

24<sup>th</sup> November 2023

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## **OUTCOME OF THE REVIEW OF THE FUNDING MODEL FOR NATIONAL ADOPTION SERVICE AND FOSTER WALES**

### **Purpose**

1. To receive feedback on the outcome of a review of the funding model of the National Adoption Service for Wales and Foster Wales and consider any actions based on the findings and recommendations of the review.

### **Background**

2. The National Adoption Service was established in 2014 with a remit to support the improvement of adoption services across Wales. Based on a delivery model developed by ADSS Cymru, with functions at local, regional and national levels, members previously agreed to funding the central functions of NAS from a topslice of the Revenue Support Grant.
3. Foster Wales developed from the National Fostering Framework which was a project established by the then Ministerial Advisory Group for Improving Outcomes for Children. Its aim is to improve fostering services, including the recruitment and retention of foster carers by councils. Part of the funding for Foster Wales is also provided via a topslice of the RSG.
4. At the Management Sub Committee meeting on 17<sup>th</sup> March 2023, Members proposed a review of the funding model for the National Adoption Service and Foster Wales. Members felt that as funding is provided via a topslice, it was important that they also had visibility of the work of NAS and FW to ensure they are delivering value for money (along with other bodies receiving topslice funding) and to assess whether the current funding model is appropriate for the future.
5. Following engagement with the Group Leaders, the aims of the review were agreed as:
  - To provide members with a full understanding of the current work, operating model and financing of the work of the National Adoption Services and Foster Wales
  - To evidence spend of the topslice in how it supports and enables the core team in delivering improvements in adoption and fostering services across Wales, evidencing value for money as appropriate and explaining why and for what purposes increases have been made over the years;

- To consider, identify and compare any alternatives to the current funding model for core services required (currently at least partially covered by the topslice); and
- To develop a medium-term financial plan for NAS and FW with a view to ensuring value for money and highlighting any potential future funding implications for councils.

6. David Powell, a finance consultant (and previous Director of Finance at Powys County Council) was engaged by the WLGA and undertook the review on our behalf. In undertaking the review, the consultant met with WLGA officers, ADSS representatives, Welsh Government officials and also NAS and FW officers. He reviewed a large amount of documentation and financial information to inform his findings and recommendations.

7. The National Adoption Service recently published their Annual Report for 2022/23 and this is available from here: [National Adoption Service - Publications \(adoptcymru.com\)](https://www.adoptcymru.com/publications). The Report was widely circulated across councils when published including to leaders and cabinet members for social services.

## **Findings of the Review**

8. A copy of the full report on the Review is attached at Annex 1 which sets out the outcome of the review. In meeting the aims of the review, the comprehensive report sets out: background and a summary of the role, purpose and current work of NAS and FW; provides an overview of the current funding model (highlighting funding received from Welsh Government and the topslice but also funding distributed to others including councils); it reflects on governance arrangements in relation to decision-making as relates to finances; considers alternative funding options; starts to develop a medium term financial plan; and highlights a number of conclusions and recommendations.

9. The main conclusions drawn from the review can be summarised as:

- The current funding arrangements for NAS and FW are complex, with the topslice providing a lesser part of the overall funding whilst meeting nearly all the central costs.
- Both functions support key parts of the overall provision of care that all 22 local authorities provide for looked after children...the effective operation of NAS and FW has a direct link to the finances of local authorities. If successful, its work can be seen as an invest to save approach. An effective arrangement will produce better outcomes and also avoid associated costs for councils.
- Both functions are key delivery vehicles for Welsh Government policies
- In relation to value for money, on the basis of cost per local authority compared with the care costs of a single additional child looked after, the answer is yes, although it is difficult to draw a direct line due to the

arrangements in place (local, regional and national) and the precise financial impact on each council.

- The scope for further efficiencies in the central operating costs is unclear and would be helped by the development of a medium-term financial plan. There needs to be a discussion about matching ambition of the functions of NAS and FW to the resources available.
- Whilst the current mechanism for funding the two functions is straightforward financial transfer as agreed by the Executive Board, there should be a clearer discussion between NAS/FW and WLGA prior to budget about the performance of the areas funded by the topslice and where value is added and reported to members, to include how NAS/FW would operate within any agreed allocation by the WLGA.

10. In addition to the above issues addressed in the conclusion as above, the report makes a number of other points that will be of interest to members and are in line with the terms of reference for the review, these include:

- The top slice primarily funds central elements of providing a national service and meeting core activities for both NAS and FW, as well as meeting the legislative requirements of NAS
- The data appears to indicate that NAS has made a positive difference to significant amounts of children. The national approach and the role NAS plays in areas such as marketing and working with the voluntary sector point to an impact of the arrangements
- Since its creation, FW has brought a more consistent approach to support for foster carers (such as the development of a training and development framework which provides a flexible approach that local authorities can offer foster carers).
- The level of topslice for NAS and FW (figures available from 2021/2) are a small percentage of the overall expenditure by councils on these functions (2.7% and 0.3% respectively).
- Both functions have brought in additional resources for councils in addressing key issues, such as:
  - NAS was successful in obtaining funding of £2.3m for councils to improve their offer of adoption support (one of NAS's priorities), overall NAS has accessed Welsh Government investment of £9.38m since 2014 (in addition to working with the third sector to access funding of approximately £8m).
  - There are additional staff in councils and some deployed on a regional basis funded by the resources brought in by FW and this provides additional capacity to support local authorities work.
- The current funding model is complex, with an annual topslice of local government funding via the WLGA for core activities and also significant time limited grant funding provided by Welsh Government for improvement measures. This mechanism is a straightforward transaction that has very small transactional cost, however, the approach would benefit from greater transparency, structure and a clearer process. Alternative models considered, such as each council paying an agreed contribution, may add uncertainty and delay to an already complex model as well as increased bureaucracy and added administration costs.

- The complex funding model leads to a degree of uncertainty due to a significant reliance on time limited Welsh Government grant which has led to short term financial planning and means both functions have uncertainty about longer term sustainability. A high level 3 year medium term plan has been developed as part of this review and is included in Appendices B&C. However, what is uncertain is the level of future funding. The MTFP indicates the importance of financial planning for the future sustainability if the central functions are funded by the topslice.
- The new Joint Committee will have a key role to play in ensuring NAS and FW operate effectively and this will also need to cover financial planning and efficiency to deliver the annual costed plan. This does not remove the need for the WLGA to have greater clarity about use of the topslice.
- NAS and FW currently hold relatively high levels of reserve/contingency funding which has built up over a number of years, including underspends on the topslice and when grant funding has been successfully obtained and used for specific activities rather than use of the topslice (this is the reason for the FW contribution to the contingency fund in this financial year including a FW contribution to the hosting costs). The current levels are higher than normal due to timing issues of the grant from Welsh Government and will reduce this year (e.g. NAS will draw down £66,512 from the contingency this year to fund central areas). This contingency funding has been used to smooth out any financial turbulence or where the topslice has not met all expected costs fund necessary work for which there is no budget allocation and to 'top up' salaries for grant funded posts which receive no inflationary increases due to the grant being a fixed amount. The report recognises use of the contingency to fill such gaps may need to continue in future years.

11. The report also includes a number of recommendations for members' consideration:

- 11.1 The current funding model should remain in place but be amended to increase the level of dialogue around the RSG funded top slice. This would include a financial and performance report prior to WLGA budget setting from the Director of NAS/FW. The report would need to include an assessment of the intended use of the RSG funded topslice and how it supports local authorities. This would build on the Director's Annual Report but include relevant detail to help inform WLGA Executive Board decision making.
- 11.2 The financial planning in NAS/FW should be over a medium term covering a minimum of 3 years. It should outline the estimated level of funding, and any funding gap to form the basis of discussions with the WLGA about level of topslice.
- 11.3 There needs to be an agreed position about the level of ambition for NAS/FW and how/if this can be matched to the level of resources.
- 11.4 NAS/FW working with WLGA need to model potential scenarios at the end of Welsh Government's current grant funding commitments. The work will need to include the new Joint Committee.

- 11.5 The new Joint Committee will need to have relevant financial and performance data to inform its work.
- 11.6 Clarity must be brought to which body is accountable for the NAS/FW arrangements and this needs to be resolved as a matter of urgency. This may require legal input.

