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An economic Evaluation  
of the **2014 - 2016**  
Department for  
Education Expansion  
Grant Programme

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## Executive Summary

In 2013 there was a national shortage of adopters. In response, the Department for Education (DfE) announced the Expansion Grant Programme, which aimed to address this by funding the expansion of the Voluntary Adoption Agency (VAA) sector. The Programme's other objectives were to increase the VAA sector's market share in placements and strengthen the sector's capacity.

However, since early 2013 there has been a sharp downturn in the number of new placement orders – i.e. the court order that gives a Local Authority (LA) the right to place a child for adoption. From their peak in Q3 2012-13 to their lowest point in Q1 2015-16, placement orders granted fell by more than 40%. As a result, the number of children with a placement order but not linked or matched declined substantially, and the overall shortage in adopters evaporated.

Given this change in the adoption landscape, VAAs (and LAs) accumulated growing stockpiles of approved adopters waiting to be matched with children. This rendered the original increased recruitment objective not suitable, and VAAs started refocusing their planned recruitment activity.

Regarding the other two Programme objectives, the element of the grant which dealt with system-wide issues helped provide training, intelligence and opportunities for sector engagement, increasing the VAAs' capacity by supporting them in raising standards for the adoption sector. Additionally, Round 3 funding allowed VAAs to submit innovative bids to increase placements, especially for children deemed harder to place.

Over the period covered by the Expansion Grant Programme, there were 1,517 adopters approved and 1,572 children placed (of which 1,126 involved children deemed harder to place) by VAAs. Under reasonable assumptions based on historic relationships, we estimate that in the absence of the Expansion Grant there would have been approximately 500 fewer placements and around 120 fewer adopters approved by VAAs. The Grant period also saw the VAA market share of approvals rise from 12% to over 19% and their market share of placements increase from 12% to almost 20%.

The majority of EG grant recipients expressed a positive view regarding both the impact of the Expansion Grant and the way in which the Programme was administered. An important issue raised was the timing of payments, with many VAAs stating they would have preferred earlier payments to facilitate the management of cash flow issues. Furthermore, grant recipients – especially smaller ones – felt they would have benefited from additional support with bidding, data collection and monitoring, especially early on in the life of the Programme. Finally, many VAAs struggled with the uncertainty created due to the changing focus of the Programme following the drastic – and unexpected – reduction in the number of new placement orders.

Given the amount of change in the adoption sector – for example, the regionalised adoption structure being introduced in England, court decisions, local authorities' structure and operations adapting – the future holds much uncertainty. We believe that the Expansion Grant Programme has left the VAA sector in a demonstrably stronger position to deal with regionalization and other challenges.

## Introduction

In 2013, the Department for Education (DFE) launched the Expansion Grant Programme to build the capacity of Voluntary Adoption Agencies (VAAs) in order to help meet the national shortfall in the number of approved adopters at the time the programme was announced. The Programme ran from April 2014 to July 2016 and the Government committed up to £12.5 million in funding, an unprecedented investment in the sector.

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### The overall objectives of the Expansion Grant Programme were to:

1. Increase adopter recruitment in the VAA sector
2. Shift market share in terms of placements towards VAAs
3. Strengthen the capacity of the VAA sector so VAAs can deliver a service that raises standards for the whole sector and take a leading role in shaping the adoption system of the future.

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Alma Economics was commissioned by the Consortium of Voluntary Adoption Agencies (CVAA) to provide an independent assessment of the implementation process and impact of the Expansion Grant Programme. We split the evaluation into two components:

**Process Evaluation** - providing qualitative insights on how well the process worked and how it can be improved in the future. This aspect of the evaluation is mostly based on interviews with Grant recipients.

**Impact Evaluation** - comparing actual outcomes with a counterfactual scenario - in other words, the outcomes we would reasonably expect in the absence of the Expansion Grant Programme. To construct the counterfactuals we use a combination of the views of experts in the sector and historic trends.

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### The report follows the structure outlined below:

1. Background - to VAAs, the CVAA and the adoption landscape
2. Expansion Grants - gives an overview of the grants' aims, the types of grants and the grant recipients
3. Process Evaluation
4. Impact Evaluation
5. Conclusion and Recommendations

Coram-I has undertaken a separate evaluation of the System Capacity Building component of the Expansion Grant programme, so this report will not discuss this aspect of the grant in detail.

## Background

### THE ROLE OF VAAS IN THE ADOPTION PROCESS

Voluntary Adoption Agencies recruit and assess prospective adopters for children with an order to be placed for adoption. While VAAs and Local Authorities (LAs) both undertake these functions, VAAs do not have children in their care and can only access children seeking placements through an LA.<sup>1</sup> LAs are responsible for children in care and choose whether, and to what extent, to use VAA services. Options available to LAs for finding matches between children and potential adopters are i) to place children using adopters they have approved themselves, ii) to place children using adopters approved by another LA and iii) placing children using adopters approved by a VAA.

If placing with another LA or a VAA, LAs reimburse the agency that recruited the adopter through the interagency fee, which is intended to cover the cost of recruiting and assessing prospective adopters, finding matches and providing a basic level of adoption support<sup>2</sup>. Since 2011, the interagency fee has been set at £27,000 for one child in England (London matches have an additional 10 percent weighting), with higher fees for groups of siblings. While some VAAs rely extensively on interagency fees, others generate income through the provision of support services or subsidies derived from wider organisational functions<sup>3</sup>.

There is a great deal of diversity in the structure and scope of VAAs across England<sup>4</sup>. While historically many VAAs were established with philanthropic motivations, sometimes in association with religious charities, others were formed to meet the demand for specialist services<sup>5</sup>. The size of VAAs varies considerably - some VAAs provide services at a national level while others have a more limited geographic scope. There are 28 VAAs currently operating in England, with a number of others working in Northern Ireland, Scotland and Wales.

Prior to the introduction of the Expansion Grant Programme, VAAs could access additional funding through various government schemes. The Department for Education's National Prospectus Grants Programme

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<sup>1</sup> <http://www.first4adoption.org.uk/find-an-adoption-agency/vaa-or-la/>

<sup>2</sup> <http://cvaa.org.uk/wp-content/uploads/2015/08/1.IA-Fee-FAQs-vFINAL.pdf>

<sup>3</sup> Rowe, B., Wright, H., De Ionno, D., Kelly, G. Williams, G. (2015) Consortium of Voluntary Adoption Agencies: Capacity Building Insights, London: ESRO.

<sup>4</sup> <http://reports.ofsted.gov.uk/inspection-reports/find-inspectionreport/results/any/7/any/any/any/any/any/any/any/0/0>

<sup>5</sup> Rowe, B., Wright, H., De Ionno, D., Kelly, G. Williams, G. (2015) Consortium of Voluntary Adoption Agencies: Capacity Building Insights, London: ESRO.

2013-2015 awarded community and voluntary sector grants (CVS grants) worth £3.8 million to 7 VAAs for a variety of training and capacity building projects. The beneficiaries of these grants tended to be larger VAAs working on a regional or national scale. Other financial opportunities for the voluntary adoption sector include the Adoption Support Fund, which was developed to improve access to therapeutic services for adoptive families and to stimulate investment in adoption support, and Adoption Reform Grants, which were awarded to local authorities to implement reforms.

## THE ADOPTION LANDSCAPE

The Expansion Grant Programme was implemented at a time of considerable change for the adoption sector both in terms of central government policy and dramatic changes to the flow of children into the adoption system.

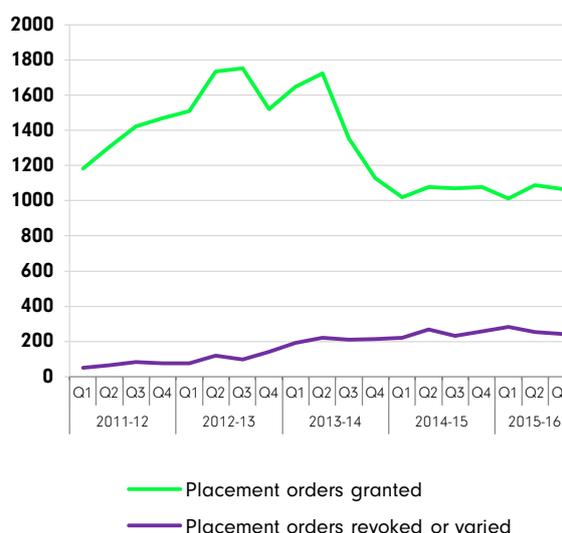
In 2012, the Government introduced reforms to target falling adoption numbers and delays in decision-making processes in the policy paper, *An Action Plan for Adoption: tackling delay*. Various changes were made to the adoption system including the introduction of streamlined assessment procedures, improved national family finding resources and enhanced accountability and monitoring frameworks.

To support these policy reforms, the Department for Education committed £200 million in Adoption Reform Grants between 2013 and 2014. The Adoption Reform Grants were designed to assist local authorities to recruit more adopters, provide better post-adoption support, increase the efficiency of services, implement legislative changes and improve collaboration with VAAs<sup>6</sup>. The reforms were initially successful as adoptions increased and waiting times fell.

However, since 2013 there has been a sharp downturn in the number of new placement orders (the court order that gives an LA the authority to place a child for adoption) and an increase in the number of special guardianship orders granted. This fall in the number of children being put forward for adoption is attributed to two high profile court judgments, *Re B* and *Re B-S*, which have been interpreted by some as changing the legal test for adoption. The Adoption Leadership Board has released guidance to dispel this interpretation but there has not been a significant overall increase in the number of new placement orders granted in England. In addition to the fall in the number of placement orders granted, there has been a steady increase in the number of placement orders being revoked or varied. From their peak in Q3 2012-13 to their low in Q1 2015-16, placement orders granted fell by more than 40%.

