Adopt London
The Future of Adoption in London

Pan-London RAA Finance and Risk Sharing

Executive board update

There are clearly a number of financial challenges and risks associated with the regionalisation of adoption services. In a climate of varied performance, constantly moving demand and the need to demonstrate value for money and financial equitability, this briefing seeks to address some of those key potential issues and provide a set of pan-London principles to mitigate any risks at the outset of the implementation of the regionalised model.

The table below sets out a list of key issues alongside explanations and potential mitigating actions / principles for review by the executive:

Risk	Explanation	Mitigation(s) / Principle(s)
Redundancy costs	There is a risk that all redundancy costs (post-implementation) fall to the host authority	• The RAA partnerships agree that all future redundancy costs are spilt equitably among the constituent local authorities • Any redundancy costs (pre-implementation) remain with the originating local authority
Current assets (adopters)	Each local authority will join an RAA with a pool of adopters recruited by that local authority. There is a risk that the income generated by those adopters becomes RAA income and is therefore being apportioned equally among the constituent local authorities	• Any income generated through assets (adopters) brought into the model will be able to be drawn down by the local authority that recruited them • Beyond implementation (or the date that joint recruitment commences) all adopters will be considered RAA assets. The income generated from these adopters will remain with the RAA and discussed by the partnership as to how the money is best used / apportioned
Paying Interagency fees	There is a risk that the RAA spend on interagency fees is apportioned equally across all local authorities. There could be a situation where a high % of the children come from a single	• The RAA's will operate a sliding scale formula for how interagency costs are apportioned. • It will take into account the originating borough of the child • It will also take into account the previous year's spend on interagency placements • The partnership agreements will

	borough but the costs are split equally.	work these formulae up in consultation with local project boards and the executive
Unpredictable demand	Performance suggests that adoption demand is unpredictable. There is a risk that the current funding may not be enough if there is a spike in demand	• The RAA will have tolerances for capacity across the region and for each local authority based on a target unit cost per child placed • The partnership agreements will agree the process for how extra funding can be drawn down to cope with rising demand • Should the RAA's meet their performance targets, the associated savings could be used as a buffer • Income generated from RAA adopters could also be used as a buffer • While budgets have been set for the first three years, each RAA will operate a yearly budget review and setting exercise to ensure flexibility • The RAA's will aim to become demand led organisations by the end of year 3 at which point, future budgets will be based on unit costs and likely future demand