12 Members views on the recommendations would be welcomed.

## Next Steps

- 13 WLGA officers have met with the Director NAS and FW to discuss the findings of the report and to take into account the findings and recommendations, as far as has been possible in the time available, to inform the report to the Executive Board on topslice requests for 2024/5. Further actions are proposed as below.
- 14 One issue to resolve is a double funding of FW's contribution of £53k to the hosting costs. Due to the timing of when approval is sought for the level of topslice requested, and the late notification that a bid for grant funding from Welsh Government was successful, a discrepancy has been identified in that FW's contribution was provided in both funding streams. It is proposed that this is addressed by withholding £53k from the allocation in 2024/5 to redress this imbalance. NAS/FW will provide a reprofiled budget, reflecting this change, subject to members approval of this approach.
- 15 Subject to the views and comments of members on the attached report, the main findings and recommendations, it is proposed that the following actions are taken over the forthcoming period:
  - 15.1 Future requests for the topslice will include further information as proposed, including the proposed use of the topslice and how it supports local councils
  - 15.2 Officers will engage with NAS/FW and support the development of a 3-5 year medium-term financial plan for discussion and approval by the Joint Committee at their first formal meeting which is anticipated will be held before the end of the current financial year.
  - 15.3 An annual work plan is to be agreed by the Joint Committee which will set out the ambition and planned work by NAS/FW. Ensuring there are appropriate resources available, or prioritisation of work within the financial envelope, will be an important role to be undertaken by the Joint Committee. NAS/FW will be expected to present a costed work plan and profiled budget which can also be reported to WLGA members to help inform the level of topslice requested.
  - 15.4 NAS/FW and WLGA officers will, as part of the MTFP development, model possible future funding scenarios at the end of Welsh Government funding, taking a risk-based approach, considering impacts of employment responsibilities, the legal framework that governs the work of NAS and existing commitments.

- 16 In relation to recommendation (f), it is proposed that this issue will be asked through the review of the Constitution members have agreed we undertake, also reflecting on previous legal advice that led to the establishment of the Joint Committee.
- 17 In broader sense, members may also want to consider what additional information they would wish to receive from other topsliced funded bodies, building on views expressed at a previous meeting. It is proposed that each topsliced body would be asked to provide a short report on its activities in using the topslice to be presented to members at the AGM.

## **Recommendations**

### **18 Members are asked to:**

- 18.1 Note and comment on the content of this report and the attached report on the outcome of the review;**
- 18.2 Subject to any comment from members, accept the recommendations and task officers with taking them forward as set out in para 15;**
- 18.3 Approve the proposed approach to addressing the possible double funding of FWs contribution of £53k to the hosting costs as set out in para 14; and**
- 18.4 Comment on the proposal to seek updates from all topsliced bodies, to be reported to members at the WLGA Council AGM each year, on the use of the topslice in supporting their activities.**

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### **Report cleared by: Spokespeople for Social Services and Health**

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## Outcome of review of funding model of National Adoption Service for Wales and Foster Wales

### Aims of review

1. The WLGA has requested a review of the funding model of National Adoption Service for Wales and Foster Wales. The review aims to provide the following:
  - To provide members with a full understanding of the current work, operating model and financing of the work of the National Adoption Service and Foster Wales;
  - To evidence spend of the top slice in how it supports and enables the core team in delivering improvements in adoption and fostering services across Wales, evidencing value for money as appropriate and explaining why and for what purposes increases have been made over the years;
  - To consider, identify and compare any alternatives to the current funding model for core services required (currently at least partially covered by the top slice); and
  - To develop a medium-term financial plan for NAS and Foster Wales, with a view to ensuring value for money and highlighting any potential future financial implications for councils.
2. The four identified issues are considered and addressed within the requirements for a National Adoption Service as set out in legislation and for Foster Wales by virtue of the agreement to merge the national functions for both.

### Background to National Adoption Service and Foster Wales

3. The National Adoption Service (NAS) is unique in Britain being a national collaboration for the provision of adoption services. It promotes, develops and supports best practice across Wales and has been in existence since 2014.
4. As a national organisation Foster Wales (FW) was launched in 2021 and came out of the work carried out as part of the National Fostering Framework.
5. The creation of NAS involved a collective endeavour between local government involving the Welsh Local Government Association (WLGA), the Association of Directors of Social Services Cymru (ADSS-C), the Welsh Government, the Voluntary Adoption Agencies (VAAs) plus other stakeholders and partners. There is a lack of clarity about which organisation is the accountable body for NAS and FW. The financial transactions sit within Cardiff City Council's accounts but the Welsh Local Government Association (WLGA) as a whole is representative of local government in Wales. However, the WLGA in legal terms is an unincorporated association.

6. Fundamentally NAS is a local government led collaborative enterprise which also collaborates with other stakeholders and partners. This includes the VAAs that operate in Wales who have a significant role within the governance arrangements and the voice of service users.
7. NAS exists to enable significant change and improvement in adoption services across Wales and has a legislative basis. The Adoption and Children Act 2002 was amended by the Welsh Government to create the powers for NAS with detail subsequently set out in Senedd Directions.<sup>1</sup>
8. When NAS came into existence its structure and governance was agreed by councils, also meeting legislative requirements such as having an Independent Chair, and it operates through national, regional and local arrangements. In 2018 a review led to proposals to streamline governance and improve accountability and a local government Joint Committee is currently being established to provide improved political oversight of NAS and Foster Wales.
9. From 2015 onwards, the National Adoption Service Director and central team supported the work of the National Fostering Framework (NFF) project which was part of the Improving Outcomes for Children Ministerial Advisory Group. NFF was a collaborative body developed by local government, Welsh Government and the third sector in Wales. Foster Wales emerged from the NFF to support a defined range of fostering functions linked to recruitment and retention of local authority foster carers. Throughout this time, the WLGA and Association of Directors of Social Services Cymru (ADSSC) were the lead bodies and stressed the need for the national functions for fostering to be linked to the National Adoption Service national functions. This was in order to reduce duplication and costs as well as to maximise resilience, flexibility and longevity across both functions.
10. Local authorities have faced pressure providing sufficient foster carers for a number of years and an all-Wales approach through Foster Wales pulls together the fostering services for all 22 local authorities under a single brand for recruitment and retention purposes, with local application such as Foster Wales Cardiff, Foster Wales Conwy and Foster Wales Ceredigion. This has commonality with the all-Wales approach to marketing of adoption created by NAS. It also focusses on common areas for service improvement. The approach is aimed at improving recruitment and retention of foster carers. Local authorities have faced significant financial pressure around fostering and increasing the availability and choice of local fostering services also aims to provide better outcomes.
11. The core funding for the national functions for the National Adoption Service and Foster Wales (previously NFF) is provided from a top slice of the Revenue Support Grant (made available through the WLGA). This allocation

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<sup>1</sup> The Adoption and Children Act 2002 (Joint Adoption Arrangements) (Wales) Directions 2015

mechanism, which is subject to the annual approval of the WLGA Executive Board, was agreed at the start of NAS coming into existence and more recently in terms of funding for Foster Wales (FW).

12. In recent years increases to the top slice amount have been made for specific purposes such as inflationary salary increases. A major part of the current overall funding is provided by direct Welsh Government grant aid, and this has been made available to both NAS and FW to support expansion and service development in local authorities across Wales. However, this funding is time limited and whether it will continue in the longer term and at what level is not yet known.

## **Part One: Current work, operating model and financing of National Adoption Service and Foster Wales**

13. The operating model for both National Adoption Service (NAS) and Foster Wales (FW) is unique in the UK. They exist to provide a national response to issues affecting children that social services have assessed as requiring an intervention. The work of the two organisations compliments each other with NAS seeking to provide a route from care for children who, for various reasons, are unable to return to families; Foster Wales aims to improve the ability of the 22 local authority fostering services to recruit and retain foster carers. These aims exist to improve the outcomes for Looked After Children and if successful as envisaged, over the longer-term it will significantly reduce the lifetime costs of care paid for by local authorities.
14. Of the two bodies, NAS has been in existence the longest, but they share a linked purpose supporting a national and local commitment to make a difference to the lives of the most vulnerable children. When comparing the two a key difference is that NAS is a national service compared with FW that exists to improve the abilities of local services provided by 22 local authorities to meet a significant demand for foster services.
15. Current arrangements, governance, funding and the recent inclusion of FW under NAS helps meet a series of Welsh Government policy commitments. It is clear that Welsh Government sees NAS and FW as important functions to deliver its policy agenda of transforming Children's Services. The routing of large amounts of grant via the two functions is evidence of this commitment.
16. The data appears to indicate that NAS has made a difference to significant numbers of children. Since it commenced in 2014 and up to end of March 2023 NAS has seen 2,482 children have a plan for adoption agreed, 2,971 children placed for adoption and 2,118 adopters have been approved. Clearly some of this activity would have been delivered without current arrangements, but the national approach and the role NAS plays in areas such as marketing and

working with the voluntary sector point to an impact of the arrangement. Service users report significantly improved satisfaction with services.