In light of these emerging challenges, the Department for Education (DfE) recently released *Adoption: A vision for change*, which outlines a four-year plan to further reform the adoption sector. Commitments have been made to improve the quality and performance of adoption services by establishing Regional Adoption Agencies, pursuing legislative changes, developing the capacity of the existing workforce, improving the dissemination of best practice, increasing adoption support services and strengthening accountability frameworks. The proposal to move all English local authorities' adoption services to a regional system by 2020 is expected to have a substantial impact on the way adoption services are delivered. As the 2016 Queen's speech noted, adoption reform is likely to remain a high priority for the Government<sup>7</sup>.

**Figure 1: Placement orders granted and placement orders revoked or varied, by quarter**



Source: Quarterly Family Court Statistics

## THE CVAA

The Consortium of Voluntary Adoption Agencies (CVAA) was established in 1993 to ensure the on-going viability of the voluntary adoption sector. The CVAA currently represents the interests of 32 voluntary adoption agencies in the United Kingdom, 26 of which are based in England (as well as 2 adoption support agencies). The Consortium's key strategic objectives are to: i) develop and promote excellence and best practice in adoption and adoption support; ii) grow the number of children successfully adopted by VAA-approved adopters; and,

<sup>6</sup> <https://www.gov.uk/government/news/adoption-50-million-funding-boost-and-new-interactive-maps>

<sup>7</sup> <https://www.gov.uk/government/speeches/queens-speech-2016>

iii) influence adoption policy and practice at the national, regional and local levels.<sup>8</sup>

The Department for Education contracted the CVAA to be the Grant Management Agency (GMA) for the Expansion Grant Programme. The GMA was responsible for the management and distribution of the Programme, which includes:

- Designing and operating bidding rounds;
- Assessing bids for the grants from VAAs against agreed criteria and recommending successful bidders to the independent CVAA Grant Advisory and Monitoring Board;
- Making proposals to DfE, which carried ultimate responsibility for all grant making decisions;
- Distributing the grants to successful VAAs;
- Monitoring the performance of the grant recipients against agreed growth trajectories;
- Working closely with the DfE's policy team to undertake analyses of the information presented through Monthly Data, Quarterly Progress Reports and case studies submitted by grant recipients; and,
- Facilitating the sharing of best practice among agencies in receipt of grant funding.

Alongside these roles the CVAA also provided advice and support to VAAs throughout the Expansion Grant Programme period, including on the application process.

## The Expansion Grant Programme

### EXPANSION GRANT PROGRAMME AIMS

When the Expansion Grant Programme was established in 2013, the original aim was 'to increase the capacity of the VAA sector so that it recruits and approves a minimum of 2,000 adopters a year by 31 March 2016'.

However, in light of decreasing placement orders and the growing number of approved adopters not linked or matched, the programme was refocused in October 2014. It was agreed that the new aim would be 'to build significantly the capacity of the voluntary adoption sector to recruit sufficient adopters to meet the needs of children who are harder to place'.

For the purposes of the Expansion Grant programme, harder to place (HTP) children were defined either by:

1. characteristics (White European children aged 4 years and over, children from BME communities,

siblings in groups of 2 or more, and children with specific additional needs); or

2. children who have been waiting for 12 months or more since their ADM decision.

### GRANT OBJECTIVES

The overall objectives of the Expansion Grant Programme were to:

1. Increase adopter recruitment in the VAA sector,
2. Shift market share in terms of placements towards VAAs,
3. Strengthen the capacity of the VAA sector so VAAs can deliver a service that raises standards for the whole sector and take a leading role in shaping the adoption system of the future.

To achieve these objectives, the Expansion Grant Programme awarded 35 grants through three rounds of funding commencing in April 2014.

- Round One (R1) grants aimed to assist VAAs to approve additional adopters.
- Round Two (R2) grants aimed to build the overall capacity of the system to recruit adopters able to take harder to place children and the adoption workforce to manage increased demand.
- Round Three (R3) grants aimed to directly increase the number of harder to place children matched with VAA adopters.

In Rounds One and Three, two types of grants were available – expansion grants and booster grants. Expansion grants were provided to VAAs operating on a medium to large scale. Booster grants were awarded to smaller VAAs approving 5-30 adopters annually. In Round Two, System Capacity Building (SCB) grants were available for projects that addressed capacity building at a systemic level. These grants were for activities such as training staff in the sector, providing opportunities for VAAs to discuss and share ideas, as well as understanding the customer service provided by the VAA sector. There were no targets for Round 2 – an initial payment of £250,000 was given with the remainder conditional on the DfE seeing a robust plan for the remainder of the grant. The DfE signed off on the plan in April 2015.

The Programme targets were amended over time due to the changing adoption landscape. In response to concerns that Round One grants incentivised adopter recruitment without regard to matching timelines, especially considering the fall in placement orders, in March 2015 the Department for Education provided grant recipients with three options to revise targets:

<sup>8</sup> <http://cvaa.org.uk/about-cvaa-uk/>

1. To continue recruiting adopters as per the Round One grant funding agreement, demonstrating their strategy for ensuring adopters will be matched;
2. To renegotiate and reduce targets (and associated funding); or,
3. To move to a Round Three specification (and associated funding).

The majority of grant recipients chose options 1 and 2, therefore continuing to have a target for recruiting adopters. Two agencies chose to move to a Round Three specification.

## GRANT AWARDS

The funding awarded in each round is summarised in table 1. In Round 1, expansion grants worth approximately £6m in total were awarded to 10 VAAs. Since many of the smaller VAAs were new to the process of bidding for grants, the first round of bids for the booster grants showed applicants required additional support. Bidders were invited to resubmit applications in Round 1.5, which resulted in 5 awards totaling £500,000.

Round 2 was initiated to highlight the importance of addressing sector-wide issues. Following a number of unsuccessful bids from individual agencies, two bids of £1m each were awarded to a consortium of VAAs led by Barnardo's.

In Round 3, expansion grants worth approximately £2.8m were awarded to 7 VAAs and booster grants worth £700,000 were awarded to 7 VAAs.

## DISBURSEMENT

The disbursement structure for the expansion grants and booster grants changed over the implementation period of the Programme. Originally, up to 60% of the grant was to be disbursed 'on demonstrated need and in line with an indicative payment schedule and evidence of expenditure'. The remaining 40% of the grant was to be disbursed on a payment by results basis (20% on the achievement of agreed milestones and 20% on the approval of additional adopters).

However, in November 2014 it was agreed that Round 1 grant recipients could request a renegotiation of the disbursement schedule and seek up to 80% of the funding to manage cash flow challenges, with the remaining 20% made available on a payment by results basis. These terms were applied to Round Three grant recipients as well.

With the revision of grant aims in 2015, the disbursement structure was revised again. Recipients that proposed to maintain the Round One grant funding agreement and that renegotiated and reduced targets would only be subject to payment by results for the final 10% of funding (5% on the achievement of agreed milestones and 5% on the approval of additional adopters).

## GRANT RECIPIENTS

Table 2 shows a list of the VAAs that received funding for Round One or Round Three of the Expansion Grant Programme. The list also specifies which VAAs received booster grants (with targets of 10 adopters/children) or expansion grants (with targets of 30 adopters/children).

**Table 1: Grant awards**

Round	1	(1.5)	2	3	
Commencement Date	April 2014	June 2014	January 2015	October 2014	
Grant Type	Expansion Grants	Booster Grants	System Capacity Building Grants	Expansion Grant	Booster Grant
Number of Bids Received	18	6	2	10	8
Number of Successful Bids	15	5	2	7	7
Original Funding Objectives	To approve 450 additional adopters	To approve 50 additional adopters	Building the capacity of prospective adopters in the system particularly adopters able to take harder to place children and Building the capacity of the adoption workforce to manage increased demand	To achieve an additional 210 harder to place children matched with adopters who entered Stage One of the assessment process after 1 January 2015	To achieve an additional 40 harder to place children matched with adopters who entered Stage One of the assessment process after 1 January 2015
Total Funding Awarded	£6m	£500k	£2m	£2.8m	£700,000

## Process evaluation

The process evaluation is the first pillar of our assessment framework, focusing on how well the implementation process worked and how it could be improved in the future.

### METHODOLOGY

The process evaluation is based on information obtained through interviews with grant recipients and internal monitoring reports produced by CVAA.

Alma Economics interviewed 18 of the VAAs participating in the Expansion Grant Programme. The interviews were designed to improve our understanding of the details beneath the headline measures (adopter approvals and children placed), such as the operational environment, how the grant was administered and suggestions for improvement.

The interviews took place at different stages of the grant process. Some interviews were conducted in the middle of the grant period (around July 2015) but the majority took place towards the end of the grant period (from February - March 2016).

**Table 2: VAAs awarded grants in Round One and Round Three**

Grant Round	Grant Type	VAA	Maximum funds made available <sup>9</sup>
Round 1	Expansion grant	Adoption Focus	£400,000
		Adoption Matters North West x2	£800,000
		Adoption Matters and Caritas Care	£400,000
		After Adoption	£400,000
		Barnardo's x3	£1,200,000
		Caritas Care	£400,000
		CCS Adoption/4 nations	£400,000
		Families for children	£400,000
		PACT x3	£1,200,000
	St Francis	£400,000	
	Booster grant	Adoption Plus	£100,000
		Family Care	£100,000
		Inter Country Adoption	£100,000
		Nugent Care	£100,000
		TACT	£100,000
Round 3	Expansion grant	Action for Children	£400,000
		Adoption Matters	£400,000
		After Adoption - Manchester	£400,000
		After Adoption - West Mercia	£400,000
		Coram - Capital	£400,000
		Coram - Kent	£400,000
		TACT	£400,000
	Booster grant	ARC	£100,000
		DFW	£100,000
		Faith in Families	£100,000
		Family Futures	£100,000
		New Leaf	£100,000
		SSAFA	£100,000
		Yorkshire Adoption	£100,000

<sup>9</sup> Please note that the amounts in this column are somewhat different to the funds actually awarded. For example, some agencies negotiated

reduced payment in exchange for reduced targets, or they were unable to meet their PBR targets to unlock the final 10%.

