overall responsibility for delivering the designated adoption services on behalf of the Founding Councils and providing information on performance to allow the Founding Councils to fulfil their client side functions and discharge their statutory duties. This will be built into the contract with the Founding Councils. Actual delivery of services will be carried out by both the LRAA and those VAAs which want to participate in the project.

4.2 Operational service delivery arrangements for the LRAA will be developed at the next stage of the project following consultation with stakeholders including the VAAs.

## 5   Management of the LRAA

5.1 The LRAA will be managed by a board of directors who will have various legal duties. We recommend that the directors will include officers selected by the Founding Councils (collectively), potentially alongside representatives from other stakeholders and service users and perhaps senior executive staff of the LRAA. In choosing any LA staff to fulfil this role, the Founding Councils will need to consider the potential for conflicts of interest and maintain a robust protocol for addressing these. We recommend that the board of directors does not include elected members.

5.2 The Founding Councils will continue to provide strategic direction to the arrangements exercised through the Members' Agreement and the services contract with the LRAA. The LRAA will also be contractually required to provide information to allow the Founding Councils to carry out their overview and scrutiny functions.

## 6   Role of the VAAs

6.1 The VAAs would remain part of the delivery structure for adoption services but with a wider role reflecting the greater geographical reach of the LRAA. The LRAA would need to document delivery arrangements with the VAAs through contracts. As the LRAA will be subject to EU procurement rules, it would need to run a formal procurement process to award contracts or set up a framework but only voluntary (not for profit) organisations registered with Ofsted would be eligible to participate and any procurement process can be run quickly and cost effectively as no dialogue with the VAAs is envisaged. The process for implementing the contractual structure would be explored further at Stage 2 in consultation with the VAAs.

6.2 In addition, VAAs will have a role in the governance structure of the LRAA through the proposed stakeholder advisory board and on the management board which will be enshrined in the LRAA's constitution.

7    **Staff**

7.1   Subject to the delegable functions, the preferred option assumes that Founding Council staff who currently deliver the relevant services would transfer to the LRAA under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (**TUPE**) (as amended). The LRAA would join the Local Government Pension Scheme (**LGPS**) so transferring staff would keep their current pension arrangements. Staff and trade unions will need to be consulted as the arrangements develop.

7.2   Under Option 1 it is also assumed that there will be no transfer of staff from the VAAs.

8    **Tax**

8.1   The LRAA should be capable of satisfying HMRC's requirements for "mutual trade" status, meaning that there would be no corporation tax due on any surpluses accruing in the LRAA.

8.2   We recommend that services supplied from the LRAA to each Member authority are provided with reference to a "market" rate.

8.3   Services supplies by the LRAA to local authorities will be exempt from VAT. This exempt supply will result in irrecoverable VAT being incurred by the LRAA in respect of certain supplies purchased by it. This is a less favourable positon than the LRAAs currently find themselves in, and the cost of this irrecoverable VAT will need to be factored into LRAA's business plan.

9    **Future flexibility**

9.1   The preferred option would include mechanisms allowing other LAs to join as owners/members in the future. Similarly it would provide for exit arrangements, allowing a Founding Council to leave the arrangement.

9.2   As long as they are properly structured, the arrangements would also allow other local authorities to enter into collaborative contract arrangements with the LRAA without having to carry out a competitive EU procurement process. The new procurement rules do not allow the turnover generated by those contracts to reach 20% of the turnover of the group. If there was a risk that the threshold would be breached, the risk would be managed either by the relevant LA becoming an owner of the LRAA (on terms which would be set out in the Members' Agreement) to allow it to contract with the LRAA on the same basis as the Founding Councils or by varying (or terminating) the contracts to ensure that the LRAA continues to comply with procurement rules. Without being a member of the LRAA, it is important to understand that non-member LAs are only able to access LRAA directly provided services (without the need for a procurement) and will not be able to receive the services provided by the VAAs.

9.3   Although the LRAA will initially comprise a not-for-profit community benefit society, it could set up subsidiary companies for specific purposes in the future (for example, to exploit particular commercial opportunities or manage risk). Subject to procurement rules, this could include setting up joint ventures with other third parties as well as entering into contracts with employee mutuals or social enterprises. In addition, the Founding Councils may want the LRAA to commission and thereafter manage the provision of certain services on their behalf.

10      **Next steps**

10.1    Before committing to the arrangements, the Founding Councils will want to make sure that the proposed arrangements achieve their financial objectives (which is the subject of a separate review being carried out by Alma Economics). If the financial review is satisfactory, each Founding Council will need to review and approve a detailed business case before the LRAA is set up.

