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| <b>Title:</b> Adoption West Proposals and Engagement Report |   |
| <b>Ward:</b> All Wards                                      | <b>Cabinet lead:</b> Councillor Helen Godwin                                |
| <b>Author:</b> Jacqui Jensen                                | <b>Job title:</b> Service Director, Care and Support, Children and Families |

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| <b>Revenue Cost:</b> £ 862,071          | <b>Source of Revenue Funding:</b> Adoption budgets<br>(see Appendix 9 and projected costs at Appendix 10 to the full officer report at Appendix A) |
| <b>Capital Cost:</b> n/a                | <b>Source of Capital Funding:</b>  |
| <b>One off</b> <input type="checkbox"/> | <b>Saving</b> <input type="checkbox"/>   |
| <b>Ongoing</b> <input type="checkbox"/> | <b>Income generation</b> <input type="checkbox"/>  |

**Finance narrative:** This report is seeking approval to the establishment of the Adoption West Regional Adoption Agency (RAA). This would involve transferring the adoption functions in six local authorities to a single public sector body. This proposal has financial implications which are set out in more detail in two sections of the main report: (Financial principles, modelling and funding in paragraphs 26 to 39 and Financial Implications in paragraphs 50 to 55).

The outline budget detailing projected costs (Appendix 10) and member agreement heads of terms (Appendix 4) setting out funding arrangements is fundamental to the next stage of the project and to informing decision making. As highlighted in the options appraisal, as the corporate Regional Adoption Agency only has local authority members (shareholders), it will be a local authority company as such "controlled" by each of the participating authorities. Each local authority has a fiduciary duty to look after the funds entrusted to it and to ensure that the taxpayer's money is spent appropriately. For that reason, a local authority must carefully consider any trading venture that it embarks on. The 2009 Trading Order England requires the local authority to prepare a business case. The participating authorities (or their executives) should approve the business plan before trading starts.

For Bristol City Council, the proposed cost of the RAA for Bristol in year 1 is estimated in the appended model to be £0.862m , broken down as follows £0.916m gross cost less £54k inter-agency income. The service 2017/18 budget allocation is £0.825m, which leaves an indicative shortfall of £37k should the position stated be progressed. In addition an earmarked risk reserve will need to be established and maintained at a value not less than 5% of net spend of the company (c. £0.130m).

The costs will be finalised in the business planning and any additional costs in excess of the budget for the respective financial year of implementation will be contained within the Directorate's service allocation.

For the purposes of the applicable VAT legislation, the corporate RAA will be providing "welfare services". This would bring the RAA within a VAT exemption. Where staff are transferring to the new public body, appropriate pension transfer arrangements will be necessary.

The risks for the Authority are about control of the costs in future years. As a city, Bristol may have a different profile of needs to the other participating authorities, which may or may not be an issue. The respective contributions from each Authority are based on historic spending patterns and Bristol's share of the total cost is 34%. Future bases for sharing costs have not been agreed yet, but they are likely to be different from historic spend if they are to be sustainable. Nonetheless, if costs rise because more adoptive families are identified and provide homes for Bristol Looked After Children there are likely to be much wider financial benefits from avoiding on-going costs of care that should outweigh additional costs of finding adoption placements.

**Finance Officer:** David Tully – Finance Business Partner, People

## **Summary of issue / proposal:**

This report updates on the progress and seeks approval for the proposals to establish the Adoption West Regional Adoption Agency ("Adoption West"), subject to the Director for Children Services, Section 151 Officer, Monitoring Officer and Cabinet Member for Children and Young People, signing off of a fully costed business case, members' agreement, articles of association, commissioning contract, support services agreement, and licenses for premises.

The purpose for requesting approval at this point is to ensure commitment from multiple local authorities that will form Adoption West, prior to formal staff consultation and committing substantial project resources on drafting legal documentation and initiating support service commissioning.

The development of Regional Adoption Agency ("RAA") proposals is part of the national Regionalising Adoption agenda that requires local authorities to move to RAAs by 2020. The Adoption West project has developed from a steering group formed in July 2013 to consider the possibility of more collaborative working across local authorities through to the current project that has attracted DfE funding to design the RAA for the six local authorities proposing to form Adoption West (Bath & North East Somerset, Bristol, Gloucestershire, North Somerset, South Gloucestershire, and Wiltshire).

Cabinet previously considered and approved the proposed delivery model option to create a new, jointly owned local authority company on 6<sup>th</sup> September 2016. This option was agreed as it:

- enabled the delivery of better outcomes for children, affording greater flexibility and independence to pursue innovation and enterprise in delivering efficiencies in service delivery.
- was supported by legal advice which highlighted the model's feasibility and advantageous procurement position
- the model offered the scope include Voluntary Adoption Agencies (VAA) and Adoption Support Agencies (ASA) on the Board while maintaining local authority control. (Appendix 1 of the full report sets out the options appraisal).