The interviews were semi-structured, including a mix of close-ended questions - e.g. 'How satisfied were you with the process of applying for expansion grant funding?' - and open-ended questions to allow respondents to provide additional information including specific examples e.g. 'How has the grant enabled you to expand your overall capacity?'. All interviewees were asked the same set of questions, and in order to encourage openness it was agreed that responses would remain anonymous. The main topics discussed were:

- The application process
- Grant design
- Disbursement structure
- Spending the grant
- Harder-to-place children
- Innovation
- Sector engagement
- Future of the voluntary adoption sector

Internal monitoring reports also provided valuable insights. Throughout the implementation process, CVAA produced monthly and quarterly reports to track the progress of activities and targets. In addition, in April 2015 a more detailed report evaluated Year One activities from a quantitative and qualitative perspective.

## RESULTS

### The application process

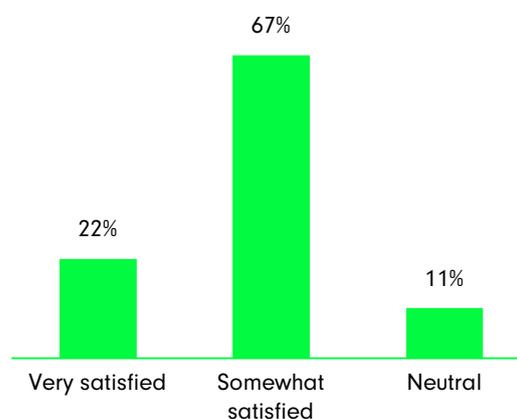
While the vast majority of interviewees provided positive feedback on the overall application process (i.e. the stages between advertisement and grant award), lessons can be learned regarding the role of the Grant Management Agency, the specification of bids and the allocated timeframes.

Figure 2 shows that close to 90% of respondents were either 'very' or 'somewhat' satisfied with the application process. However, the conflicting responsibilities of the Grant Management Agency created challenges - not only was the GMA responsible for providing support and guiding the development of applications, it also played a role in assessing and recommending awards. The CVAA acknowledged that, due to its desire to highlight the distinction between these functions, VAAs initially received limited support, which resulted in bids of variable quality. In Round One, the Grant Advisory Board recommended that two expansion grant bids and all seven booster grant bids should seek support and resubmit their applications in Round 1.5. As many smaller VAAs were new to the application process, guidance was required on content and planning

requirements. The resubmission of bids resulted in minor delays for booster grant recipients.

To address these issues in subsequent application rounds, the CVAA separated the roles undertaken by the CEO and the Grant Manager - with a number of interviewees commenting that this move was particularly helpful. In Round Three, the CVAA CEO played a more active support role and, as noted in the Year One Report, 'applicants expressed appreciation of that relationship, and this is reflected in bids which demonstrated a greater maturity and increased confidence and innovation, particularly in respect of working with LAs'<sup>10</sup>. The interviews further highlighted that grant recipients were satisfied with the

**Figure 2: VAAs' satisfaction with the process of applying for Expansion Grant funding**



performance of the CVAA and considered them helpful and adaptable throughout the application process, especially considering the challenging circumstances created by the contraction of the adoption sector.

Delays were also encountered early on due to the lack of clarity in the original specification for the System Capacity Building grants. The Grant Advisory Board felt that none of the bids submitted in Round Two sufficiently encapsulated a 'system-wide' perspective and recommended that the specification be amended to clarify its aims. The rebidding caused some delays to the application process, which were further exacerbated post-award by the requirement to submit a Project Initiation Document and appoint a Project Manager. In the end, the grant agreement for the system capacity build grant was only signed in January 2015.

For future application processes, interviewees noted that a more generous application deadline and greater information on the timescale for award would assist with

<sup>10</sup> End of year 1 report

organisation and planning. In addition, it is possible that a longer application timeframe, specifically for Round One, could have encouraged a greater volume of bidders and allowed additional time to access support services.

Some respondents felt that more formal management lines would have been helpful. Some grant recipients noted that at the start of the process there was lack of clarity regarding management lines – as they were initially reporting to the CVAA while later they would deal directly with the DfE - although they also mentioned that the situation improved over the lifetime of the Programme. Another suggestion for refining grant management was to provide regular feedback on performance to grant recipients - respondents felt that commentary about the sufficiency of their progress would have been reassuring given the drastic decline in children flowing into the adoption system (a phenomenon often referred to as ‘the market collapse’ by those in the sector).

Summarising, the lessons learnt relating to the application process include: i) the importance of clarifying potential conflicts in the role of the GMA early in the process; ii) assessing the capacity of potential bidders and providing proactive support; iii) ensuring the clear specification of bids to avoid delays; and iv) setting realistic deadlines and providing information on the award milestones up front to assist with planning and communication.

### Grant design

While the original grant design was well-received, unforeseen changes to the adoption landscape created various complications throughout implementation.

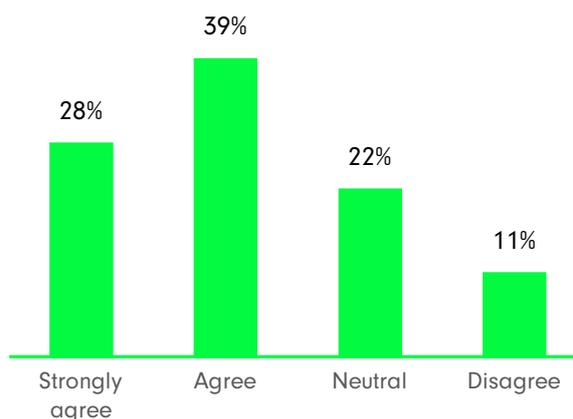
In general, interviewees noted that the types of grants available were clearly communicated and it was easy to find appropriate grants for their VAAs. Moreover, the majority of recipients stated that the level of funding associated with each grant type was suitable for its objectives. The minority of respondents who did not agree attributed their negative response to the market collapse, as opposed to any actions of the CVAA or DfE.

Changes to the objectives of the Expansion Grant Programme were more controversial. Many interviewees noted that when the Programme was developed, the sector was focused on increasing the number of adopters. However, between Round 1 and Round 3, the fall in the number of placement orders granted meant that the original targets encouraged the growth of adopter stockpiles. Consequently, Round 3 targets were changed to focus on matching harder to place (HTP)

children. While generally R3 recipients were appreciative of CVAA’s flexibility and their role in initiating discussions with DfE to amend targets, some R1 grant recipients suggested that it would have been better to consistently change the Programme targets at the same time. It was noted that changing the R3 objectives while keeping the R1 objectives created some confusion and frustration<sup>11</sup>.

In terms of the structure of the targets, views were split about whether targets tailored to each grant recipient would have been helpful. Grant funding was allocated based on standard targets of either 10 or 30 adopters or children. Most interviewees (70%) highlighted that more flexibility in the grant design and a sliding scale may have been helpful, while other interviewees were more ambivalent and suggested that more flexibility would have added more uncertainty.

**Figure 3: VAAs’ statements on whether the level of funding was suitable for achieving the associated target**



As noted previously, the sector was driven to expand their capacity and increase the number of adopters they were recruiting, but the unprecedented (and largely unexpected) drop in placement orders and adoption decisions rendered the initial recruitment targets unsuitable. Some grant recipients suggested that DfE should have focused on wider market issues when establishing the original Programme objectives, which may have reduced the amount of change that was required given market developments. In terms of communication, some recipients felt that discussions between the CVAA and the DfE regarding the changes to the grant design could have been more effectively conveyed to recipients.

<sup>11</sup> As discussed previously, R1 recipients were later provided with the option to amend their targets.

While many of the issues relating to the design of the Expansion Grant Programme were beyond the control of DfE, the following lessons can be drawn: i) transparent communication with grant recipients is required when making amendments to targets and Programme objectives; ii) when changing targets mid-programme due to external circumstances, there should be an attempt to achieve greater consistency in making changes e.g. across different groups of recipients; and, iii) programme targets should be devised to, as much as possible, be robust to possible market developments and other external changes.

### **Disbursement structure**

As previously discussed, the disbursement structure of the grants was also amended over time. Originally, up to 60% of the grant was accessible to reimburse spend on a payment in arrears basis, with the remaining 40% to be accessible (again to reimburse funds spent) on a payment by results basis (20% on the achievement of agreed milestones and 20% on the achievement of the full target). While grant recipients were initially satisfied with this structure, as a result of cash flow challenges the disbursement structure was ultimately amended to 90% up front and 10% on a payment by results basis (5% on the achievement of agreed milestones and 5% on the achievement of the full target).

In addition, a decision was taken in November 2015 to move to pay some element of funding up front each month, rather than in arrears, in order to address some of the cash flow challenges VAAs faced. These payments were made on a monthly basis, in accordance with profiled spend for each month, with payments for each subsequent month adjusted in response to actual spending patterns.

Some VAAs highlighted the on-going cash flow challenges they face due to the back-loading of the interagency fee. The Expansion Grant Programme was in part designed to ease this financial strain and encourage additional investment in adopter recruitment and matching. With this in mind, it is arguable that the original disbursement structure could have been more responsive to the financial circumstances of VAAs by providing some funds up front. As it was, no up front funding was provided; all funds were paid monthly in arrears, after spend had been incurred. Furthermore, a discussion could be had on whether it was appropriate to have a standard disbursement structure for both booster and expansion grant recipients considering their differing financial circumstances.

The payment by results approach is highly innovative and under the right circumstances it can deliver improved value for money<sup>12</sup>. The method is generally suited to experienced bidders with the capacity to take on greater risk.

Considering the relative inexperience of some of the grant recipients and the lack of procurement capacity displayed in the application process, it is worth reflecting on whether a payment by results approach was appropriate for the Expansion Grant Programme. By March 2016, only two of thirteen R1 grant recipients had unlocked PBR funding, and four of fourteen R3 grant recipients had unlocked PBR funding<sup>13</sup>. These low rates highlight potential issues with this model, although it is important to mention that almost all interviewees noted that the risk involved with PBR was known up front and was planned for accordingly.

