

Dear Aled Roberts,

Thank you for hearing our evidence at the C&YPC. I thought it may be helpful if I added clarity to a question you asked on research that I referred to in the Committee hearing. This specifically related to research which explored financial arrangements.

DCSF, after consultation with BAAF, ADSS & CVAA (Consortium of Voluntary Adoption Agencies), jointly commissioned Julie Selwyn at the Hadley Centre and Loughborough University to consider whether the voluntary adoption agency interagency fee was value for money.  
<http://www.bristol.ac.uk/sps/research/projects/completed/2009/rk6582a/rk6582afinalreport.pdf>

*The Bristol study worked with 8 Local Authorities: (LAs) and 10 Voluntary adoption Agencies (VAAs).*

*The Loughborough sample included 7 LAs and 10 VAAs.*

Their Report, “*Adoption & the Interagency Fee*’ was published by the DCSF in Sept 2009.

The Bristol study concluded that the average cost for *both* the LAs and the VAAs of providing an adoption placement, ie: recruiting, training, assessing, approving the prospective adopter, including the process of linking the child with the adopter and the first years placement support was £36,905. Loughborough concluded that the average cost for both providers was approximately £44,000.

Selwyn’s report evidenced that:

- The local authority adoption teams involved in the study consistently omitted the financial costs of running their offices, their legal costs, pensions, governance, buildings costs, utilities, maintenance, etc. In local authorities, these costs were arbitrarily attributed to other budgets, whereas are allocated on a proportional basis to each placement made by voluntary adoption agencies.
- “There was a lack of knowledge among managers, particularly LA managers, of the costs of providing services. Inter-agency fees were perceived as expensive although the fee is currently lower than the LA spends.... There was little recognition of the financial costs of children growing up in the care system and the possible longer-term costs. Managers could be better informed about the costs of service provision and the relationship between costs and outcomes.” Page 71.
- “That generally LAs have under-estimated their own costs of finding an internal placement & this has influenced their beliefs about the costs of external placements. This study found that on average the fee was £13,700 short,” (of the agreed VAAs which in 2009 was £24,300). Pg 68.

- Those local authorities who made use of the interagency fee not only created greater choice of prospective adopters for children but more importantly created better outcomes for children; as is evident by the lower breakdown statistics.
- Selwyn demonstrated that those authorities that used voluntary adoption agencies made significant savings across their child care budgets, reducing the need for foster carers, respite carers, frontline staff & management, costs for ongoing legal challenges, Independent Reviewing Officers, etc.
- “The development of initiatives such as the London Borough of Harrow and Coram partnership show that adoption services can be improved by LAs and VAAs working together. This partnership removes the need to recruit prospective adopters from LAs, so that they can concentrate on preparing children and ensuring that legal issues are dealt with quickly. Such partnerships could be encouraged.” Pg 71

To be clear, I am not advocating for an increase in the interagency fee. St. David’s has managed to achieve efficiencies by the introduction of caseload weighting systems, constantly measuring inputs, outputs and outcomes, etc.

The critical point is that this very recent independent research, commissioned by the DCSF, reviewed the financial arrangements / costs for the provision of adoption placement services (across 15 local authorities and 20 voluntary adoption agencies), demonstrated that the cost of adoption placement activity was between £37k and £44k per placement. This was the first time that the costs of adoption services were thoroughly evaluated.

This research evidenced that there was a difference in the construction of LAs & VAAs adoption budgets. The voluntary agency fee includes legal advice, policy & procedure, insurance, rates, building costs and maintenance, training, human resources management, etc, all allocated on a proportioned basis per placement. Within Local Authorities these costs are attributed to other costs centres, however, will be included in the critical mass of accounting. When considered within this framework, there is greater parity between the fees of both sectors.

The other point that needs to be kept in mind is that the current fee of £27,000 covers two years work with an adoptive family. The recruitment, training, assessment, approval, linking with a child, including moving a child into placement equates to approximately one year activity. The remainder of the fee pays for the first year’s placement support to the prospective adopter once the child is in placement. This two years of service to the adoptive family (at a total cost of £27k) compares favourably to the approximate fee of the child

remaining in the looked after system at a cost in the region of £50k – and that is before we look at the benefits for the child.

Hopefully that has added some clarity to the research quoted in our submission paper.

Thank you,  
Gerry Cooney