In parallel with political decision making on the corporate delivery model, working groups of representatives from local authorities and VAAs continued to focus on practice development. Significant work has been completed to define processes and agree standardised regional ways of working under each of these work streams. (Appendix 2).

## **Governance and accountability**

Participating authorities in Adoption West will enter into a Members' Agreement clearly setting out the purpose of the collaboration and assigning roles and responsibilities to each of the participating authorities, with each authority joining the Board of Directors of the Corporate RAA. (Appendix 5).

In addition to the Members' Agreement each of the participating authorities will commission services from Adoption West and this will require a further Commissioning Agreement to be entered into jointly between the participating authorities and the corporate RAA or singularly between each participating authority and the corporate RAA. Draft heads of terms for the members' agreement and commissioning agreement are included as Appendix 4.

## **HR implications**

Current employees of the local authorities (Appendix 8) will transfer to the new agency under the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006 as responsibilities for the delivery of all aspects of the Adoption Service is transferred.

Transferring employees are likely to be members of or entitled to join the Local Government Pension Scheme, necessitating each LA to ensure that when their employment transfers to the LA owned agency, appropriate 'pension protection' is provided for them. Discussions have started with each of the three applicable LGPS Pension Funds Staff have been involved and trade unions informed.

## **Recommendation(s) / steer sought:**

- Note the progress on the project to form a Regional Adoption Agency (Adoption West) in line with national policy directives.
- Approve proposals for the establishment of the Adoption West Regional Adoption Agency (RAA) (as a company limited by guarantee) as outlined in this report subject to receipt, scrutiny and endorsement of the fully costed business case.

- Delegate authority for approving the detailed implementation plans, including financial, contractual and legal agreements to the Strategic Director People and Section 151 Officer in consultation with the cabinet member for Children and Young People.

**City Outcome:** Healthy Caring Bristol: The formation of a regional adoption agency is aimed at improving outcomes for those children who require a permanent alternative family and for whom adoption is assessed to be the best outcome. The formation of a regional adoption agency should increase recruitment, choice and matching opportunities particularly for children who are considered 'hard to place', whilst delivering some of the benefits associated with greater collaboration and regional working.

**Health Outcome summary:**

**Sustainability Outcome summary:**

**Equalities Outcome summary:** Targets support for the most vulnerable children and therefore will have a positive impact on equalities. (See also paras 66 – 70 of Appendix A Full Report and Appendix 7 Full EQIA)

**Impact / Involvement of partners:** Partners, staff and adopters have been engaged in the project. See paras 41, 45, 46, 48, 50, 51 of Appendix A

**Consultation carried out:** Yes – see Appendix 3

**Legal Issues:**

The report and specifically (**Appendix 4**) deals with the legal implications of the establishment of a local authority joint venture. The proposal is that the body will be a company limited by guarantee. A number of agreements and related company documents are yet to be produced and agreed (as detailed in Appendix 4) in order to put the proposal into effect, and until these are settled and executed the Council is not legally bound to proceed. Authority to approve and enter into these arrangements is sought in favour of the Strategic Director People and S151 Officer, in consultation with the Cabinet Member for Children and Young People.

Transfer of Special Guardianship arrangements is noted as a commitment but not a recommendation at this stage. Further approval will be needed as and when this proceeds.

**Legal Officer:** Nancy Rollason

| DLT sign-off                   | SLT sign-off                    | Cabinet Member sign-off      |
|--------------------------------|---------------------------------|------------------------------|
| 6 <sup>th</sup> September 2017 | 13 <sup>th</sup> September 2017 | 30 <sup>th</sup> August 2017 |

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| Appendix A – Further essential background / detail on the proposal | Full Report Adoption West Proposals and Engagement (Appendix A) with Appendices 1-11 as detailed below. |
| Details of consultation carried out - internal and external        | <b>YES</b>  |
| Risk assessment  | <b>YES</b> Para 72 Appendix A   |
| Appendix E – Equalities screening / impact assessment of proposal  | <b>YES</b> As outlined above  |
| Appendix F – Eco-impact screening/ impact assessment of proposal   | <b>YES</b> Para 63-65 of Appendix A   |
| Exempt Information   | <b>NO</b>   |

Appendices to full report (Appendix A)

1. Summary options appraisal and approved delivery model option
2. Outline service specification and practice definition
3. Service user engagement feedback summary
4. Draft Heads of Terms for the Members' Agreement and Commissioning Agreement
5. Governance arrangements
6. Service design model
7. Equality Impact Assessment
8. Staff establishment summary
9. Outline current combined budget for LAs services in scope
10. Outline future RAA budget

## 11. Adoption West Project plan