In Round 2, the agreed payment plan changed a number of times following the initial £250,000 payment. Respondents had initially understood that remaining payments would be up front (before activity had taken place), while later this was changed to payment in arrears. Ultimately, the payment structure was based on providing robust evidence of a plan for the rest of the grant. The changes resulted in 'serious financial pressures' on organisations that were spending funds while facing uncertainty about when payments would be received.

There were also issues with the agreed timeframe for the programme. The delay in awarding the grant meant that the timescales for the end of the programme were pushed back until the end of June 2016, despite the fact that Government spending rules mean that grant funds cannot normally be carried across financial years in this way - an issue that was not resolved as early as it could have been. As a result, some activity was squeezed into a shorter timeframe, which caused planning difficulties.

The amendment of the disbursement model during implementation highlights the importance of designing a disbursement schedule that is tailored to the capacity, activities and financial needs of grant recipients from the outset.

### **Spending the grant**

Grant recipients funded a diverse range of activities through the Expansion Grant Programme. The grant design encouraged this variation as the original grant specifications were not prescriptive about how targets should be achieved. The main areas that were funded

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<sup>12</sup> <https://www.nao.org.uk/wp-content/uploads/2015/06/Outcome-based-payment-schemes-governments-use-of-payment-by-results.pdf>

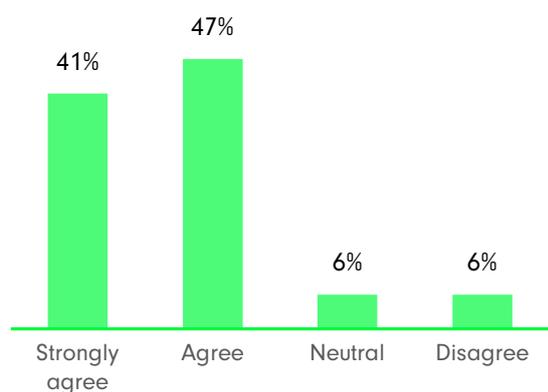
<sup>13</sup> R1- Caritas Care (Expansion grant), Families for Children (Expansion grant); R3 - Adoption matters (Expansion grant), After Adoption

(Expansion grant), Family Futures (Booster grant) and New Leaf (Booster grant)

by the grants were recruitment, marketing, training, capacity building, operations and clinical-psychological support.

The majority of the grant recipients were able to achieve what they planned with the grant money. Approximately 67% reached their spending targets, while 34% reported issues spending the grant due to factors such as recruitment delays and market changes. That said, almost all interviewees agreed that they would have been smaller and in a worse position without the grant.

**Figure 4: VAAs' statements on whether the Expansion Grant enabled them to expand their capacity to recruit adopters**



Many of the grant recipients invested in the recruitment of additional staff e.g. specialists in marketing and social media, which allowed some to expand the activities they provided and others to expand the scope of delivery. However, some interviewees noted that delays in recruitment processes meant that the quantity of staff recruited fell short of their ideal targets. Another factor cited by respondents was that many VAAs were recruiting for similar, highly specialist roles at the same time, which led to delays in the recruitment process. In addition, in some cases, grant funding alone was not enough to finance the high-calibre individuals required, and the drop in income from placements meant recruiting such staff was not financially feasible.

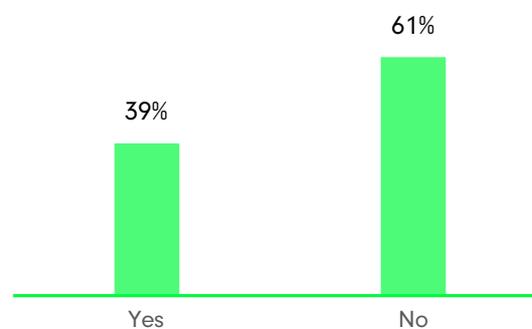
Other investments made with grant funding include the development of partnerships with LAs and the increased specialisation of services (i.e. child specific recruitment, sibling groups matching, recruitment of adopters with disabilities).

The vast majority of interviewees suggested that the activities undertaken with the funding from the Expansion Grant Programme would *not* have occurred otherwise. The minority who stated they would have carried out their planned activities without the grant funding explained that delivery would have taken substantially longer in the absence of the grant.

Of the VAAs interviewed, the majority agreed that the Programme had improved their overall capacity and infrastructure, mainly through establishing new adoption teams, covering more areas and recruiting more adopters. On the other hand, respondents who stated their VAA's overall capacity and infrastructure remained at the same level as prior to grant funding highlighted the challenging market conditions which meant many of their processes are taking more time. Regarding the SCB grant, the capacity of the sector was increased through training, intelligence (e.g. a large-scale customer survey to understand the VAA offer to adopters) and regular conferences where staff from agencies shared problems and discussed solutions.

In terms of sustainability, more than 60% of the grant recipients interviewed suggested that the activities and services developed would continue beyond the life of the Expansion Grant Programme. One interviewee noted that long-term financial planning by VAAs was key to ensuring the impact of the Programme continued. However, various concerns were raised regarding sustainability of activities due to reducing flows into the adoption system, the hesitation of LAs to do business with VAAs and ongoing reforms in the sector.

**Figure 5: VAAs' statements on whether they will have problems sustaining their work once the grant money ends**



In Round 2 there were a number of work streams under both the adopter recruitment and workforce capacity grants. The Define stage saw surveys conducted to collect intelligence to underpin each grant, so that the planned projects were evidence based. The Develop and Deliver stage saw activities take place in the following areas:

*Customer activities:* Strengthening VAA position and offer, market analysis and sufficiency planning, market share advancement, digital capacity building, early placement.

*Workforce activities:* leadership, governance, adoption support, financial business modelling, expanding

business skills, supporting sector reform and national level collaboration.

Activities included conferences, training sessions, seminars and regular communications. It provided a forum for VAAs to come together and share experiences, learning and skills.

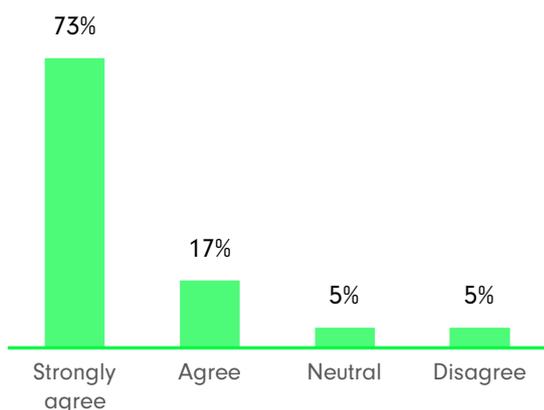
Respondents said that no aspect of the Round 2 programme of work would have happened in the absence of the Expansion Grant.

In terms of the impact of the R2 grant on increasing the capacity of the sector, the grant demonstrably increased the sector's assets for recruitment, their understanding of the service they provide, and it gave VAAs confidence they were delivering an excellent service (thanks to an in depth customer survey). However, in terms of numbers, the shortage of children in the adoption system resulted to redundancies in the VAA sector.

### Harder to place children

A key outcome of the Expansion Grant Programme was to increase the number of harder to place children being placed. Approximately 73% of grant recipients interviewed strongly agreed that the expansion grant achieved its aim of creating matches for harder to place children. One interviewee felt that a key reason the Expansion Grant was made available to VAAs was because a major part of VAA service provision focuses on harder to place children.

**Figure 6: VAAs' statements on whether the Expansion Grant achieved its aim of helping to place harder to place children**

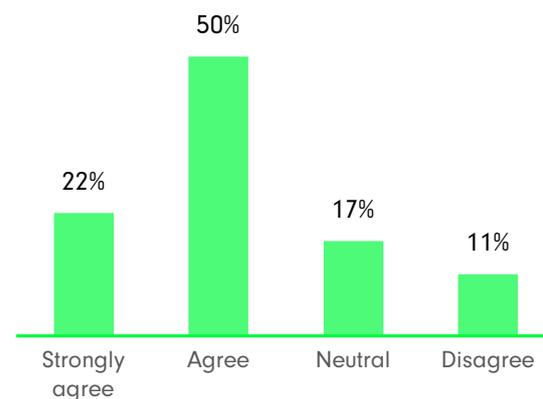


In terms of whether VAAs changed their approach given the grant's focus on harder to place children, views were split. Around half of the VAAs interviewed stated that they maintained the same approach as prior the Expansion Grant, while others said they became more specialised in matching harder to place children.

### Innovation

When designing the grant, it was hoped that the flexible design, in terms of letting VAAs decide how to meet their targets, would encourage innovative bids. When asked about the extent to which the expansion grant allowed VAAs to be innovative, most grant recipients interviewed agreed that the grant encouraged the use of innovative approaches, primarily with respect to post adoption support (which some respondents noted would not have happened in the absence of the grant).

**Figure 7: VAAs' statements on whether the Expansion Grant allowed them to be innovative**



That said, grant recipients identified several barriers to innovation. As previously discussed, the application timeframe and implementation period was perceived as too short to allow for the sufficient development of innovative practices. More generally, the uncertain market and cash flow issues, partially caused by the backloading of the interagency fee, is perceived to discourage innovation in the sector. Allocating financial space for creative practice is seen to require up front investment and ongoing support. In the current climate, some VAAs questioned the feasibility of encouraging innovative practice at a smaller scale.

Lessons learnt include i) the need to provide a sufficient time frame to encourage innovation; and ii) more centrally driven innovation through the CVAA may be more effective by allowing several VAAs to pull resources.

### Sector Engagement

Feedback suggests that the Expansion Grant Programme is likely to have had a positive impact on the level of knowledge sharing in the voluntary sector.

