

Subject: One Adoption West Yorkshire (OAWY) Budget

1 Purpose of this report

This report is provided to summarise the budgetary issues for One Adoption West Yorkshire (OAWY) given the current challenges in providing effective service delivery across the region, including pressures regarding adoption support and the national changes to the inter agency fees. The report will also provide a summary of the projected outturn for 18/19 and budget requirements for 19/20.

2 Background Information

2.1 Governance and decision making to date

OAWY was established in April 2017. The arrangements are overseen by a Joint Committee of councillors representing the 5 local authorities, who have knowledge of and responsibility for Children's Services. The Joint Committee exercises the corporate parenting role of the Participating Authorities in relation to the functions of One Adoption Agency for West Yorkshire. The operational accountability of the regional agency is to the Management Board, comprising of senior officers delegated by each Director Children Services. The agency is operated under the terms of a Partnership Agreement with Schedule 5 setting out the arrangements regarding budget issues (Appendix 1). The final overall outturn position for OAWY was a small underspend of £23k. This was transferred to a reserve, earmarked for OAWY.

On the 6th July 2018 the Joint committee of elected members for OAWY met and an item on the agenda was highlighting imminent changes at a national level regarding inter agency fees, likely to have a significant impact upon the budget for OAWY. In addition to this ongoing capacity issues regarding adoption support were also discussed. The Joint committee were aware that the management board were meeting in early September to discuss the detail of the budget and the financial projections for 18/19 and that in line with the partnership agreement that details of budget requirements for 19/20 be discussed and agreed in principle by the management board. The chair asked that the details be taken back into each local authority (LA) for discussions regarding impacts upon their own LA budgets.

The management board met for a budget meeting in September and it was agreed by the Chair of the board that each LA will be in discussions with their own lead member by the Director/service director regarding their children's budget and this issue will be part of that process. Each LA has given an in principal positive decision, although Calderdale asked for some more information which has been provided and a decision awaited regarding the interagency uplift request.

2.2 Overall capacity within the service

The first year of the operation of OAWY has been more challenging than anticipated with a need to resolve technical and operational issues whilst ensuring that a crucial service for children and families is maintained. This first year of operation has also coincided with national challenges within the adoption system with decreasing numbers of adoptive families available and turmoil within the sector due to the national structural reform programme and financial austerity.

Adoption Support

Since the opening of One Adoption West Yorkshire in April 2017 there has been a waiting list for those families requesting an adoption support assessment. At the commencement of OAWY 65 families were waiting, increasing to 95 in April 2018. Over the last 18 months the average has been 75 suggesting that the service is either not effective or is under resourced.

On detailed examination of the issues there are a number of factors contributing to this:

- Increased expectations from adopters regarding accessing support and in particular therapeutic interventions to improve outcomes for children via the national adoption support fund leading to increased demands
- Higher numbers of historical adoption cases in some areas leading to inevitably increased numbers of adopters in the system needing support
- Children being placed for adoption have more complex needs than previously as a result of early experiences of abuse and neglect
- Different approaches to adoption support provision and support across the region including an over dependency on long term social work support in some areas; under developed provision of universal, targeted and peer support that aims to build resilience and effective support networks with adopters.

The caseloads of staff across the region are very high with an average of 32 per worker. Ideally within adoption support caseloads should be between 25 and 30 and sometimes slightly smaller depending on the complexity of the work being undertaken and reduced for workers who run the parenting groups, workshops and other training. There has been ongoing sickness issues within the manager and staff groups in adoption support and some temporary staff have been recruited to cover these leading to a pressure of £70k within the staffing budget. The current Full time equivalent (FTE) of staff for allocation is 22 FTE. In order to meet the demands the numbers of staff need to rise by 6 FTE staff.

It is proposed to create an additional team in adoption support which will enable the adoption support caseloads to be more evenly split over four teams and reduce average caseloads to 28.

Recruitment and Assessment

There is a national crisis in adopter recruitment with less adopters coming forward and as the first regional adoption agency we saw a dip in numbers approved last

year (69 households were approved with 107 the previous year). This is attributed to some local authorities losing staff prior to the start of the new agency, a reduction in the marketing and advertising across the local authorities therefore not having enough adopters in the pipeline waiting to be approved. The need to get the new brand out in the first part of 2017 was crucial and with new prospective adopters now in the process of assessment OAWY are on target to approve 120 adopters this year.

The need to have a clear focus on recruitment is essential as this reduces the need to purchase placements from other local authorities and voluntary adoption agencies. There is no capacity within these teams to free them up to take on adoption support work and sessional workers are being recruited to ensure that we can meet the need to assess adopters in a timely and thorough manner as the numbers coming through increase.

Family Finding

The family finding teams have 305 open and active cases with 128 being tracked as likely to have a plan for adoption. As the Ofsted inspections in 3 of the local authorities have found there is a need to provide support and help to progress the care plans for children and prevent delay for children achieving their permanent home. Family finders work closely with children's social workers and this area of work is key in improving practice and achieving positive outcomes for children. There is no additional capacity to manage increased demands in this area of work and no capacity to pick up the adoption support backlog.

