



REPORT TITLE: Adoption West Contract Extension

Cabinet Date	22 nd December 2021
Cabinet Member	Cllr Stephen Davies: Lead Cabinet Member for Children’s Services, Safeguarding and Early Years.
Key Decision	Yes
Purpose of Report	To seek approval for Gloucestershire County Council (GCC) to continue its participation in Adoption West (a company it owns jointly with Bath and Northeast Somerset, Bristol, North Somerset, South Gloucestershire and Wiltshire Councils) that was created for the purpose of delivering adoption services, by extending the term of a commissioning agreement for the provision of an integrated adoption service between GCC, the other participating councils and Adoption West (the “Commissioning Agreement”), for a period of 5 years.
Recommendations	<p>That Cabinet approves:</p> <ul style="list-style-type: none">a) The exercise by GCC of an option under the Commissioning Agreement to extend its term for a period of 5 years, commencing 1st March 2022 and expiring 28th February 2027;b) An amendment to the Commissioning Agreement’s financial mechanism in order to reflect changes in both population and service activity levels, as described in more detail in paragraph 14 of this report; and,c) An amendment to the Commissioning Agreement’s service specification in order to reflect revised working arrangements between participating councils and Adoption West, as described in more detail in paragraph 14 of this report.

<p>Reasons for recommendations</p>	<p>In line with government policy, Gloucestershire was required to become part of a Regional Adoption Agency by 2020. In March 2019, Adoption West commenced operation as a public sector owned and controlled regional adoption agency (made up of Gloucestershire, Bath and Northeast Somerset, Bristol, North Somerset, South Gloucestershire and Wiltshire Councils).</p> <p>A continuation of the current arrangements for a further five years is considered the best option for Gloucestershire in supporting children and current/prospective adopters. It also ensures Gloucestershire remains in line with the government's expectations around a regional approach for the delivery of adoption services.</p>
<p>Resource Implications</p>	<p>The proposals can be met from within existing budgets. The estimated annual contract value for 2022/23 is £959,849, before any changes in National Insurance, with a projected total value for the extension of circa £5.25M, allowing for inflation and National Insurance uplifts. This excludes income and expenditure for interagency fees which remain outside of the Adoption West funding envelope.</p>
<p>Background Documents</p>	<p>Cabinet Report – 29th March 2017</p> <p>Officer Decision in consultation with Lead Member - 26 February 2019</p> <p>https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/437128/Regionalising_adoption.pdf</p> <p>https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/512826/Adoption_Policy_Paper_30_March_2016.pdf</p>
<p>Statutory Authority</p>	<p>Statutory instruments: 2005 No. 389, The adoption agencies regulations 2005 as amended by Statutory Instruments: 2013 No. 985, Children and Young Persons, England, The Adoption Agencies (Miscellaneous Amendments) Regulations 2013</p> <p>Statutory Guidance on Adoption for local authorities, voluntary adoption agencies and adoption support agencies July 2013</p> <p>Adoption: National Minimum Standards July 2014</p> <p>Early permanence placements and approval of prospective adopters as foster carers; Statutory guidance for local authorities and adoption agencies July 2014</p>
<p>Divisional Councillor(s)</p>	<p>All</p>

Officer	Andy Dempsey Director of Partnerships and Strategy andy.dempsey@gloucestershire.gov.uk Tel. no. (01452) 425019
Timeline	The current commissioning agreement ends on 28 th February 2022 and approval, or otherwise, will need to be secured by that date.

Background

1. The development of Regional Adoption Agencies (RAA) forms part of a central government programme to develop a regionalised approach for the delivery of adoption services, as set out in Regionalising Adoption (July 2015) and Adoption: a vision for change (March 2016).
2. In July 2016, Cabinet considered a range of options for a regional delivery model, working with 5 neighbouring Councils. It opted to create a new public sector entity – a wholly owned Council Company Limited by Guarantee – known as Adoption West.
3. In March 2017, Cabinet agreed to progress with the aim of commencing operations by 1 April 2018. The complexities of creating an entirely new entity, through which to deliver adoption services took longer than anticipated and a revised commencement date of 1 March 2019 was agreed and approved in February 2019. Throughout the protracted development phase, the overriding aim was to ensure that Adoption West could commence on a secure basis, thereby providing continuity for affected staff and children and families receiving adoption services.
4. Adoption West operate from three hubs, each of which has responsibility for the provision of services as set out in the Commissioning Agreement:
 - Bristol – City of Bristol Council and North Somerset Council
 - Trowbridge – BANES and Wiltshire Councils
 - Gloucester – Gloucestershire and South Gloucestershire Councils