17. NAS has also led on other activity and other development measures for adoption. Since 2016/17 more than 1,500 new assessments for support were provided and more than 2,000 requests for Access to Birth Records and Intermediary Services were made.

**a) Current Funding Overview**

18. The current funding approach for both NAS and FW is best described as a hybrid model relying on the RSG top slice via the WLGA and direct Welsh Government grant allocations for each function. This focus of this report is the significant on-going element known as the top slice provided via the WLGA. The decision to make this allocation is agreed annually by the WLGA Council.

19. However, the hybrid funding model means that the total funding picture needs to be understood as the central team is largely funded by the top slice, but it plays a significant role allocating and using the Welsh Government funding. Simply put the effective use and distribution of the large amount of Welsh Government grant funds that support national and operational services requires the input of the top slice funded central team.

20. On 31<sup>st</sup> March 2023, the WLGA Council agreed the 2023-24 budget that included top slice funding for both NAS and FW. The agreed budget included a 4% increase for wage inflation and an additional £53k for Foster Wales for corporate support recharges for Cardiff Council as host authority. The additional £53k (half the overall cost) addressed costs that had been underestimated in previous years and had been recalculated as part of a formal hosting agreement to be developed with Cardiff Council.

21. Funding has recently been secured from Welsh Government for NAS to take forward the national marketing campaign and other developments as well as additional funding for Foster Wales. Without the funding from Welsh Government the WLGA would have received a request to increase the top slice to fund ongoing work commitments.

22. The Welsh Government provides significant funding to both NAS and FW. For NAS this amounts to £2.3m per annum plus £1.308m over two years until 31<sup>st</sup> March 2025 (the majority of which is passed on to councils). Appendix A breaks down NAS and FW funding for national operational services. It demonstrates that some activities are wholly funded by Welsh Government Grant, but others are funded by the WLGA allocation. What is clear is that the £2.3m annual Welsh Government grant for NAS, and the additional £1,308m, is being used for a number of services that benefit local authorities. Of note is that the grant is not uplifted for inflation. There is a similar situation for FW, but the amount of

grant is less. Grant is drawn down by the NAS and FW Business Manager with assistance from Cardiff Council who provide support.

23. To set up Foster Wales Welsh Government initially put in place a funding package up to 2022-23. In 2022/23 the grant was £558,700 and was later confirmed until March 2025. This is in addition to the local government RSG top slice of £504,444 to fund the central costs of Foster Wales (some of which is also shared with councils to help fund regional officers).
24. Foster Wales has also obtained an additional £4.4m in grant covering 2022-23 to 2025-26. The majority of this has been distributed to local authorities to support service improvement. An element is allocated to fund national initiatives and administration.
25. The reliance on significant amounts of time limited Welsh Government grant funding means both functions have uncertainty about longer term sustainability. However, given their profile, their role delivering Welsh Government policies and the impact of their work on local authorities it seems very unlikely that this source of funding will completely cease in the future. What is less certain is the amount that will be received but this is also a challenge faced by local government and there is a need to plan for any eventualities.
26. The bringing together of NAS and FW is a relatively recent decision and this change is currently being delivered. The arrangements and funding prior to the change were different for each function.

**b) National Adoption Service**

27. The current arrangements for National Adoption Service were agreed in March 2014 when the WLGA's Coordinating Committee received and accepted a report that set out the governance of NAS. At that point the principle of funding the national elements of the service by top slice was agreed and has continued since that date. In 2014 the RSG top slice was a fixed £272k but no commitment was given to increase this in line with inflation or to cover service improvement and development. The next increase came in 2016/17 when an additional £39k (15%) was added to the top slice. In 2017/18 Welsh Government provided an additional £125,000 grant that was then added to the overall RSG. Subsequently this was permanently added to the annual top slice. The top slice has steadily increased to its 2023-24 level of £538,200. This has largely been to meet pay inflation.
28. The all-Wales nature of NAS, the fact that it was a response to an initiative from Welsh Government and its strong links with Welsh Government policy has enabled it to access significant amounts of additional grant funding. In 2019/20 a funding package of £2.3m per annum was agreed and this remains in place until 31<sup>st</sup> March 2025. The funding goes directly to NAS but is passed on and

has also been used to improve services and to support Voluntary Adoption Agencies. Prior to this, small amounts of grant aid (of circa £90k) were provided by Welsh Government subject to an annual business case.

29. Overall NAS has accessed Welsh Government investment of £9.38m (including the £2.3m annual allocation) since 2014. It has also supported partners in the 3<sup>rd</sup> sector to access funding not available to local government. It is estimated that this is approximately £8m including Big Lottery funding of £5m over 5 years to 2022. This includes a share for Wales of the UK wide £5m Big Lottery and Communities funding for the Therapy Education Support Service in Adoption (TESSA). TESSA is a service developed by Adoption UK with Big Lottery funding which is match funded through elements of the £2.3m annual grant from Welsh Government; the main beneficiaries are local authority adoptive families.
30. The review also found that NAS has taken on additional responsibilities since it was created. To some extent these arose to deliver Welsh Government policy with one such area being managing the Adoption Register for Wales. This came from a request made by Welsh Government and is funded by an annual grant of £28k covering the cost of national NAS staff overseeing and developing the service. It seems likely this does not cover the full cost of the responsibility that was requested by Welsh Government and therefore some of the funding is a 'subsidy' from other sources to meet this commitment.
31. Both NAS and FW hold a contingency/reserve within their overall budget. This has been built up from unspent WLGA top slice allocation and is used to 'smooth' financial pressures that occur in year as well as to fund developmental work for which there is no provision within either budget. At the start of 2023-24 it was £253,749 for NAS and £249,000 for FW. One reason for the current scale of the contingencies has been recent grant awards by Welsh Government that have reduced the need to use the top slice, by funding a range of functions, including some staff costs, that would have been top slice funded. In the current year expenditure against these reserves has been restricted due to this review but some will be necessary.

c) **Foster Wales**

32. The creation of Foster Wales came out of the former Ministerial Advisory Group 'Improving Outcomes for Children'. This was a project on the National Fostering Framework (NFF). As a 'brand' Foster Wales emerged from a collaborative process that engaged staff and the public. At the same time best practice was sought to develop recruitment and retention through the development of support and improved performance monitoring.
33. Foster Wales aims to improve the ability of local authority fostering services to recruit and retain foster carers. Its launch in July 2021 was part way through the second year of an ongoing Welsh Government grant funding arrangement to set up the new approach and it is seen as a mechanism to place more

fostered children in local authority placements within their home area. In doing so it also aims to reduce the dependency on more costly options. As such it is seen as a part of the re balancing of foster care and now has a key role supporting the Welsh Government's 'Eliminate Profit' agenda covering looked after children.

34. Since its creation there is evidence that Foster Wales has brought a more consistent approach to support for Foster Carers. This has been through the publication of the initial Core Offer as well as a Learning and Development Framework which provides a flexible learning approach that local authorities can offer foster carers. Since the launch of FW in July 2021 local authorities have approved 169 foster carers which has facilitated 2,377 local authority placements and 758 kinship foster care placements.
35. The Foster Wales 'brand' provides a consistent, recognised and equivalent option to the other fostering providers - most of which are for profit. This has been helped by investment from Welsh Government to create a consistent on-line (web) and social media presence. An increase in other marketing activity has been supported by regular campaigns at local authority and national levels to promote the benefits of fostering with a local authority.
36. Another key element supports retention of existing carers by facilitating a common national minimum support offer, known as the 'National Commitment' and developing rolling out an improved learning and development process for foster carers. There are additional staff in local authorities, and some deployed on a regional basis (plus the national staff), funded by the resources brought in by Foster Wales and this provides additional capacity to support local authorities.