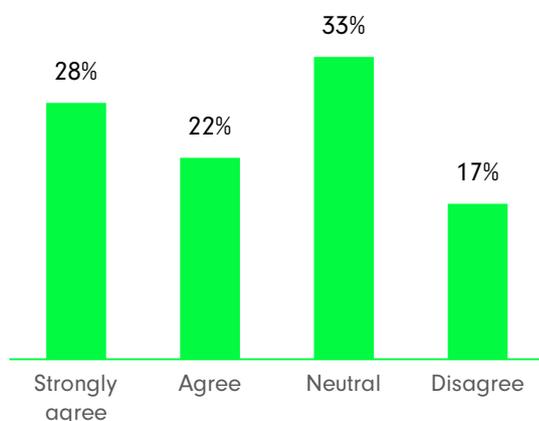
In terms of the positive impact the programme had on the extent and manner in which VAAs interacted with each other, responses were varied. Some organisations felt the market collapse led to VAAs competing with each other more than ever, while others stated that the

grant was a shared experience that brought them together.

Some VAAs interviewed earlier in the Expansion Grant process were wary of sharing best practice with other VAAs, stating that they were competitors. However, the System Capacity Building grant appears to have had a positive effect on this view. Sector engagement during Round 2 was excellent with all but one VAA taking part. Respondents noted that this was largely due to the fantastic work of the Strategic Management Group who acted as ambassadors for the programme.

The vast majority of the VAAs we interviewed gave similar suggestions for how sharing best practice among VAAs could be improved. These included increasing opportunities for communication between VAAs, presentation of innovative practice showing how the sector has developed, and having experienced individuals provide support to staff in smaller organisations. They also added that conferences, meetings, workshops on various topics and collaborating in service delivery provide excellent opportunities for VAAs to learn from each other in a

**Figure 8: VAAs' statements on whether the Expansion Grant programme had a positive impact on the extent and manner in which they relate to other VAAs**



spirit of partnership. Notably, a few responders suggested that best practice ought be shared not only among VAAs but also with LAs, highlighting the need for a comprehensive approach to sharing ideas and experience.

#### Future of the voluntary adoption sector

Statements were collected regarding the barriers to VAAs increasing their share of the overall adoption market. The key barriers are perceived to be the behaviour of LAs, the high number of adopters approved by LAs, and the dwindling flow of children into the

adoption system. It was suggested that relationships with LAs need to be improved, and that there is a persisting view that working with the voluntary sector is expensive.

When matching a child, especially in relatively straightforward cases, LAs still often look sequentially at adopters approved internally, then by other LAs, and then for adopters approved by VAAs. That said, it was acknowledged that there are on-going initiatives to address these patterns, such as the levelling of the interagency fee with LAs in 2013, and the Interagency Fee Grant Funding Scheme 2015-2016 (a £30 million grant where central government reimburses LAs when they pay the interagency fee for harder to place children placements).

Interviewees also discussed the impact of regionalisation and the potential for reduced market access due to the increased integration of LAs. Some respondents felt that VAAs have not been provided with the opportunity to substantially contribute to regional partnership arrangements due to their unequal membership status. Furthermore, many felt that the voluntary sector needs to establish stronger partnerships with LAs and encourage more permanent arrangements to ensure its long-term financial viability in the face of regionalisation.

In addition, respondents underlined the need for diversification and development of specific services to improve the market share of VAAs.

## Impact Evaluation

### METHODOLOGY

Rounds 1 and 3 of the Expansion Grant set explicit targets to increase the number of adopters and the number of placements of harder to place children. This section considers the impact the Expansion Grant had on these two key outcomes. In order to assess the true impact of the Expansion Grant, we need to determine what would have happened to adopters and the number of harder to place children being placed *in the absence* of the grant, which is called the counterfactual.

As we cannot observe what would have happened to adopter numbers and child placements without the grant, there is uncertainty in designing the counterfactual. To deal with this uncertainty, we devised a number of counterfactual scenarios.

To inform our choice of counterfactual scenarios, we used the following information:

1. VAA forecasts – we obtained information from VAAs regarding their predictions for adopter approvals

and child placement numbers in the absence of the Expansion Grant Programme.

2. Historic trends forecast - we examined the historic relationships between the factors related to each key outcome to determine what would have happened in the absence of the EG.

## DATA

We received data on VAA baselines and forecasts from the CVAA. Historic data on VAA activity came from CVAA records, and all Expansion Grant data was also provided by the CVAA. Other historic data, e.g. on placement orders, came from Adoption Leadership Board data and Looked After Children Statistics.

To get a time series of data on adopter approvals and child placements we combined the CVAA historic data from 2005-6 to 2014-15 and the Expansion Grant data from 2014-15 to 2015-16. For the year of overlapping data, 2014-15, we used the CVAA historic data which was believed to be more complete.

Comparing the two data sources for 2014-15 seems to suggest that CVAA historic data may be recording some cases that are omitted from the Expansion Grant data. This implies that our figures for 2015-16 may lead to an underestimate of the impact of the Expansion Grant programme in that year.

## RESULTS

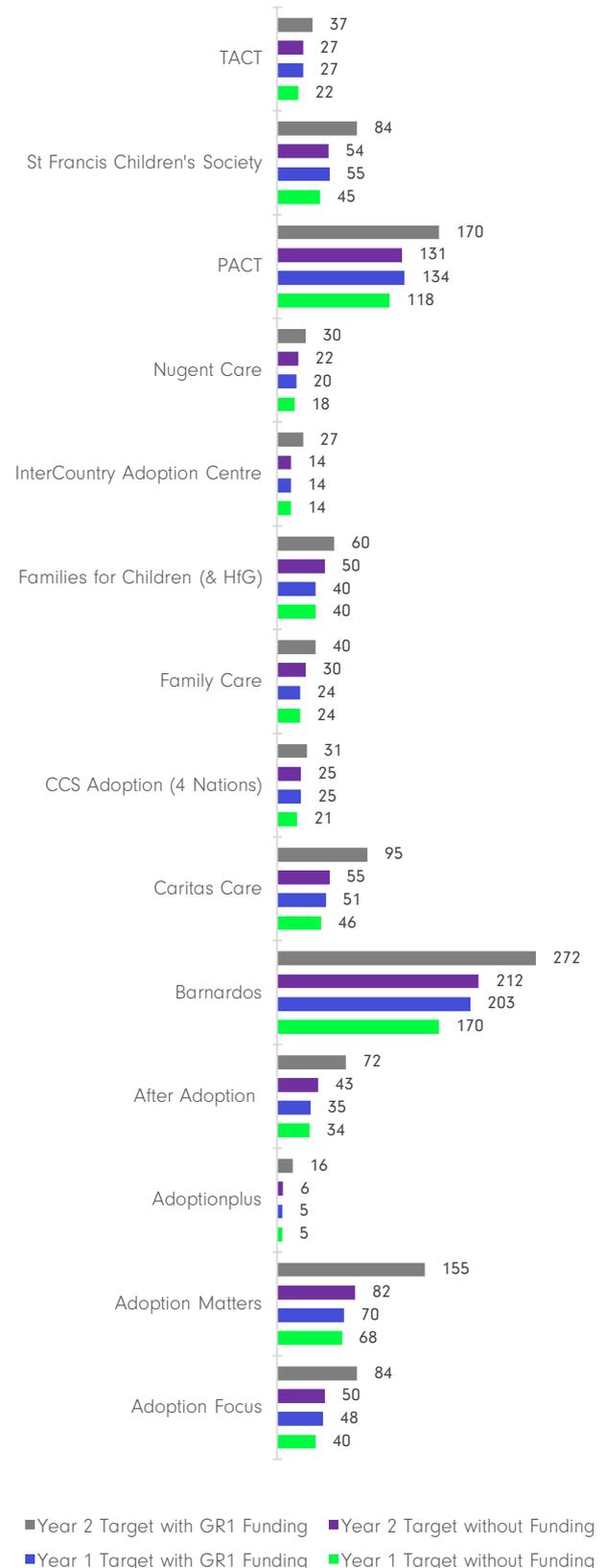
### VAA Forecasts

At the start of the Expansion Grant Programme, participating VAAs were asked to estimate the number of adopters they would approve in 2013-14 and 2014-15 both with and without the grant funding.

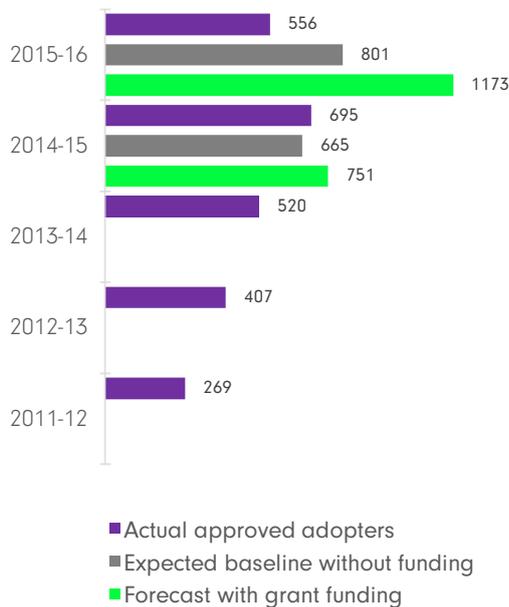
#### Round 1

Figure 9 illustrates the predictions of the R1 recipients for which we have data, while figure 10 presents the same information at an aggregate level alongside data for actual approved adopters.

**Figure 9: Forecast of approved adopters with and without Round 1 grant funding (only includes recipients for which data was available)**



**Figure 10: Forecast of approved adopters with and without Round 1 grant funding (only includes recipients for which data was available)**



On average, at the start of the programme, Round 1 recipients forecast a 10% increase in the number of adopters approved in 2014-15 and an almost 60% increase in 2015-16 with grant funding. These forecasts were made before it was clear that the adoption landscape had changed, with a significant reduction in the number of children receiving a placement order.

Comparing the actual number of adopters approved to the VAAs' baseline shows the number did grow in 2014-15 compared to the VAAs' forecasts, though not by as much as expected. In light of the growing stockpile, VAAs then adapted their approach and did not aim to recruit as many adopters in 2015-16, which saw a reduction in the number of approved adopters by VAAs compared to what they originally forecast assuming no grant funding.