The Gloucester Adoption West hub is located in Shire Hall using accommodation for the Adoption Team who transferred to the employment of Adoption West under TUPE.

5. As a company limited by guarantee of six local authorities, established in order to deliver specified statutory adoption services on their behalf; Adoption West is underpinned via a series of legal agreements:
 - Commissioning Agreement
 - Members' Agreement
 - Articles of Association
 - Inter Authority Agreement

These are, in turn, supported by a series of documents addressing key operational matters:

- Adoption Service Specification

- Information Sharing Agreement
 - A Licence to Occupy specified desks at Shire Hall for the purpose of operating one of the above-mentioned “hubs”.
6. Adoption West is established as a company jointly controlled by the partner local authorities and is unique, nationally, in using this mechanism as a model for the delivery of a regional adoption arrangements. As such, it benefits from the following features:
- A corporate joint venture which affords all partners equal status and responsibility in ensuring the success of Adoption West.
 - All partners are represented on the Board of Directors and Joint Committee providing control and independence.
 - Local authority control provides security and efficient commissioning of services enabling the new agency to develop.
 - Innovation and growth are encouraged including exploring new practice methodologies and trialling alternative evidenced based practice models.
 - Adoption West has been registered by Ofsted as a Voluntary Adoption Agency (VAA) and is subject to the associated regulatory framework in addition to the quality standards set out in the Commissioning Agreement with local authority partners.
7. The Commissioning Agreement, Members Agreement and Articles of Association are the core documents and set out the scope and working arrangements between the participating Local Authorities and Adoption West. They define roles and responsibilities and highlight the key points of connectivity between Local Authorities and Adoption West staff. The related guidance and procedural documents, such as the service specification and information sharing agreement, should be read and considered within that context.
8. Whilst the Commissioning Agreement, Articles of Association and Members Agreements outline how participating Local Authorities work together through Adoption West, the Inter Agency Agreement (IAA) is intended to provide an arms-length mechanism to hold Adoption West to account for any failure to perform its obligation under those agreements. It also provides a means of addressing the individual liabilities of each authority in respect of their obligations towards Adoption West. A senior member of the GCC legal team worked with colleagues across the regional arrangement in order to finalise all key documentation as set above.
9. An extensive network of governance and oversight arrangements has been established to ensure that Adoption West provides an effective vehicle for the delivery and future development of adoption services on behalf of participating local authorities. This comprises:

- **Adoption West Board of Directors** – meets quarterly and has responsibility for organisational strategy, financial oversight, performance and risk management, policy and procedures. The Director of Partnerships and Strategy has been Gloucestershire County Council’s representative on the Board since its commencement and is currently its Chair. The board also has a representative from the Adoption Advisory Board to ensure the views of adoptive families are considered in key decision making and service developments.
 - **Joint Committee** – meets on at least an annual basis and comprises of the Director of Children’s Services from participating councils, who act as the ‘owners’ of Adoption West, as defined by the Members Agreement. Working through the South West Association of Directors of Children’s Services, the Joint Committee will provide strategic direction to Adoption West and deal with issues of significant change, such as the withdrawal of an authority, winding up of the arrangements, and significant changes to resourcing.
 - **Local Authority Adoption Leads Group** – comprising of a senior service representative from each local authority, it reviews operational standards, ensures regulatory requirements are met and considers performance by reference to appropriate performance indicators.
 - **Joint Scrutiny Panel** – comprises of elected members from the participating councils’ scrutiny committees in order to provide a collective oversight and scrutiny function, thereby avoiding Adoption West having to service six separate scrutiny processes.
10. The Adoption West Board receives comprehensive performance reports on a quarterly basis, with six monthly reports also provided to Ofsted, in line with the regulatory requirements placed on voluntary adoption agencies (VAA). At an operational level, the working relationship between Adoption West and all six local authorities is in a positive position, with regular senior manager meetings established, as well as monthly tracking for children. Over recent months, family finding activity has been significant with only 22 children across the regional arrangement without a potential placement at this time. This will not only be reflected in the timeliness data going forward but importantly for the children who are now securing permanence via adoption.
11. Recruitment activity remains at a high level and will continue to focus on finding adopters for priority children, as well as younger children and early permanence placements. A clear message about the children waiting is being provided to applicants and potential adopters, from the website ‘front door’ through the preparation training and assessment process. As a consequence, we are starting to see an increased number of adopters considering siblings and the numbers of older children that have been placed with Adoption West adopters.