**d) Current and Future Governance**

37. The original governance arrangements for National Adoption Service (NAS) and the National Fostering Framework (NFF) differed because of the contrasting legal status of both functions; NAS was a legal collaborative service and the NFF was a framework. The recent creation of Foster Wales means both are now local government collaborative arrangements. The RSG top slice is in effect the core funding for the national/central functions of both.
38. The National Adoption Service is delivered via a five-region arrangement covering the 22 local authorities. It is a unique model in the UK and brings together statutory and third sector adoption bodies. A Governance Board oversees the operation of NAS as is required by the Directions, but delivery is via 5 regions that are responsible for delivering adoption. The regions operate with autonomy within an overall framework and NAS does not have direct control over their operation. The regions also differ in their approach with only one (Western Bay Adoption Service) having a pooled fund. The regions are as follows:

- North Wales – Wrexham, Flintshire, Gwynedd, Conwy, Denbighshire and Isle of Anglesey
- South East Wales – Blaenau Gwent, Monmouth, Torfaen, Newport and Caerphilly
- West and Mid Wales – Ceredigion, Carmarthenshire, Pembrokeshire and Powys
- Western Bay – Neath Port Talbot, Swansea and Bridgend
- Vale, Valleys and Cardiff Adoption – Cardiff, the Vale of Glamorgan, Merthyr and Rhondda-Cynon-Taff

39. Each of the five regional collaboratives are accountable to the National Adoption Service for performance and then to the Governance Board. The Senior Responsible Officer for each collaborative is a member of the governance board. Regional arrangements carry out activities such as organisation of adoption panels and assessments and preparation of adoption applicants. Each local authority carries out the assessments and care planning for children and Looked after Children reviews to determine whether adoption is the appropriate plan for a child.

40. The benefits of moving to a combined operating model for NAS and NFF were noted in 2018 driven by improving outcomes for children and young people who need adoption and fostering in Wales. The most effective delivery model for combining these functions was seen as a strong national service but with outcomes delivered at local and regional levels.

41. The similarities between NAS and NFF and the roles they undertake meant there was a clear business advantage bringing together the central teams. Whilst NAS and NFF were focussing on separate elements within Welsh Government's 'Maximising Impact in Adoption and Fostering' the management, support services and co-ordinating functions could be shared to produce efficiencies, a consistent approach to strategy, delivery and improve resilience for two national bodies.

42. In 2024 there will be a significant governance change with the bringing together of the two functions in a new governance arrangement using a Joint Committee (JC). There will also be a revision to the hosting contract with Cardiff Council that has operated since 2014. It is likely the new arrangements will slightly increase costs as the JC will require additional support.

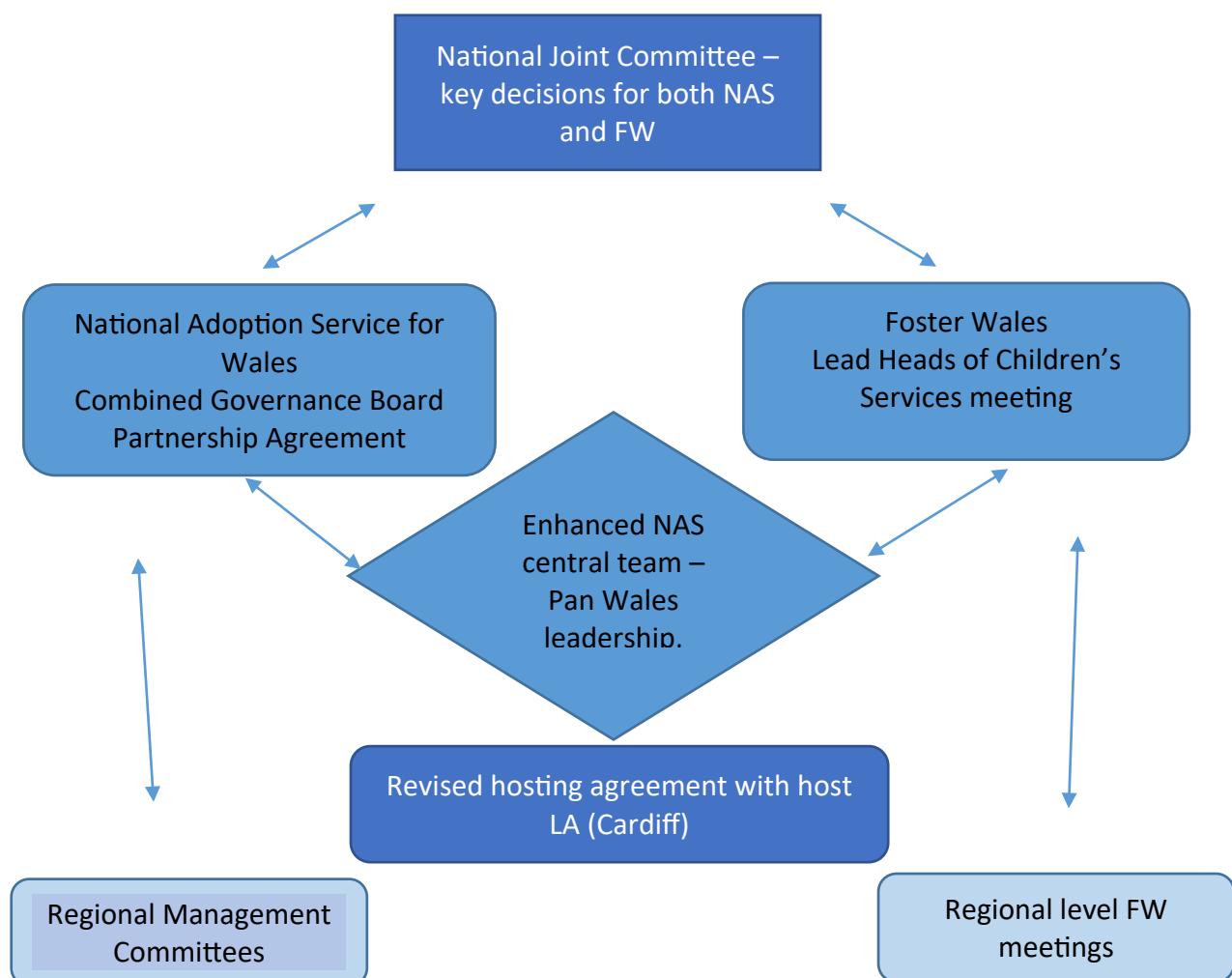
43. The WLGA has agreed the Joint Committee arrangements including a Scheme of Delegation. The Joint Committee will exercise powers on behalf of the 22 Welsh Local Authorities and is underpinned by a legal agreement (Joint Committee Agreement). It will oversee the work of NAS and Foster Wales and its role covers:

- a) The Annual Reports of NAS and Foster Wales
- b) The annual programmes of work for NAS and Foster Wales

- c) The budget for the office of Director and national work of NAS and Foster Wales; and
- d) The agreement, and any changes required for the host Local Authority support of the office of the Director to enable it to facilitate the work of NAS and FW

44. The arrangements underneath the JC will remain largely unchanged with NAS given strategic direction and decision making by the existing Combined Governance Board. At a national level Foster Wales is provided with strategic direction and decision making by a Lead Heads of Children's Services meeting. Again, this is a continuation of existing arrangements. The following diagram indicates the new governance arrangements.

**Diagram 1: Governance Arrangements**



**Part Two: Use of the top slice supports and enables the core team in delivering improvements in adoption and fostering services across Wales, evidencing value for money as appropriate and explaining why and for what purposes increases have been made over the years.**

**a) Background to the Top slice**

45. The top slice funding is one of a number agreed by the WLGA Council as part of the budget setting process. The intention is that the top slice given to NAS and FW funds 'national' central costs. When originally agreed the original top slice for NAS was not accompanied by an increase in Welsh Government funding so was in effect a reduction in the amount to go to local authorities. This remains the case, however, Welsh Government provided an annual grant of £400k to support the programme of work under the National Fostering Framework which has now become Foster Wales. This funding was transferred to the RSG in 2018-19.

46. In March 2014, the WLGA co-ordinating committee received and accepted a report setting out proposals for the governance of NAS. At the same time, it agreed to fund 'national' elements of the function through a top slice of the RSG. The initial top slice was £272,000 but the Director of NAS and FW indicates this did not fully fund some commitments and inflationary increases were not included. Service improvement measures were also not included as increases. In 2016/17 the first top slice increase occurred when an additional £39,000 (15%) was added. In 2017/18 Welsh Government provided a £125,000 grant for improvement to NAS that was subsequently put into RSG from 2020/21 and passported by the WLGA to NAS. It has continued to be allocated to NAS.

47. The following table indicates the annual amounts since 2015/16 (NAS) and 2018/19 (Foster Wales and its predecessor NFF).

**Table 1: Top slice Funding**

Year	National Adoption Service	Percentage Increase	Foster Wales	Percentage Increase
	£		£	
2015/16	272,000	0%	Not applicable	
2016/17	272,000	0%	Not applicable	
2017/18	311,000	14%	Not applicable	
2018/19	318,800	2%	400,000	
2019/20	325,200	4%	400,000	0%
2020/21	459,200	4%	400,000	0%
2021/22	473,000	3%	400,000	0%
2022/23	517,500	9%	433,600	8%
2023/24	538,200	4%	504,444	16%

\*2020/21 includes an additional sum was from Welsh Government Grant that was transferred into RSG. The uplift on the top slice was 4% (£13,000)

**b) National Adoption Service Central Budget 2023-24**

48. For 2023/24 the WLGA provided £538,200 top slice funding for NAS central costs. The budgeted central costs for NAS exceed this sum by £45,280 with the balance being funded by a contingency reserve. In the longer term this is not a sustainable approach.