We can use an assumption to alter the VAA forecasts in line with the change in the adoption landscape, to estimate how VAA forecasts may have been updated in light of the smaller number of children entering the adoption system. If we assume the reduction in the number of children flowing into the adoption system applies equally to the entire system (each LA and VAA), we can reduce the forecast of approved adopters by the reduction in the number of children given placement orders to update the VAA forecasts.

The percentage reduction in the number of new placement orders between 2013-14 and 2014-15 was 34%, and between 2013-14 and 2015-16 it was 37%. We apply these percentage reductions to the VAA forecasts to see how grant recipients performed compared to reasonably adjusted forecasts.

In the first year of the grant programme the VAAs outperformed the adjusted forecast by almost 200 adopters. In contrast, 2015-16 saw a shortfall in the actual number of adopters approved compared to the adjusted forecast, which is not surprising given how ambitious the original target was. Looking at the Programme overall, the actual number of approved adopters by R1 recipients for whom we have forecasts was 1,251 compared to an adjusted target of 1,242 – in other words, VAAs slightly surpassed the adjusted target over the Expansion Grant Programme.

**Figure 11: Number of new placement orders by year**



Source: ALB Business Insights and own calculations for 2015-16 figure<sup>14</sup>

### Round 3

As with Round 1, recipients of Round 3 of Expansion Grant funding expected substantial growth in their target outcome – placements – over the two years from the start of the programme. Where we have a complete set of forecasts, VAAs predicted 37% growth in placements during the first year of the Expansion Grant and 80% growth in year 2. Figure 12 illustrates just how substantial the expected growth in placements was compared to the trend in previous years. We know the programme coincided with a contraction in the adoption sector and the number of placements fell across the board for VAAs and LAs (we investigate how LA placements changed over the grant period in the VAA Market Share section below). If we adjust the VAA forecasts for placements using the percentage reductions in the number of new placement orders (as we adjusted the R1 forecasts

<sup>14</sup> Given Q3 and Q4 2015-16 data were not available at the time of writing, we doubled the number of new placements recorded in Q1 and Q2 2015-16 to arrive at an estimate of the total for the year.

previously) we can update the forecasts to take the actual market conditions into account.

**Figure 12: Forecast (original and adjusted) of number of placements against actual number of placements (Round 3 recipients for which a complete set of data was available)<sup>15</sup>**

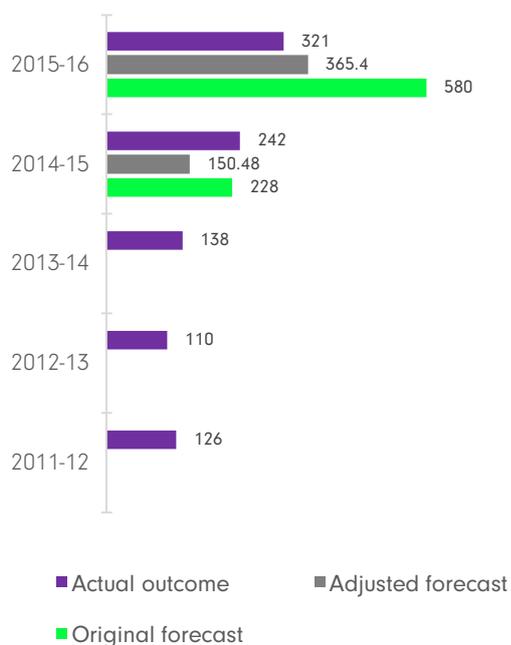


Table 5 compares the original forecast, the adjusted forecast and the actual number of placements for the VAAs for which we had a complete set of forecasts and placement data. In 2014-15 the adjusted forecast was for 418 VAA placements (for those VAAs for whom we have a complete set of forecasts and placement data) compared to 499 actual placements that year - i.e. VAAs outperformed the adjusted forecast by 81 placements in that year. The assumed growth in 2015-16 was too high to result in better placement numbers even with the adjusted forecast. The adjusted forecast was 736 placements in 2015-16 compared to 569 actual placements. Over the lifetime of the Expansion Grant Programme, this set of VAAs placed 1,068 children compared to an adjusted forecast of 1,154 placements. The shortfall comes from the extremely optimistic growth assumptions used to forecast placements at the start of the programme.

## Historic relationships

### New placement orders and VAA placements

We can use the relationship between new placements orders and VAA placements to predict the number of placements in the absence of the Expansion Grant. This method imposes the assumption that the relationship would have been the same as in previous years without the Expansion Grant.

Historic data shows that VAA placements in England in a given year are between 11-15% of placement orders granted in that year. We can make a number of assumptions about the relationship between VAA placements and placement orders to project what VAA placements would have been in absence of the Expansion Grant Programme. As a simple starting point we can assume a constant linear relationship, meaning that VAA placements would be a constant fixed percentage of placement orders granted - for example, the average of 12.6%. We could also allow more flexibility by not assuming a constant relationship. Here are the three relationships we test.

1. Constant - assumes a constant linear relationship based on the average ratio of VAA placements to placement orders granted in a given year.
2. Growing - assumes the growth in VAA placements relative to placement orders granted between 2012-13 and 2013-14 would have continued.
3. Slowing - assumes the reduction in growth in VAA placements relative to placement orders granted between 2011-12 and 2012-13 would have continued.

Table 6 shows the projected number of VAA placements in England in 2014-15 and 2015-16 vis-à-vis the actual Expansion Grant performance. Compared to the Constant scenario, which projected 1,068 children placed by VAAs in England, there were an additional 504 children placed during the Expansion Grant period. Compared to the projections in the Growing scenario, which forecast there would be 2,144 children placed by VAAs in England, there were 572 fewer children placed during the Expansion Grant period. Compared to the Shrinking scenario, which projected 1,260 children placed by VAAs in England, there were an additional 312 children placed during the Expansion Grant period.

While there is uncertainty about what VAA placements would have been without the Expansion Grant Programme, using the historic relationship between placement orders granted and VAA placements shows that, under reasonable assumptions, the Expansion Grant Programme led to more children being placed

<sup>15</sup> Action for Children, Adoption Matters, After Adoption, TACT, ARC, DFW, Faith in Families, Family Futures, New Leaf, SSAFA and Yorkshire Adoption

than would have been the case in the absence of the Programme.

#### Ratio of approved adopters to placements

Given our forecasts for what VAA placement numbers would have been without the Expansion Grant, we can use the historic relationship between the ratio of placements to approved adopters to predict the likely number of approvals in the absence of the Expansion Grant Programme.

On average, the ratio of placements to approvals for VAAs was 1.40 in 2011-12, 1.17 in 2012-13 and 1.13 in 2013-14. This implies VAAs were making more placements than approvals in these three years, but the difference in the placements and approvals was falling over time. We assume this trend would continue in 2014-15 and 2015-16 to get ratios of 1.129 and 1.128 respectively. We can then use these ratios to project what approvals would have been using our different placement scenarios.

Table 7 shows that under all scenarios actual approvals are higher than predicted except for the optimistic Growing scenario, where the ratio of placements to placement orders granted continues to grow. Compared to the approvals calculated using the Constant placement scenario, actual approvals were 571 higher over the Expansion Grant period. Compared to the projected approvals based on actual VAA placements, approvals were 115 higher over the Expansion Grant period.

#### VAA Market Share

One of the aims of the Expansion Grant Programme was to increase the capacity of the VAA sector. The section below assesses the VAA market share of adopter approvals and placements during the grant period.

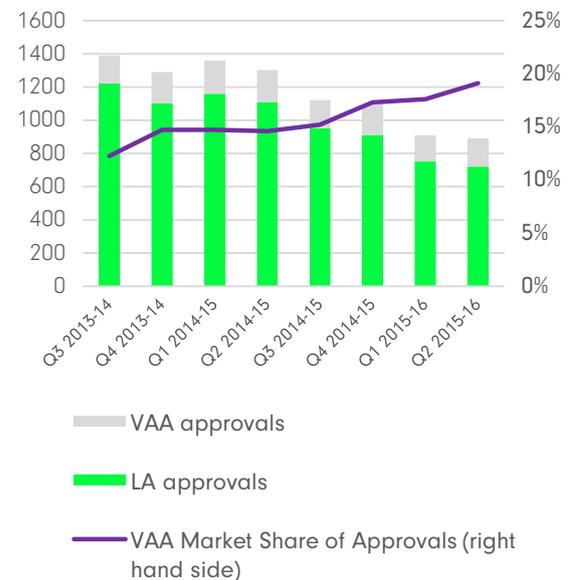
#### VAA share of adopter approvals

In recent years, Local Authorities have seen the number of approvals decline substantially – from a peak of 1,220 approvals in Q3 2013-14 to a low of 720 in Q2 2015-16 – a reduction of over 40% in less than two years. The average number of approvals over the period was 990. The downward trend in the number of LA approvals is pronounced. During this period, VAAs have seen their number of approvals remain much more stable with a peak of 200 in Q1 2014-15 and a low of 160 in Q1 2015-16. The average number of VAA approvals was 180. Figure 13 shows that VAA approvals have not followed the same downward trend as LAs, though they fluctuated over the period.

Since the decline in LA approvals has been notably more pronounced since the end of 2013-14, the VAA market share of adopter approvals grew from 12% in Q3 2013-

14 to over 19% in 2015-16. While this rise in VAA market share is likely to be driven by a number of factors, we believe that the unprecedented cash injection into the sector with the aim of increasing adopter recruitment is likely to have significantly contributed to the VAAs' growing market share.