12. The current commissioning agreement contains an option to extend its term for a period of up to 5 years, commencing 1st March 2022, subject to the agreement of the participating councils. Initial discussions between the participants, conducted via the Adoption West Board, have confirmed an appetite to proceed on this basis, acknowledging the good progress being made, and the not inconsequential challenges of re-commissioning and/or participants departing the current arrangements.
13. The Adoption West leadership team has taken initial legal advice from Bristol City Council's Legal Services, who provide support as part of the contractual arrangements for Adoption West. They have advised that the most practicable route for extending the term of the commissioning agreement would be for the participating authorities to enter into a variation agreement, under which they agreed to:
 - a) Extend the term of the Commissioning Agreement for a period of 5 years, commencing 1st March 2022 and expiring 28th February 2027 ;
 - b) Amend the current financial mechanism (Schedule 6 to the Commissioning Agreement); and
 - c) Amend the current service specification (Schedule 2 to the Commissioning Agreement).
14. The proposed revised financial mechanism reflects the previously agreed move away from the financial position as it stood in 2019, which was based on historical spend, prior to the establishment of Adoption West. The new mechanism amends but does not replace the original mechanism and is based on adoption related activity, over the past two and a half years, alongside population volumes. The proposed revised service specification reflects the reality of the working relationship between Adoption West and participating authorities, in more accurately outlining the mutual responsibilities for those aspects of operational practice that were not fully appreciated at the commencement of the commissioning agreement. These include support for foster carers around early permanence, linking and matching, direct contact arrangements, allowances and support for step parents wishing to adopt. As such, these areas have not generally required decisions by the Adoption West Board, nor ongoing decisions to resolve as they are accepted de facto as reflecting day to day working arrangements.

Options

15. There is an expectation on the part of central government that all upper tier authorities with responsibilities for Children's Services will deliver adoption services via a regional arrangement by 2020.
16. If Gloucestershire chose not continue with Adoption West, it would need to identify an alternative regional arrangement which would take some time, with no guarantee this

would be successful. Hosted arrangements are the predominant delivery model elsewhere, with one council hosting the pooled delivery resources of the other participants, in order to deliver services on their behalf. Gloucestershire would need the agreement of the participants to enter any alternative regional arrangement. There will also be place based factors to consider depending on the locality of the alternative and how practical this might be for children and families in Gloucestershire. Moreover, the notice period for any participant seeking to depart the current arrangement is a minimum of 12 months, plus the remaining part of the financial year in which the initial notice period expires. There are also provisions within the current agreement which require any departing participant to indemnify the remaining parties against any costs incurred due to their departure.

17. Taken together with the positive progress being made by Adoption West, the challenges of Covid over the past 18 months notwithstanding, the above considerations mean there is no practicable alternative option to extension at this stage.

Risks

18. There are a number of risks identified:

1.Risk: A regional arrangement dilutes Gloucestershire's currently direct control over its adoption service. **Mitigation:** Remaining closely involved in Adoption West's development and delivery offers mitigation to this risk; joining other regional arrangements, as yet unspecified, at a later date could compound this risk.

2. Risk: The regional arrangement separates adoption services from the social work teams working directly with children, leading to delay. **Mitigation:** All participating councils are aware of this risk. Close monitoring of adoption delay and rates of adoption is in place at national, regional and council level to closely track any changes. One of the delivery hubs is located in Gloucester offering opportunities for continued, good communication with children and families services.