**Table 2: NAS 2023-24 Use of top slice**

	£	Comments
Staff	425,871	Includes pay award plus new post
Independent Chair	10,000	
Annual Report/Publications	15,000	Includes translation costs
Service User Engagement	16,499	Contract with Age UK
Performance Mgt System	33,000	
Hosting Costs	0	Funded by Grant
Legal Contract	4,950	
National Website	65,000	Includes rebuild of existing website
Office Function Costs	31,570	Includes one-off costs of an office move and hybrid working
Contribution from contingency	-66,512	To balance central costs
<b>Total</b>	<b>535,378</b>	

**c) Foster Wales Top Slice Budget 2023-24**

49. For 2023/24 the WLGA provided £504,444 top slice for the central costs for Foster Wales. The funding is allocated as follows:

**Table 3: Foster Wales use of top slice**

	£	Comments
National staff	70,898	
Regional staff	240,000	
National Service User Engagement	14,000	
National Website	0	Grant funded
National PR and marketing activity	0	Grant funded
Legal contract	4,950	
Annual performance reports and publications	15,000	
Hosting charge		Grant funded
Office Function Costs	15,000	
Contribution to contingency/reserve	144,596	
<b>Total</b>	<b>504,444</b>	

#### **d) Approach to Efficiencies**

50. The review found an awareness of the role longer term planning and efficiencies can have in order to operate within a budget envelope. For example, the NAS Governance Board has looked at what areas can be adjusted.

51. However, the approach taken across NAS and FW is best seen as one that seeks to maximise the use of available funding rather than looking at longer term funding envelopes that would require adjustment. This is a result of the nature of the funding model but does not remove a requirement to look at various scenarios that could include a cash flat WLGA top slice allocation (it is a matter for WLGA to set this amount) or even a potential reduction in future years. These may lead to difficult decisions that could undermine the role of the functions, but an approach is needed that can be shared so that a better understanding is reached about the implications of variations in funding levels.

e) The review has been tasked with how the use of the top slice supports and enables the core function in delivering improvements in adoption and fostering services across Wales and the following conclusions have been reached.

##### **i. National Adoption Service**

52. The role of the NAS central team has evolved since the function was created in 2014. It plays a key role providing leadership and co-ordination around the improvement agenda and putting in place the unique arrangements that operate in Wales. This has included the following:

- a. Developing a public profile, national marketing of adoption and recruitment activity
- b. Improving and expanding adoption support services across Wales
- c. Service improvement including enhanced and quarterly performance monitoring and reporting
- d. Obtaining, administering and monitoring improvement funds including working with 3rd sector partners to bring in other resources not available to local government
- e. Commissioning, procurement and contract monitoring
- f. Evaluating and improving governance

53. It is clear that having a National Adoption Service has attracted significant additional funding from Welsh Government. A single function means that there is a national consistency of approach when using resources and Welsh Government can allocate money for national adoption purposes to meet policy objectives.

54. The core NAS function has been successful gaining Welsh Government funds with an annual allocation of £2.3m up to 31/3/25. The central function has used this funding to enable service improvement and support voluntary adoption

agencies to access short term charitable funds. This includes a share for Wales of the UK wide £5m Big Lottery and Communities funding for the Therapy Education Support Service in Adoption (TESSA). It is not possible to say with certainty that this would not have happened without the central function. However, it seems likely that the central function played a key role in the successful allocation by Welsh Government of funding.

55. The central function has also obtained other funds for specific activity. Some of these attract a small contribution to administrative costs. In 2015 Welsh Government asked NAS to manage the Adoption Register for Wales. The budget received from Welsh Government (through a grant mechanism) includes a small management charge (£28k) to cover the cost of national staff overseeing and developing the service. This has been a significant assistance to local authorities.
56. Between 2015 and 2021, two members of staff supported the national fostering framework (NFF), with the cost recovered from the NFF budget. This ceased in 2022-23 with the development of a joint national team for NAS and Foster Wales and these costs are currently covered by Welsh Government grant aid.
57. Up to 2019-20 NAS received a small development grant of circa £90k from Welsh Government each year; this ceased when the £2.3m adoption support investment commenced. A small Covid grant was obtained, following a business case to Welsh Government, in 2021/22 but only the elements which related to operations by the regions and Voluntary Adoption Agencies were agreed. The monies requested to support national functions were not agreed. More recently a shorter-term grant of £1,648,172 up to March 2025 has been achieved much of which funds national development work.

## ii. **Foster Wales**

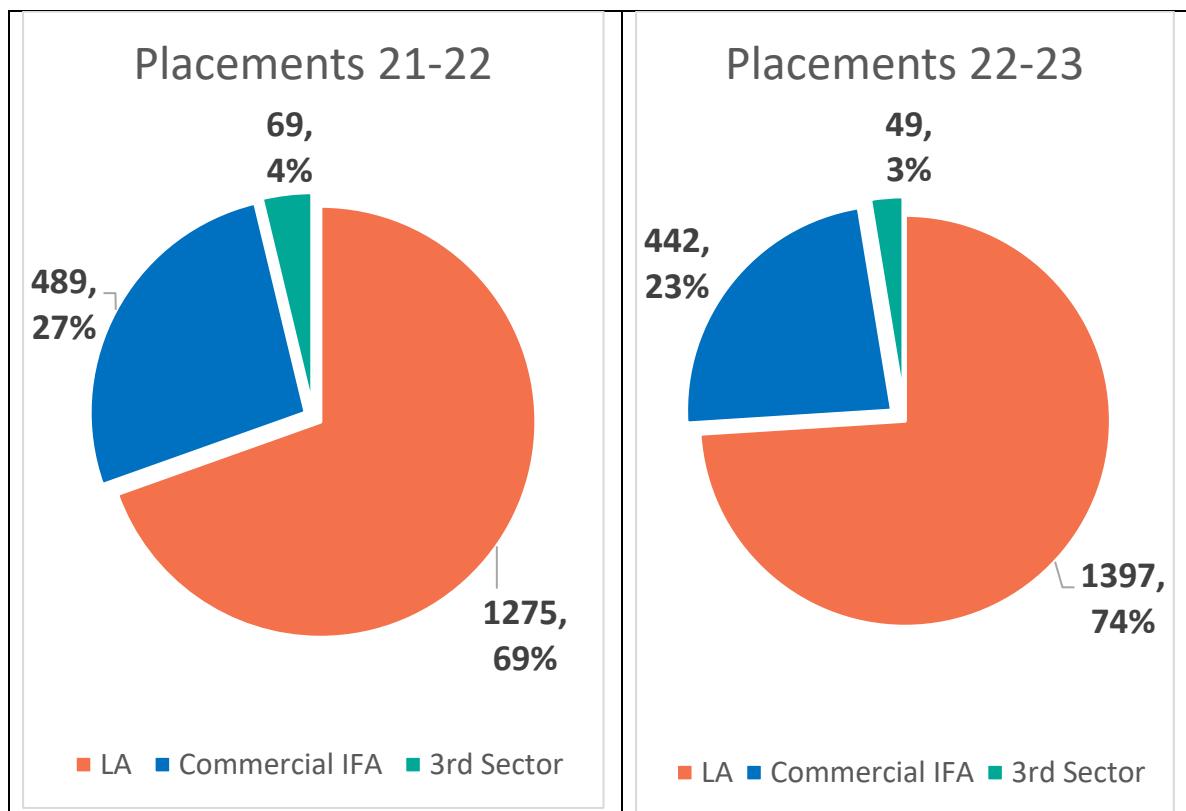
58. The top slice funding for Foster Wales has either directly delivered, co-ordinated or facilitated a number of activities since its creation. These include:
  - 23 interlinked websites (22 local authority and 1 national) with consistent imagery and branding as well as localised films and photography,
  - a full range of national and local social media accounts and
  - a contract with a PR company to manage PR and campaigning which includes periodic TV advertising.
  - An initial 'Core Offer' of consistent support for Foster Carers is published and progress made towards increasing this offer.
  - A Learning and Development Framework which provides a flexible learning approach for LAs to offer foster carers as well as introducing national learning opportunities and a new online flexible learning tool.
59. Foster Wales has responsibility for approving foster carers and since its launch in July 2021 Foster Wales has approved 169 foster carers. In addition is has

facilitated the making of 2377 LA placements and 758 kinship foster care placements.