10.2    The legal arrangements will also include setting up the community benefit society to deliver the LRAA model; appointment of directors; preparing the Members' Agreement and agreeing the services contract between the Founding Councils and the LRAA.

10.3    The Founding Councils will also need to consult with stakeholders on the proposed arrangements (including VAAs, service users, staff and trade unions) before finalising their plans for the new service delivery arrangements.

11      **Conclusion**

11.1    Although Option 1 and Option 2 are both capable of being implemented and are able to deliver the key objectives of the project, we anticipate that the additional steps required to establish Option 2 in a legally compliant manner will result in greater uncertainty for stakeholders as well as delay and additional expense. In particular, the inclusion of additional parties in the membership (which are likely to have different strategic, political and commercial interests) will present particular challenges in achieving agreement on the terms of a Members' Agreement. Option 1 offers a quicker and more cost-effective route for delivering the objectives of the project without compromising the roles of the participating LAs and VAAs or the ability to develop and fine-tune the model as the project develops and following consultation with stakeholders. Option 1 should also encourage more VAAs to become involved as any procurement exercise involved will be simpler, quicker and cheaper than under Option 2.

11.2    Subject to:

11.2.1  appropriate consultation with staff and stakeholders;

11.2.2  a detailed review of the services to be provided through the LRAA;

11.2.3  the Founding Councils reviewing and approving a detailed business case supporting the establishment of the LRAA, and

11.2.4  reviewing any limitations and ambiguities, the Founding Councils have the necessary powers to set up the LRAA as the delivery vehicle for the designated adoption services.

## Appendix 5 – Engagement tracker (1st June 2016)

| Group | Engagement | Dates/Frequency | Coverage for Project Specific Events |
|---|---|---|---|
| **Adopters** | Regionalisation members/DCS event | Nov | 1 + 2 professional |
| | Regionalisation options development workshop | Jan | 1 + 2 professional |
| | Regionalisation adopter forum I | Jan | 19 adopters |
| | Regionalisation adopter forum II | Mar | 26 adopters |
| | We Are Family: regionalisation discussion | Mar | 1 adopter / 5 prospective |
| | LAB representation | Monthly meeting agenda item | 1 LAB adopter rep |
| **Children** | Regionalisation drop-in event | Mar | No attendees - new approach needed |
| | Research and existing reports. We worked with the Coram Adoptables group to identify the experiences and ideas of children and young people. Coram have produced a detailed report focused on the needs of young people and their thoughts on regionalisation | May | Focus group: 8 young people Wider group: 100 young people Desktop research and assimilation of existing studies (studies ranging from 100 – 208 young people) |
| | Call for other existing research / reports from other organisations | May | Sent to newsletter database of 116 |
| **LAs** | Regionalisation members DCS / event | Nov | |
| | QA doc for DCS | Planned - June | |
| | Regionalisation steering group | Monthly | Consortia–AD representation |
| | ALDCS meeting | Jan | |
| | London Adoption Board | Monthly agenda item | |
| | Regionalisation options development workshop | Jan | 65% LAs represented |
| | Regionalisation panel advisors workshop | Jan | 50% LAs represented |
| | Adoption and Fostering Network meeting attendance | Dec | |
| | Consortia meetings | 4 x Jan, 2 x Feb | All consortia attended |
| | PAC-UK event: regionalisation presentation | Feb | |
| | LAB innovation event: regionalisation presentation | Mar | |
| | Heads of Communications – attendance at monthly meeting requested | TBC - July | |

| VAAs | Regionalisation members/ DCS event | Nov | |
|---|---|---|---|
| | Regionalisation steering group | Monthly | 30% VAAs represented |
| | Regionalisation VAA stakeholder forum I | Dec | 60% VAAs represented |
| | Regionalisation VAA stakeholder forum II | Jan | 100% VAAs represented |
| | Regionalisation VAA stakeholder forum III | Feb | 50% VAAs represented |
| | Regionalisation ALDCS-led VAA stakeholder forum | Jan | 100% VAAs represented |
| | Regionalisation option development workshop | Jan | 70% VAAs represented |
| | London Adoption Board | Monthly agenda item | |
| | Consortia meetings | 4. x Jan, 2 x Feb | All consortia attended |
| **Elected members** | Elected members events | Nov<br>June | |
| **ALL / Additional** | Regionalisation Newsletter | Monthly | 116 subscribed, 41 % avg open rate |
| | Workforce Engagement Sessions: panels and all workers in adoption | May and June (9 sessions over 4 days at different venues) | 183 invited<br>68 registered to date<br>58 attended to date<br>21 to attend in June<br><br>19 follow up surveys received to date |