3. Risk: Adopters may lose confidence in service delivery via Adoption West. **Mitigation:** Ongoing communication and engagement with adopters using existing communication routes such as Adopter forums and newsletters evidences a positive view of Adoption West.

Financial implications

19. The proposals can be met from within existing budgets. The estimated annual contract value for 2022/23 is £959,849, before any changes in National Insurance, with a projected total value of the extension of circa £5.25M, allowing for inflation and National

Insurance uplifts. This excludes income and expenditure for interagency fees which remain outside of the Adoption West funding envelope.

20. At the time of commencement, the budget for Adoption West was based on the historic patterns of expenditure for each participant for three years prior to implementation. This resulted in Gloucestershire being the largest contributor to Adoption West at 26.75% alongside Wiltshire 23.69% and Bristol 20.58% at its commencement. It was always envisaged that as Adoption West was established, over time budget apportionment would be based on activity and population volumes in order to more closely link activity, resources and costs. During 2020/21, it was agreed to apportion the budget for future years based on the following weighted factors, with changes being phased in over 5 years from 2022/23 onwards:

- Children in Care population (15% weighting)
- Adoptions (average over 3 years) (50% weighting)
- Adoption Support Activity (35% weighting)

Gloucestershire has made extensive use of Adoption Support activity which has marginally increased its proportion of the budget from 26.75% to 27.48%. Changes in levels of activity in future have the potential to impact on participant contributions subject to the weightings above and the agreement to taper in the revised financial model over the next 5 years.

Climate change implications

21. There are no significant climate implications associated with this decision, although Adoption West's post-Covid operating arrangements make extensive use of virtual and digital platforms, which will reduce travel by car and its carbon footprint.

Equality implications

22. The implementation plans put in place at the time of the commencement of Adoption West to meet the requirements of the Equality Act 2010 will remain in place through the extension proposed by this decision. As such, there are no significant equalities implications arising from this decision.

Has an Equalities Impact Assessment (EIA) been completed? No

Data Protection Impact Assessment (DPIA) implications

23. The information sharing and data protection arrangements put in place at the time of the commencement of Adoption West will continue through the extended contract period.

As such, there are no significant data protection implications arising from this decision

Social value implications

24. Enabling prospective adopters to provide care and providing children in care with permanence through adoption delivers significant social value, not only to those children and families, but also the wider community. This value extends beyond the adoption process itself in the form of ongoing support to adoptive families, acknowledging that many of the children and young people will require therapeutic and other support post adoption.

Consultation feedback

25. An extensive programme of consultation involving adopters, adoptees, birth families, partner and stakeholders was undertaken in formulating the proposals for Adoption West. These are reflected in the Cabinet Reports of July 2016 and March 2017.
26. No further consultation has taken place beyond the ongoing discussions with participating authorities as the work underway since the March 2017 decision has been to implement the agreed model, as informed by consultation, rather than any material change.

Officer recommendations

27. It considered that the proposal to extend the current Adoption West arrangement and implement the recommended amendments to the Commissioning Agreement provides the most practicable option to enable GCC to meet the government's expectation that it participates in a regional adoption arrangement.
28. Gloucestershire County Council officers have been fully involved in Adoption West's development since its commencement in March 2019. The location of a hub in Gloucester supports continued, good communication with local children and families services and high-quality practice standards.

Performance management/follow-up

29. The Adoption West Board receives comprehensive performance reports on a quarterly basis, with six monthly reports also provided to Ofsted in line with the requirements placed on voluntary adoption agencies (VAA). Participating local authorities provide Adoption West with all data for reporting under indicators A1 and A2 of the National Adoption Scorecard. Adoption West has responsibility for reporting on the data in relation to adopters. Tracking information and performance data for children is collected by both the six Authorities and Adoption West to enable the progress of individual children to be closely monitored and address any delays or blockages.

30. Data sharing and reporting arrangements are underpinned by the Information Sharing Agreement which has been developed on collaborative basis by the Information Governance leads for the participating authorities. The Operational Leads Group provides further oversight and tracking at child level.