60. There are early signs from data that Foster Wales is having an impact on interest in and applications to foster. This is evidenced by

- Interest and engagement with the campaigns and social media are good.
- The Foster Wales brand development and raised profile has resulted in an increase in brand awareness which compares well to independent sector competitors, increased web traffic and better enquiries levels than previously.
- Foster Wales is being seen as the 'go to' authority on fostering in Wales providing numerous opportunities for influence and recruitment including mitigation against current challenges such as those posed by the 'cost-of-living crisis and 'myth busting' about commonly held but incorrect views about fostering.
- There has been a shift in new foster care placements being made within local authorities and a consequent decrease in use of independent sector placements. This may be evidence of it starting to assist Welsh Government's 'Eliminate Profit' agenda.

**Diagram 2: Proportions of Fostering placements by Sector**



61. The above shows that from 2021-22 to 2022-23 there was an increase in the proportion of local authority foster carer placements in comparison to the level

of commercial independent foster care placements. This has a financial benefit with a shift away from more expensive independent sector placements to more cost effective local authority placements.

62. The unified approach from a single body means Foster Wales can consult in a consistent manner on a regular basis with foster carers ensuring national opportunities for this, alongside local sessions in each local authority. A similar benefit comes from engagement with care experienced children and young people. This may be raising the profile of caring for teenagers which is a significant area of greatest need. The development of a new website will be key and allow children and young people to view information about a foster carer that they may be placed with.

63. Foster Wales has clear links with Welsh Government policy and long term vision to remove profit from children's services. The role of Foster Wales may expand as profit making agencies start to withdraw from providing services. Currently Foster Wales aims to attract foster carers already fostering through these providers to transfer over to their local authority. This is likely to increase and additional investment from Welsh Government was sought to ensure it has the capacity and resource to deliver this objective. The WLGA should be clear that any expansion of role and purpose resulting from Welsh Government policy is given additional funding through the settlement.

64. The following table indicates the overall financial costs of Fostering and Adoption across Wales in 2021-22 (latest available information from Stats Wales). It also provides top slice per authority up to 2023-24:

**Table 4: Top slice per local authority**

	2021-22	2022-23	2023-24
Local authority net expenditure on Adoption	£17.28m	Not available	Not available
Top Slice for National Adoption Service	£0.473m	£0.518m	£0.538m
Percentage as part of LA expenditure	2.7%	Not available	Not available
Top slice amount per LA	£21,500	£23,545	£24,456
Local authority expenditure on Fostering	£136.52m	Not available	Not available
Top Slice for Foster Wales	£0.400m	£0.434m	£0.504m
Percentage as part of LA expenditure	0.3%	Not available	Not available
Top slice amount per LA	£18,182	£19,727	£22,909

65. The 2021-22 annual Foster Wales report provided cost comparison information for placements by sector as follows:

**Table 5: Foster costs per sector**

	Per week	Additional cost per week	Additional cost per year
Mainstream local authority placement	£510		
Independent commercial placement	£924	£414	£21,528
Independent 3 <sup>rd</sup> sector placement	£820	£310	£16,120

(All figures include placement and whole service support costs).

66. On a value for money basis alone the use of local authority foster carers requires less expenditure. The 'saving' against independent commercial providers is £21,528 per year. The figure is £16,120 when comparing local authority foster care providers with independent 3<sup>rd</sup> sector placements.

67. In 2021-22 the additional cost of independent foster placements across Wales compared with a scenario where only local authority foster carers are used totals £25m per annum. Clearly this is a very unlikely outcome but shows the direct additional cost of the independent sector.

68. Currently a mixed economy of foster care provision operates in Wales but the rebalancing in line with the 'eliminate profit' agenda may be showing some success via Foster Wales. The rebalancing is not only about the potential for cost savings but also a more sustainable model and improved outcomes for looked after children.

69. However, Foster Wales also faces challenges recruiting foster carers because as with the rest of the UK there is a shortage of suitable applicants to become foster carers. The low conversion rate is reflected in the following table:

**Table 6: Foster enquiries and conversion rates**

Year	Enquiries	Year on year reduction	Approvals	Conversion
2019-20	1759		169	10%
2020-21	1564	-195 (-11%)	203	13%
2021-22	1483	-81 (-5%)	169	11%
2022-23	1444	-39 (-3%)	113	7.8%

70. The key points to draw from the data are:

- the drop in enquiries seen each year since the NFF data collection has slowed down (-195 between 2020 and 2021 vs -39 between 2022 and 2023).

- Enquiries in 2021-22 may have been impacted by the launch of the 23 new websites with potential applicants unclear about how to find relevant information
- Enquiries in 2022-23 were likely impacted by the response to death of HM The Queen, where all promotion was switched off for one month and planned campaigns were delayed
- Enquiry and conversion rates from 2021 to 2023 have been impacted by various factors including:
  - Post covid living- more people working from home using spare bedrooms as office space
  - Cost of living crisis, uncertainty and people's financial stability (less early retirement, current allowance rates, higher outgoings, long term stability)
  - Availability of suitable housing- ability to have 1 or more spare bedrooms, less people moving to larger properties, mortgage rate increases etc.

**71.** Foster Wales indicate that these factors are being addressed by introducing promotional materials on money, flexibility of the role and embedding the new recruitment officers in order to address delays in response times. Early signs for the first 6 months of 2023-24 show an increase in enquiries.

**72.** Of note is that the UK Department of Education commissioned IPSOS<sup>2</sup> to carry out qualitative research to gain a better understanding of the fostering conversion rates in England from enquiry to application and approval. The report found similar factors affect the position in England and makes a number of recommendations some of which appear to support the approach taken in Wales. These include establishing a centralised recruitment service, sharing good practice and having a distinctive social media strategy.

### **Part Three – Alternatives to Current Funding Model for Core Services**

**73.** The current funding model is complex with an annual top slice of local government funding provided via the WLGA for core activities and also significant time limited grant funding provided by Welsh Government for improvement measures.

**74.** The history of the funding model goes back to the setting up of NAS as well as FW's predecessor (NFF). The arrangement for NAS was developed quickly and in response to the policy drivers that Welsh Government had in place to create the function. The following compares potential alternatives to the current approach.

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<sup>2</sup> Foster Care and Conversion Rates July 2023. Department for Education

**a) Current approach**

75. The annual top slice (for NAS) has been in place since 2013 and is one of a number that the WLGA operates. The top slice was never funded by additional money from Welsh Government as their position was that it was in the overall local government RSG.

76. The current approach has the advantage that it has an element of certainty being well established as part of the annual budget agreed by the WLGA Council. Whilst the two sums (NAS and FW) reduced the overall amount going to local authorities by £1,042,644 in 2023/24 it is a straightforward transaction that has very small (if any) transactional cost.

77. Where an improvement can be made is bringing clarity about the use of the top slice and the impact this has on NAS and FW delivering improvements across the 22 local authorities. These are best described as governance related. The current governance arrangements have been outlined above but would be enhanced by a more direct link at budget setting about the use of the top slice. In other words, it can be perceived as an unavoidable commitment with minimal assurance about the use of the top slice funding and also how the funding links with the effectiveness and value for money of the fostering and adoption activity in local authorities. This is also compounded by lack of a formal mechanism for discussions about savings available against the top slice and also financial pressures and commitments faced by NAS and FW that may or may not be funded by the top slice.

**b) Adjusted Current approach**

78. The current approach is straightforward but the absence of any 'contract' and associated discussion about use of the top slice, performance and pressures can create uncertainty. On one hand the perception can be that the top slice is seen as an automatic transaction lacking information on its use but there is little scope for the pressures being faced by the function to be discussed or considered.

79. The current approach to funding would benefit from greater transparency, structure and a clearer process. Currently there isn't any formal feedback to the WLGA members on the use of the top slice or a discussion about potential savings, although it is represented on the Governance arrangements for both where finance is managed. Given the scale of the funding transfer and its use to deliver an activity that affects local government it is appropriate this happens on an annual basis. The review also found the function wasn't able to bring forward pressures for consideration. It's important that these are discussed given the importance of adoption and fostering to the outcomes of looked after children.

