



The CVAA service for harder to place children

Overview

It's All About Me is a new service for the adoption sector. Structured as a Social Impact Bond, and developed by an eighteen-way network of Voluntary Adoption Agencies, it is targeting to find, train and support adoptive families for three hundred children a year who are recognised as harder-to-place, and who otherwise would probably remain in care. With a primary investment period of ten years, it builds in both strong systemic change, and generates the funding necessary to continue the service after repaying investor capital.

The Issue

Local Authorities each year choose adoption as the best option for at least 5,000 children in care. Of those, around half are placed locally. The other half cannot find places through the Local Authorities, and their details are placed on the National Adoption Register. Parents approved as adopters by Local Authorities and Voluntary Adoption Agencies then select children to adopt from the register. Up to 80% of the children do not get picked, and remain in care. This group tend to be those who are over four years old, of BME background, or seeking placement in sibling groups.

These children tend to carry with them the legacy of early years' neglect and trauma. Four key aspects leave them ill-equipped for family, or adult life in the community:

• Beliefs	Built on their experiences, they see the world as a fearful place, in which adults are sources of danger or ineffective and weak. They see themselves as worthless.
• Development	With key developmental experiences missing, they lack crucial skills and their brains are frequently missing key functions such as impulse control, cause and effect thinking, and the ability to regulate their emotions and self-soothe.
• Attachment	They have no, or a skewed, understanding of their place in the world and their relationships to others in it. They cannot form "normal" relationships, and don't "get" how their actions affect others.
• Developmental trauma	Like survivors from a train crash, they have lived through experiences in which they felt in extreme danger, and could do nothing to control or resolve that. They carry effects akin to PTSD, and react in many ways like traumatised troops returning from a war zone.

Whilst all of these elements may not be present for every child, there are few, if any, for whom none are an issue. The combined effect of all of them was shown so graphically in the extreme case of "Maisie" in the lauded BBC Wales documentary "A Home for Maisie" (April 2011).

"Maisie" shows what is possible for children far more challenging than many who currently fail to find parents. However even these perhaps easier to place children are left behind by the limited supply of parents in many cases not understanding how they could fulfil that child's needs, or scared off by the risk of being left with the child unsupported by professionals.

With this shortage of adopters prepared to take on such children, and the higher risk of placement breakdown through lack of support, Local Authorities tend not to consider adoption for children for whom it could work well.

The Response

The children need a special kind of parenting that embeds therapy, and the missing developmental experiences in their everyday life. This requires parents who are carefully sourced for their resilience and capabilities, and who are appropriately trained, but crucially well supported in delivering what can rightly be described as an exciting challenge. This doesn't require supermen and women: just "ordinary" good, committed parents with sound training and good support.

The Solution

IAAM has been developed by the Consortium of Voluntary Adoption Agencies and Baker Tilly. Its key features are:

- It is a network of VAAs (Action for Children, PACT, Adoption Matters, and others) offering a fully-supported service for finding, training and working with families through the crucial first two years post placement
- All parents will be trained in therapeutic parenting, but aligned to the needs of the specific child
- Any Local Authority can spot-purchase the service for a given child or sibling group, at any time, from any one of the provider VAAS.
- It comes at a standard fixed price, paid in four instalments at key milestones over the pre-placement and first two years post placement. If the placement does not survive for that time, the LA only pays for the milestones reached: a payment by results. The LA pays around £54,000, no more than half of the cashable savings in fostering fees it has already made through the effective use of the volunteer adopters.
- By turning the market upside down effectively to get the child to seek the parents, it avoids the disadvantage to harder-to-place children from the current system.
- It uses a model its designers call "risk arbitrage" under which all parties – the funders and the provider VAAs – share the risks (of not finding a family or the placement faltering) in proportion to their ability to manage them
- This enables the funders to invest as debt: a ten year bond paying a secure 4% annual interest, with the prospect of additional profit yield taking the IRR up to 10% to 12%, and all capital repaid by year ten.
- With funding of £5.5m required to serve the needs of 300 new children each year for the ten year period, and with the expectation of support from the Social Outcomes Fund, it is intended that, if Local Authorities take it up in larger numbers, IAAM can generate sufficient reserves over its ten years to leave a permanent fund after repaying its investors which will allow it to continue into the future
- It also embraces a highly valuable longitudinal research opportunity to be addressed jointly by South London & Maudsley (medical/psychological) and Cass Business School (social impact/organisational and market change), funded by, and embedded in the bond structure.
- Social returns are achieved at the rate of at least £2.6m for every £10,000 invested in the bond. Around 90% of these returns are cashable savings by the LA, with wider benefits in the stable future lives of the children.

What next ?

This model, if, and as, successful, brings some key messages (many of them "firsts") for the future:

- it is originated wholly from the voluntary sector, supported by the private sector, as a response to a national issue
- it creates its own fund in perpetuity, so can "live" beyond the repayment of its funders
- it creates the profile of a debt instrument in SIBs
- it pays a normal commercial return, so making the break into the normal investment markets
- it is built embracing both network theory and individual and organisational behavioural drivers to manage a multiplicity of parties into working effectively together to achieve change
- it offers the opportunity for Local Authorities as corporate parents to revisit and change plans for children in care, giving opportunities for a permanent family life where these would have been discounted before.

Jim Clifford

Baker Tilly Corporate Finance LLP
Tel: +44 (0) 7860 386081