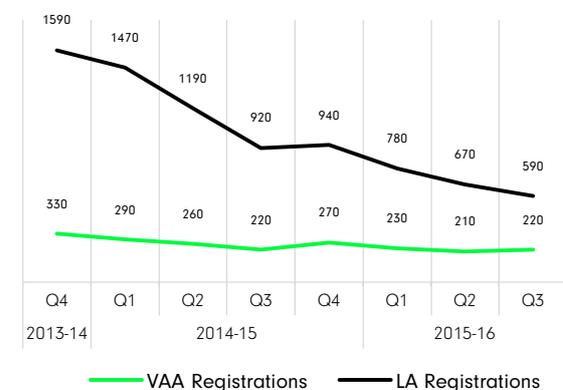
**Figure 13: VAA and LA approvals**



Source: ALB data

The picture when looking at numbers of potential adopters registering their interest at a VAA or LA is more stark. LA registrations have fallen dramatically as many have closed off recruitment for new adopters given their large stockpiles. The VAA decline is less pronounced. Using LA performance as a benchmark, it is likely that the Expansion Grant programme contributed to supporting VAAs in their recruitment activity over the period.

**Figure 14: VAA and LA registrations of interest**

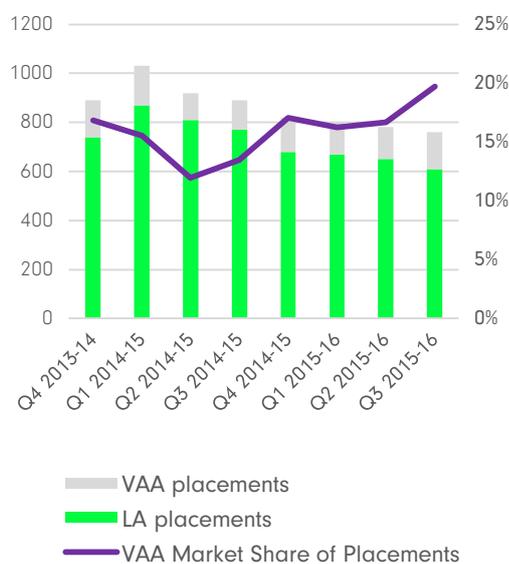


Source: CVAA and ALB data

### VAA share of placements

The picture is similar to adopter approvals, though less clearly pronounced due to growth in LA placements being faster than in VAA placements in Q1 2014-15. From that point onwards, however, LA placements declined at a quicker rate than VAA placements. LA placements fell from 810 in Q2 2014-15 to 610 in Q3 2015-16, a reduction of almost 25%. In contrast, VAA placements increased from 110 to 150 over the same period. As with approvals, this pattern means that the VAA market share of placements grew from 12% in Q2 2014-15 to almost 20% in Q3 2015-16.

**Figure 15: VAA and LA placements**

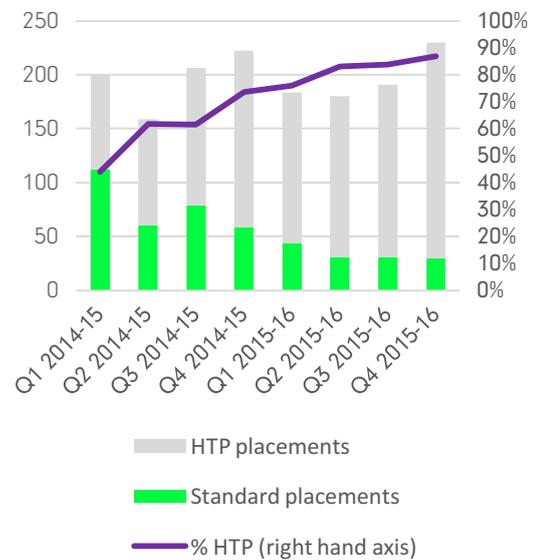


It is our view that the Expansion Grant has helped VAAs grow their market share for both approved adopters and placements at a turbulent time in the adoption sector. It remains to be seen how sustainable this increase will be in the post-Expansion Grant world with the sector facing significant policy changes, most notably the introduction of Regional Adoption Agencies in England.

### Harder-to-place Children

While many VAAs told us they already focused on placing children deemed harder to place, it appears that others changed their approach over the period of the Expansion Grant Programme. Figure 16 shows that HTP placements made by grant recipients increased rapidly over the Expansion Grant period, from 44% of all placements in Q1 2014-15 to almost 90% in Q4 2015-16.

**Figure 16: Standard placements and placements for children deemed 'harder to place' (EG recipients only)**



We believe the Expansion Grant's focus on placing harder to place children was a significant driver for this substantial increase in harder to place children being placed by grant recipients.

**Table 3: Total approved adopters for Round 1 recipients for which a VAA forecast was available - baseline, forecast and actual numbers**

	Year 1 Target without Funding (Baseline)	Actual Yr 1 figure	Year 1 Target with GR1 Funding		Year 2 Target without Funding (Baseline)	Actual Yr 2 figure	Year 2 Target with GR1 Funding
Approved adopters 2014-15	665	695	751	Approved adopters 2015-16	801	556	1173

**Table 4: Total approved adopters for Round 1 recipients with an adjusted VAA forecast - baseline, updated forecast and actual numbers**

	Year 1 Target without Funding (Baseline)	Actual Yr 1 figure	Year 1 Adjusted Target with GR1 Funding		Year 2 Target without Funding (Baseline)	Actual Yr 2 figure	Year 2 Adjusted Target with GR1 Funding
Approved adopters 2014-15	665	695	497	Approved adopters 2015-16	801	556	744

**Table 5: Comparing placements forecasts and actual placement numbers**

	2014-15			2015-16		
	Original Forecast	Adjusted Forecast	Actual	Original Forecast	Adjusted Forecast	Actual
TOTALS	631	418	499	1,160	736	569

**Table 6: Projected number of VAA placements in England under 3 scenarios compared to actual Expansion Grant performance**

	Constant	Growing	Shrinking	Actual
2014-15	535	902	638	787
2015-16	533	1,242	622	785
Over EG period	1,068	2,144	1,260	1,572

**Table 7: Projected number of approved adopters and actual approved adopters over Expansion Grant period**

	Projected approvals based on:				Actual
	Constant placements	Growing placements	Shrinking placements	Actual placements	Approvals
2014-15	474	799	565	707	819
2015-16	472	1,100	551	695	698
Expansion Grant period	946	1,899	1,116	1,402	1,517

## Conclusions and Recommendations

The voluntary adoption sector is made up of diverse organisations sharing the same goal. The substantial investment in the sector was seen as recognition of the good work of the sector in recruiting adopters and placing children – and was unanimously welcomed by VAAs.

The Expansion Grant programme was implemented at a time the adoption market collapsed, with the number of new children flowing into the system falling dramatically and adopter stockpiles expanding quickly – both developments having serious financial implications for VAAs. Despite the challenges, the aims of the Expansion Grant to shift market share of placements to VAAs and strengthen the capacity of the VAA sector were met – and the sector is in a stronger position thanks to the grant. The objective of increasing recruitment has become less relevant in a world with a substantial decline in the number of children requiring adoption placements.

Large government grants rightly have processes and accountability frameworks that need to be followed. It is clear that the sector learned a great deal from going through the Expansion Grant process – both the CVAA as the Grant Management Agency and the grant recipients, many of whom had not applied for government grant funding before.

### **Recommendations**

- The Expansion Grant Programme provided a significant injection of funds to the sector, which enabled real expansion and up-skilling, and brought the voluntary adoption sector together. In the post-EG world, there is a need to continue to fund and support the VAA sector, irrespective of the structure of any funding, to ensure its sustainability – preventing loss of expertise and keeping the sector innovative and vibrant.
- Future grants need to be designed taking into account the possibility of significant unexpected developments – whether these are positive or negative. For example, instead of having ‘intermediate’ targets (e.g. number of parents recruited), the focus should be on the final outcome of importance – in this case the number of placements of harder to place children. Targets should also be designed to be better able to accommodate changes in external conditions, for example by clearly stating at the outset how the requirements will be altered depending on changes to the wider environment.

- Cash flow is important, especially given that the sector is largely funded via the backloaded interagency fee. Design of any future funding for VAAs needs to offer financial certainty as well as front-loaded payments to the extent possible.
- Resources should be budgeted to allow for the provision of support to small organisations with respect to the application process, data reporting etc. While this advice and support was available to VAAs, it is clear that some would have benefited from more at an earlier stage.
- There is insufficient data in the sector. At a time when there is a stockpile of adopters but also a pool of children who are waiting to be adopted, it is critical to develop an improved understanding of both the characteristics of the children waiting and the qualities of the potential parents for these children, allowing VAAs and LAs to improve the targeting of their recruitment as well as improve the speed and quality of matches. This is a wider issue that goes beyond the Expansion Grant Programme, but it is crucial that any future attempts to inject funding into the sector include steps to improve the data collected and shared, allowing better identification and monitoring of the challenges the sector faces, as well as the adoption of suitable metrics and targets.
- The System Capacity Building Grant provided a valuable opportunity for the sector to work together and think about system-wide issues. There should be further coordinated opportunities for strategic planning in the sector to reduce uncertainty and risk.

Many uncertainties surround the future of VAAs – most significantly the role they will play in Regionalised Adoption Agencies. We hope that VAAs will remain a vital part of the adoption landscape, and that they will continue to build on their valuable work of finding families for children – especially ones who tend to wait longer for a placement.

## Annex 1. List of CVAA members in England

1. Action for Children
2. Adopters for Adoption
3. Adoption Focus
4. Adoption Matters
5. AdoptionPlus
6. Adoption UK
7. After Adoption – Families That Last
8. ARC – Adoption North East
9. Barnardo’s Adoption Service
10. Diagrama Foundation
11. Caritas Care
12. CCS Adoption – Clifton Children’s Society
13. Coram Adoption
14. Coram Cambridgeshire Adoption
15. DFW Adoption
16. Faith in Families – Adopt Together
17. Families For Children
18. Family Care
19. Family Futures CIC
20. IAC – The Centre for Adoption
21. New Leaf Adoption
22. Nugent Care
23. PACT – Parents and Children Together
24. PAC-UK
25. SSAFA
26. ST Francis’ Children’s Society
27. TACT Adoption
28. Yorkshire Adoption Agency

## Annex 2. Context - Key statistics

The adoption process comprises of a series of stages for both the prospective adopter and the child seeking a permanent family.