80. The lack of an agreed longer term financial strategy and plan also hinders discussions. The new Joint Committee will have a key role to play ensuring NAS/FW operate effectively and this will also need to cover financial planning and efficiency to deliver the annual costed plan, but this does not remove the need for the WLGA to have greater clarity about the use of the top slice. There will also be costs attached the new arrangement that need to be monitored and funded.

c) Transfer funding responsibility of top slice to individual Local Authorities

81. An alternative would be the transfer of all current top slice funding to individual authorities and for each to pay an agreed contribution to NAS/FW. This would remove the top slice issue. However, unless this is other than a flat rate payment per local authority there would be little benefit. A payment based on number of foster care and adoption placements may be more equitable but would add another layer of complexity to an already complex funding model. A move to 22 individual local government funding sources rather than one (WLGA) top slice may also add uncertainty and delay, as well as increased bureaucracy and added administration costs.

d) Direct Funding from Welsh Government

82. An option is to reduce the local government finance settlement by the amount of the top slice and for this to be transferred directly from Welsh Government to NAS/FW. It is debateable whether this would be acceptable to Welsh Government, or local government.

83. One advantage of this model is that Welsh Government would have to consider the funding of the central team for the consequences of their policy decisions that are funded by grant. However, this option undermines a level of accountability (via the top slice funding) that NAS/FW have to local authorities for what are key activities affecting local government service delivery.

## **Part Four – Medium Term Financial Plan**

84. Financial planning is a key part of financial management. Alongside budget preparation, performance management and stakeholder reporting, the ability to look strategically beyond the current budget period supports an organisation's resilience and long-term financial sustainability. A clear and concise MTFP provides a view of future sustainability and the decisions required to address any gaps in long-term financing. It forms the pivotal link between the organisation's ambitions and the constraints about deliverable options for the future.

85. Currently NAS and FW lack a medium-term financial plan (MTFP) to bring together all known factors affecting their financial position and its financial sustainability in one place. A MTFP would allow a comparison of the financial

implications of objectives and policies within estimated levels of funding. This should in turn form the basis for decision making about funding and activity levels.

86. The current overall funding model for NAS and Foster Wales is complex with a degree of uncertainty due to a significant reliance on time limited Welsh Government grant. This has led to an emphasis on short term financial planning. As a result, neither NAS and FW have a MTFP although the review found an awareness of the medium term issues and early steps are being undertaken to create one.
87. The review has worked with the Director of NAS and FW to look at the financial position over three years (including the current year) and a high level MTFP for both NAS and FW are in the appendices.
88. The high level plan has been constructed for the next three years (from 2024-25 to 2026-27) and clearly shows the importance of Welsh Government grant funding to the work of NAS and FW. It also shows the loss of income should grant not be continued. As indicated, this scenario appears less likely than the continuation of Welsh Government funding. What is more uncertain is the level of any future funding.
89. The MTFP makes no assumption about any efficiency programme that NAS/FW agree with the new Joint Committee who will have remit to oversee the finances of the functions but the key points are as follows:
  - In March 2025, the current allocation of £3.7m grant to NAS and £2.6m to FW ceases. These deliver national programmes and fund regional / local authority work
  - If the top slice for NAS and FW continues at its current level and increases by inflation it will likely rise from the current £1.04 m to £1.17m in 2026-27
  - The grant funding allocations are cash limited and must meet inflation through efficiencies (a similar position to local government)
90. The MTFP indicates the importance of financial planning for the future sustainability of the central functions funded by the top slice. Currently both functions hold relatively large contingencies built up because of the ability to use Welsh Government grant for areas that are top slice funded. This is not a permanent source of funding but in the short term its use should feature in discussions between WLGA and the Director about level of top slice. For example, in 2023/24 NAS is drawing on £66,512 of contingency to fund central areas. This may need to continue in future years. This compares with FW where it will contribute £91,096 to contingency. This may continue in future years.
91. The report also suggests it seems unlikely that Welsh Government will completely cease grant funding of NAS and FW after current grant levels cease in March 2025. What is less certain is the amount and purpose of any successor funding.

**Table 7: Summary MTFP position 2024-25 to 2026-27**

	2024-25	2025-26	2026-27
	£	£	£
NAS top slice funded	575,603	592,571	667,963
NAS Grant funded	3,189,492	nil	nil
FW top slice funded	370,643	382,843	453,388
FW Grant funded	2,633,699	199,759	nil

92. The above summary indicates that NAS will need to draw on contingency if top slice funding does not meet full projected costs. It also shows that FW will make contributions to the contingency. It also shows the years in which current Welsh Government grant ceases or reduces significantly (2025-26 for FW).

## Conclusions

93. The funding arrangements for NAS and FW are complex with the RSG funded top slice providing a lesser part of the overall funding whilst meeting nearly all of the central costs.

94. Both functions support key parts of the overall provision of care that all 22 local authorities provide to looked after children. These are crucial to those children in the system and for those who have yet require care. The effective operation of NAS and FW has a direct link to the finances of local authorities. If successful, the work of NAS/FW can be seen as an invest to save approach. An effective arrangement across Wales will produce better outcomes and also avoid costs associated with expensive out of county placements or independent foster providers.

95. Both functions are also key policy delivery vehicles for Welsh Government's policies and as a result the arrangements are unique in the UK although there is evidence of some parts of the model attracting interest elsewhere.

96. The review has attempted to assess whether the top slice allocation is value for money. On the basis of cost per local authority compared with the care costs of a single additional Looked After Child to an authority the answer is yes. However, it is difficult to draw a direct line between the work of NAS and FW and the precise financial impact on each local authority because of regional arrangements and different operating models in the regions and local authorities.

97. What is less clear is the scope for further efficiencies in the central operating costs of the functions that are funded by the top slice. This would be helped by the development of a financial plan by NAS/FW. Having an agreed plan will expose any gap in funding and lead to an efficiency programme or/and discussions about the amount of the top slice funding and the level of funding from Welsh Government. There needs to be a discussion about matching the ambition of the two functions to the resources available.

98. The mechanism of funding the two functions is a straightforward financial transfer as part of the WLGA Budget agreed by the Executive Board. Whilst information on NAS has been shared via its Combined Governance Committee there should be a clearer discussion between NAS/FW and WLGA prior to budget about the performance of the areas funded by the top slice and where value is added and reported to members. At the moment this annual discussion is not carried out and would also allow a structured discussion about pressures and also how NAS/FW would operate within any agreed allocation by the WLGA. The approach could follow that taken between NAS and Welsh Government where there is a bi-annual meetin

## **Recommendations**

- 1. The current funding model should remain in place but be amended to increase the level of dialogue around the RSG funded top slice. This would include a financial and performance report prior to WLGA budget setting from the Director of NAS/FW. The report would need to include an assessment of the intended use of the RSG funded top slice and how it supports local authorities. This would build on the Director's Annual Report but include relevant detail to help inform WLGA Board decision making.**
- 2. The financial planning in NAS/FW should be over a medium term covering 3 years. It should outline the estimated level of funding, and any funding gap to form the basis of discussions with the WLGA about level of top slice.**
- 3. There needs to be an agreed position about the level of ambition for NAS/FW and how/if this can be matched to the level of resources.**
- 4. NAS/FW working with WLGA need to model potential scenarios at the end of Welsh Government's current grant funding commitments. The work will need to include the new Joint Committee.**
- 5. The new Joint Committee will need to have relevant financial and performance data to inform its work.**
- 6. Clarity must be brought to which body is accountable for the NAS/FW arrangements and this needs to be resolved as a matter of urgency. This may require legal input.**

## Annex A

### NATIONAL ADOPTION SERVICE AND FOSTER WALES WELSH GOVERNMENT GRANTS BREAKDOWN

<b>Adoption Support Grant, £2.3m pa</b>				
Description	Recipient	2023/24 (£)	2024/25 (£)	
Implementation of the Pathways Programme provided by Adoption UK Cymru	Age UK = £105,000 North Wales Adoption Service = £36,745 South East Wales Adoption Service = £50,014 Vale, Valleys and Cardiff Adoption Service = £33,546 Western Bay Adoption Service = £49,591 Mid and West Wales Adoption Service = £44,000	318,896	318,896	
New support and information service for children and young people provided by Adoption UK Cymru (Connect)	AUK = £100,000 NWAS = £20,563 SEWAS = £51,074 VVC = £32,788 WBAS = £37,527 MWW = £15,000	256,952	256,952	
Changing Practice (various)	St Davids = £100,000 (Adopting Together Service)	753,049	753,049	

	AFKA = £85,000 (Practice support and development)		
	NWAS = £68,000		
	SEWAS = £204,296		
	VVC = £75,980		
	WBAS = £148,773		
	MWW = £71,000		
Embedding the new life journey materials framework	Central team Co-ord = £5,000	503,528	503,528
	NWAS = £27,000		
	SEWAS = £25,537		
	VVC = £394,927		
	WBAS = £37,064		
	MWW = £14,000		
Implementation of adopter post approval training/development	NWAS = £38,971	76,971	76,971
	MWW = £38,000		
Improving the range of targeted/specialist therapeutic support available through health, social care and education	NWAS = £187,377	309,086	309,086
	SEWAS = £41,548		
	WBAS = £12,661		
	MWW = £67,500		
Consistent delivery of high-quality adoption services	Central team Co-ord = £4,909	81,518	81,518
	SEWAS = £23,488		
	WBAS = £43,071		
	MWW = £10,050		
<b>Total</b>		<b>2,300,000</b>	<b>2,300,000</b>