2.3 Inter- agency Budget

Prior to starting the regional adoption agency the local authorities within West Yorkshire have relied upon finding families for children through recruiting their own adopters as well as purchasing other families from local authorities (LA) or voluntary adoption agencies (VAA's).

In 2016/17 54% of placements were provided by in house adopters and 46% of children were placed outside via interagency placements.

In 2017/18 the percentage placed in house was increased to 66% in house. This provides good evidence of the value in pooling adopters across a wide area to provide placements.

The Consortium of Voluntary Adoption Agencies gave notice in May 2018 that they were increasing their fees from 1 June 2018 (£31k for one child; £50k for two children; £68k for three children; prices negotiable on individual basis for four or more children), and that the fees should increase each year in line with consumer prices index. In addition, from 1st April 2019, a new fee structure for sibling groups will come into effect (Appendix 2: Email from the ADCS).

Forecasting has been completed based on sufficiency predictions for 18/19, 19/20 and 20/21, based on a prediction of a number of children in the system at the moment and those in early tracking. Whilst there are likely to be increased in house

adopters to the latter part of 2019/20 than at present the OAWY will not be self-sufficient. This budget projection will need to be reviewed moving into next year if there are any further changes to the interagency fee.

2.4 Current position

At the end of Period 6 ,based on placements made to date 31 and future placements (47) identified by the service this gave a forecasted overspend of £564k (£2,072k spend against budget of £1,508k). Note for comparison if the current cohort was placed with 2017/18 rates and previous VAA payment arrangements the position would be a potential saving of £58k (£1,450k spend vs £1,508k budget).

The impact of this change is immediate and reflects a national picture of adopters in decline, although OAWY are bucking the trend for increasing the numbers plus the fact that the VAA have insisted on these being paid in one lump sum at the start of the arrangement, again making the impact more noticeable.

As a regional adoption agency we are starting to do some work on the future of the funding formula to look at an overhead cost plus activity based costs and we are aiming to get to a position for 2021/22 to have a revised funding formula.

2.5 Budget 2018-19

The table below summarises the £0.847m in-year financial pressure for OAWY and shows the impact of the above on the 2018-19 Budget. In addition to the above pressures around pay of £70k (the difference between the income from the Dfe for the project work to fund additional staffing for the centre of excellence and the actual expenditure on staffing) and Inter-Agency Expenditure (£0.564m), there is a further small pressure on income of £0.083m primarily relating to the sufficiency impact of adopters in West Yorkshire and the ability to sell on places to other Local Authorities.

OAWY Summary 2018/19 Outturn Forecast				
	Budget	Forecast	Variance	
	£	£	£	
Staffing	4,650,310	4,850,310	200,000	
Commissioned Services	387,000	387,000	0	
Inter- Agency Expenditure	1,508,000	2,071,500	563,500	
Inter- Agency Income	(320,000)	(100,000)	220,000	
Other Expenditure	696,500	690500	(6,000)	
DfE Income	(60,000)	(191,000)	(131,000)	
	6,861,810	7,708,310	846,500	

The table below shows the required increased contributions for 2018-19 for each partner of OAWY. The increases are pro-rata to initial percentage member contribution rates established in 2017-18; the first year for OAWY.

Total Partner Contribution uplift required for 2018/19 pressures				
	LA Contribution 18-19	Revised LA Contribution 18-19	Required Uplift	%age Split
	£	£	£	
Bradford	1,297,733	1,457,827	160,094	18.9%
Calderdale	833,334	936,137	102,803	12.1%
Kirklees	984,898	1,106,398	121,501	14.4%
Leeds	2,905,892	3,264,374	358,482	42.3%
Wakefield	839,953	943,573	103,620	12.2%
	6,861,810	7,708,310	846,500	

2.6 Budget 2019-20

The table below outlines the required budget increases for partners in 2019-20. In summary the increased cost to partners after allowing for proposed budget pay awards, 2%, and Inter-Agency impact, looking at a requirement for increased contributions of £0.82m, taking partner contributions for OAWY to near £7.7m.

The impact of the pay award is £0.42m and Inter-Agency £0.4m.

Total Partner Contribution uplift required for 2019/20		
	Required Uplift	%age Split
	£	
Bradford	155,210	18.9%
Calderdale	99,670	12.1%
Kirklees	117,800	14.4%
Leeds	347,560	42.3%
Wakefield	100,460	12.2%
	820,700	

It is important to remember that all partner contributions are ring-fenced for OAWY, with principles formally established in the partnership agreement for the treatment of any under / over spends.

The budget monitoring is undertaken quarterly for the management board with reports provided. Here is a summary of the details shared with local authorities:

5th June- management board with budget details and summary
6th July – Joint Committee with budget pressures regarding inter agency and staffing and Chair request LA to consider pressure on budgets

1st August – detailed email with budgetary pressures regarding interagency sent to Assistance Directors and finance leads

12th September – budget meeting with management board- finance details provided

2nd October – management board with budget summary

18th October sent to finance leads by Leeds finance.

3 Recommendations

3.1 Members are asked to note the new budget pressures arising from the details above, affecting 2018-19 and 2019-20 financial years.