The adopter’s journey consists of the following steps: 1) registration of interest with an LA/VAA (often following an initial inquiry) and Stage 1 background checks, 2) Stage 2 assessment, training and approval, 3) the adopter is matched with a child, 4) the child is placed with the approved adoptive family and finally 5) an adoption order is granted and parental responsibility is transferred to the adopter.

The child’s journey consists of the following steps: 1) an adoption panel recommends a child for adoption; 2) an LA seeks a placement order from the courts, 3) an LA or VAA searches for an appropriate match for the child, 4) the child is placed with the approved adoptive family, and 5) an adoption order is granted and the child is officially adopted.

The statistics below on adoption activity prior to the Expansion Grant Programme are presented in order of the adoption process for the adopter, then the child.

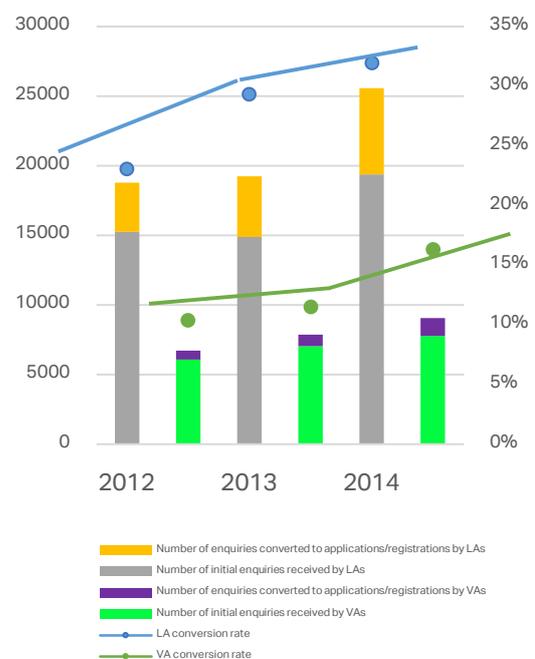
### ADOPTER RECRUITMENT

Prior to 2014, adopter recruitment rose for both VAAs and LAs. The number of initial enquiries received by VAAs from potential adopters grew from 6,700 in 2012 to 9,060 in 2014. In the same period initial enquiries received by LAs grew from 18,775 to 25,555. By 2014, VAAs managed approximately 26% of all enquiries from prospective adopters in England.

The number of prospective adopters advancing to the registration of interest stage with either a VAA or LA also increased significantly. From 2012 to 2014, registrations with VAAs doubled from 629 to 1,270. LAs experienced a similar boost in registrations, although the percentage increase was higher for VAAs.

When examining the percentage of initial enquiries converted into registrations of interest, it is evident that both LAs and VAAs improved their performance since 2012, although on average LAs are far more effective at converting enquiries to registrations. In 2014, the conversion rate for LAs was approximately 24% compared to 14% for VAAs. The fact that LAs have more immediate access to children seeking placements may affect this recruitment gap.

**Figure A1: Initial enquiries and applications/registrations by LAs and VAAs**



Source: Ofsted (LA data), CVAA (VAA data)

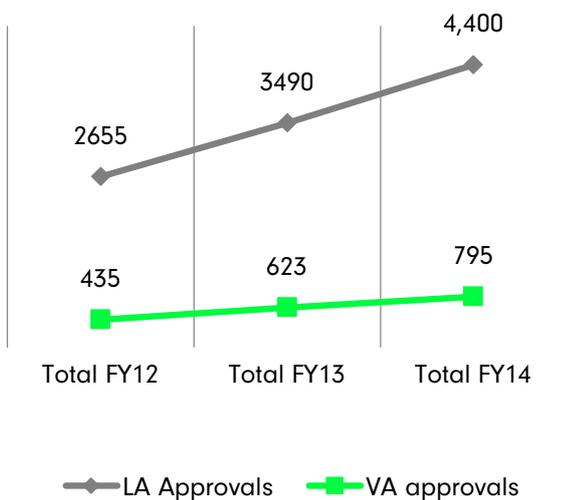
## APPROVALS

In line with previously discussed trends, the number of approved adopters has steadily increased for both VAAs and LAs. From 2012 to 2014, approvals by LAs increased by 39%, while approvals by VAAs increased by 82%.

As placement orders and adoption decisions decline, finding matches for this growing pool of approved adopters becomes increasingly challenging.<sup>16</sup> As noted by CVAA, increased waiting times between approval and matching may cause financial strain on VAAs who rely on the interagency fee, as the first installment of the fee is provided at placement. In addition, the risk that approved adopters will withdraw from the process increases with waiting times. This creates additional financial challenges, as the investment made into training and assessment is lost.

**Figure A2: Number of approved adopters by VAAs and LAs**

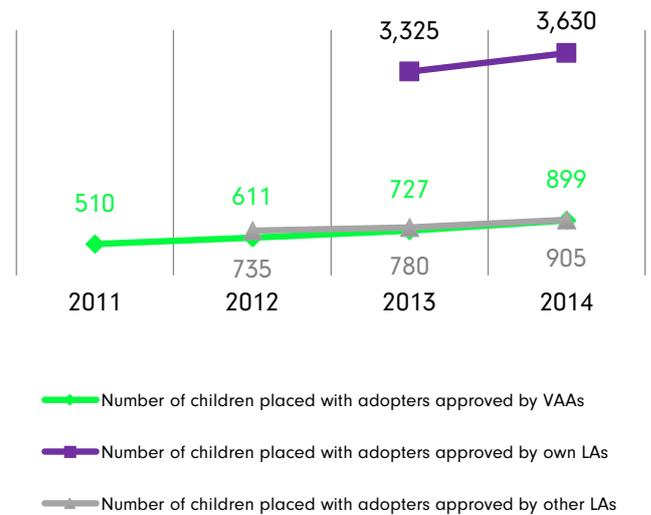
Source: Ofsted (LA data), CVAA (VAA data)



## PLACING CHILDREN

In 2014, 899 children were placed with adopters approved by VAAs in England, which was approximately 16.5% of the total number of children placed<sup>17</sup>. The majority of placements were made with adopters approved by the local authority placing the child. While the overall number of placements grew prior to 2014, the VAA market share remained fairly stable.

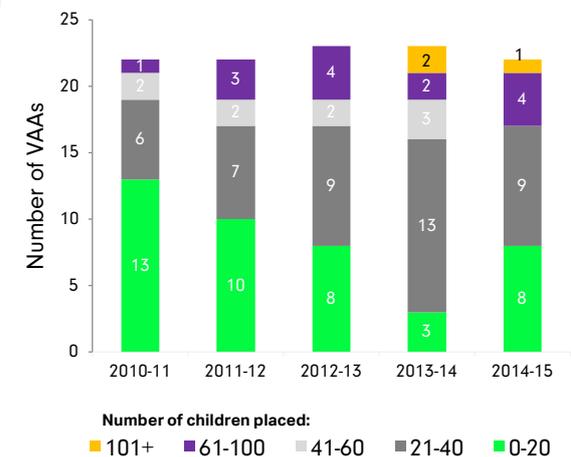
**Figure A3: Number of children placed in England**



Source: CVAA report [data not available for LAs prior to 2013]

From 2010 to 2015, the number of VAAs placing relatively few children decreased and the number of VAAs placing more children grew. This trend may be influenced by the funding awarded to larger VAAs, such as the CVS grants, and the contraction of the sector due to the fall in placement orders.

**Figure A4: Number of children placed by each VAA**



Source: CVAA report

<sup>16</sup> CVAA sector report

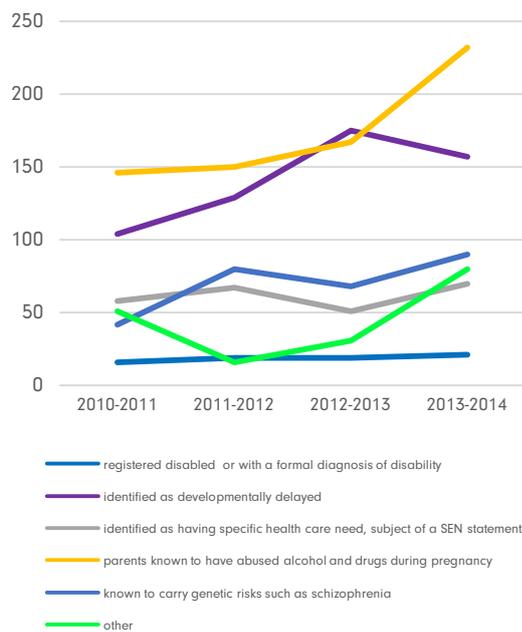
<sup>17</sup> Ofsted data and CVAA data

## CHARACTERISTICS OF CHILDREN PLACED BY VAAS

Tracking the proportion of 'harder to place' children matched by VAAs is a challenging task. Prior to 2015, data was disaggregated by individual characteristics (ie. children with disabilities, children of BME heritage, children in sibling groups etc.) rather than as an overall classification. Consequently, certain children with multiple characteristics under the definition of 'harder to place' may have been double counted. In addition, there are varying definitions of what constitutes 'harder to place'. The Adoption Leadership Board defines 'harder to place' children as having one or more of the following characteristics: 5 years old or older, BME, disabled, or part of a sibling group. The Expansion Grant Programme definition is slightly wider, as it also includes children over 4 years old. This report uses the Programme definition in its analysis.

Historical data collected by the CVAA on the additional needs of children placed can provide a broad indication of trends. Between 2011 and 2014, the number of placements for children with additional needs appears to have increased.

**Figure A5: Additional needs of children placed**



*NB: As a child may fall in multiple categories, it is not possible to identify the total number of HTP children from the above graph.*

*Source: CVAA report*

## Annex 3. Alma Economics Project Team

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