**Adoption Support Grant, £2.3m pa – Allocations by region/bodies**

	2023/24 (£)	2024/25 (£)	TOTAL (£)
North Wales Adoption Service	378,656	378,656	757,312
South East Wales Adoption Service	395,957	395,957	791,914
Vale Valleys and Cardiff Adoption	537,241	537,241	1,074,482
Western Bay Adoption Service	328,687	328,687	657,374
Mid and West Wales Adoption	259,550	259,550	519,100
Central Team	9,909	9,909	19,818
St Davids	100,000	100,000	200,000
Association for Fostering Kinship and Adoption	85,000	85,000	170,000
Adoption UK	205,000	205,000	410,000
<b>Total</b>	<b>2,300,000</b>	<b>2,300,000</b>	<b>4,600,000</b>

**Adopt Cymru and Beyond, £638,639 (2023/24) £669,492 (2024/25)**

	2023/24 (£)	2024/25 (£)
Implementation of the Pathways Programme provided by Adoption UK Cymru	246,935	357,992
Advertising and PR Campaign	174,000	125,000
Develop Capacity in Regions and VAAs	AUK = £37,677	150,000
	St Davids = £61,779	
	Other Projects = £50,544	
Wales Early Permanence Scheme	24,204	-
Scoping a Wales Access to Records Service	AUK = £18,250	36,500
	St Davids = £18,250	
Adoption Aware Workforce	7,000	-
	638,639	669,492

**Adoption Register for Wales, £219,000 (2023/24), £220,000 (2024/25)**

	2023/24 (£)	2024/25 (£)
Salaries	61,705	61,705
Management Charge and Hosting	32,060	32,060
Link Maker Licence	96,450	96,450
Family Finding	20,000	20,000
Other costs	8,785	9,785
	219,000	220,000

**Foster Wales – All Wales Branding £559,000 pa**

	2023/24 (£)	2024/25 (£)
National Marketing Manager	61,100	61,100
Regional Marketing Officers	132,000	132,000
National Marketing Campaigns	295,600	295,600
Maintaining the National Infrastructure	55,000	55,000
Website Hosting, Maintenance and Development	15,000	15,000
	558,700	558,700

<b>Supporting Foster Wales – £1,980,829 (2023/24), £2,074,999 (2024/25), £199,756 (2025/26)</b>			
	2023/24 (£)	2024/25 (£)	2025/26 (£)
Dedicated Recruitment Officers	793,100	816,893	-
Recruitment, Assessment and Support Capacity	901,250	928,288	
Maintaining Infrastructure	186,479	192,074	199,756
Additional advertising, foster care profiles website (The Big Welcome), Learning and Development	100,000	137,744	
<b>Totals</b>	<b>1,980,829</b>	<b>2,074,999</b>	<b>199,756</b>

<b>Foster Wales – Fees and Allowances financial analysis, £48,100</b>	
	2023/24 (£)
Cost of project commissioned to Practice Solutions	48,100
<b>Total</b>	<b>48,100</b>

## Annex B

<b>Draft Medium Term Financial Plan</b>					
<b>Foster Wales</b>		£			
<b>WLGA Top Slice funded areas</b>			<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Inflation			<b>Budget</b>	<b>Estimate</b>	<b>Estimate</b>
			£	£	£
National Staff (fte & shared)			70,898	73,025	75,216
Regional Staff (contribution to RDM's)			240,000	247,200	254,616
National service user engagement			14,000	14,420	14,853
National website					15,298
National PR and marketing activity					
Legal Contract			4,950	5,099	5,404
Annual, performance reports and other publications			15,000	15,450	16,377
Hosting charge			-	-	-
Office Function Costs			15,000	15,450	16,377
Development					17,360
Contribution to Contingency			144,596		
<b>Total of WLGA Top Slice funded areas</b>			<b>504,444</b>	<b>370,643</b>	<b>382,843</b>
					<b>453,388</b>
<b>Grant Funded Areas</b>			<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
<b>Supporting Foster Wales funds the following:</b>					<b>2026/27</b>
Dedicated Recruitment Officers			793,100	816,893	-
Recruitment assessment and support capacity			901,250	928,288	-
Maintaining Infrastructure			53,500	53,500	53,500
Additional advertising, foster care profiles website, Learning and development			100,000	137,744	
			<b>1,847,850</b>	<b>1,936,425</b>	<b>53,500</b>
					-
<b>Foster Wales - All Wales Branding</b>			559,000	559,000	-
National Marketing Manager			61,100	61,100	-
Regional Marketing Officers			132,000	132,000	-
National Marketing Campaigns			295,600	295,600	-
Maintaining the National Infrastructure			55,000	55,000	-
Website hosting, Maintenance and Development			15,000	15,000	-
			<b>558,700</b>	<b>558,700</b>	-
					-
<b>Foster Wales - Fees and Allowances Analysis</b>					
Cost of project commissioned to Practice Solutions			48,100		
			<b>48,100</b>		
<b>Total Grant funded areas</b>			<b>2,454,650</b>	<b>2,495,125</b>	<b>53,500</b>
					-
<b>TOTAL EXPENDITURE</b>			<b>2,959,094</b>	<b>2,865,768</b>	<b>436,343</b>
					<b>453,388</b>

<b>Draft Medium Term Financial Plan</b>				
<b>National Adoption Service</b>				
<b>WLGA Top Slice funded areas</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>Inflation</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Staff (fte & shared)	428,693	441,554	454,800	468,444
Independent Chair	10,000	10,000	10,000	10,000
Annual Report / Publications	15,000	15,450	15,914	16,391
Service User Engagement	16,499	16,994	17,504	18,029
Performance Management System	33,000	33,990	35,010	36,060
Hosting Costs (covered by grant to March 2026)		-	-	57,915
Legal Contract	4,950	5,099	5,251	5,409
National Website	65,000	20,000	20,600	21,218
Office Function Costs	31,570	32,517	33,493	34,497
Additional development costs falling out of AC2025 plan				
Contribution from contingency	-	66,512		
<b>Total Top Fund Slice funded areas</b>	<b>538,200</b>	<b>575,603</b>	<b>592,571</b>	<b>667,963</b>
<b>Grant Funded Areas</b>				
<b>Adoption Support Grant funds the following:</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Implementation of Pathways Programme	318,896	318,896		
New Support and Information service	256,952	256,952		
Changing Practice (various)	753,049	753,049		
Embedding the new life journey framework	503,528	503,528		
Implementation of adopter post approval training/development	76,971	76,971		
Improving range of targeted/specialist therapeutic support	309,086	309,086		
Consistent delivery of high-quality adoption services	81,518	81,518		
<b>Total</b>	<b>2,300,000</b>	<b>2,300,000</b>	<b>-</b>	<b>-</b>
<b>Adopt Cymru and Beyond funds the following</b>				
Implementation of Pathways Programme	246,935	357,992		
Advertising and PR Campaign	174,000	125,000		
Develop capacity in regions and Voluntary Adoption Agencies	150,000	150,000		
Wales Early Permanence Scheme	24,204	-		
Scoping a Wales Access to Records Service	36,500	36,500		
Adoption Aware Workforce	7,000			
<b>Total</b>	<b>638,639</b>	<b>669,492</b>	<b>-</b>	<b>-</b>
<b>Adoption Register for Wales</b>				
Salaries	219,000	220,000		
Management Charge and Hosting	61,705	61,705		
Link Maker Licence	32,060	32,060		
Family Finding	96,450	96,450		
Other costs	20,000	20,000		
<b>Total</b>	<b>8,785</b>	<b>9,785</b>		
<b>Income from Foster Wales grants</b>				
Hosting costs	53,500	53,500	53,500	
Contribution to shared posts	79,479	85,074	92,756	
<b>Total</b>	<b>132,979</b>	<b>138,574</b>	<b>146,256</b>	
<b>Total Grant funded areas</b>				
<b>TOTAL EXPENDITURE</b>	<b>3,290,618</b>	<b>3,189,492</b>	<b>-</b>	<b>-</b>
<b>Note</b>				
Current grant funding due to cease end of 2024/25				

## APPENDIX C

### Combined NAS/FW Staffing Structure

