



| <u>Committee and Date</u> | <u>Item</u> |
|---------------------------|-------------|
| Cabinet | |
| 22 January 2020 | |

PROPOSED PERMANENT INCREASE TO FOSTER CARER FEES AND ALLOWANCES

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1.0 Summary

- 1.1. This report sets out the rationale for the implementation of a new fee and allowance policy for Shropshire foster carers.
- 1.2 The Council has a corporate responsibility for looked after children, improving the life chances of these children and young people so that they can develop into responsible Shropshire residents. The implementation of a new fees and allowances policy aligns to the Council's Looked After Children strategy which sets out a commitment to care for children within a family environment wherever possible.
- 1.3 A new fee and allowance policy is required as Shropshire, along with all other local authorities, is experiencing significant challenges in our ability to place vulnerable children and young people in safe, secure and permanent foster homes. The lack of available foster homes is resulting in more Shropshire children being placed in more expensive external independent fostering agency placements and in some cases expensive external residential placements. We anticipate that the new fees and allowance policy will be an incentive for more potential foster carers to come forward, and for existing families to care for more children.
- 1.4 There is an urgent need to reduce the expenditure on external placements and to place more children and young people in internal foster provision. In order to do this we need to pay carers a reasonable fee to care for more complex children who would otherwise be placed in an Independent Fostering placement (IFA) or external residential; maintain a clear market presence for recruitment and offer carers a good support package to enable them to consider complex and challenging children and to remain with Shropshire for the duration of their fostering career.

The rationale is to increase the foster carer fees and reduce the allowance per child in line with neighbouring local authorities in order to incentivise recruitment of more internal foster carers.

2.0 Recommendations

It is recommended that Cabinet:

- 2.1 Approves the revised fee and allowances policy for Shropshire foster carers, attached at Appendix A.

REPORT

3.0 Risk Assessment and Opportunities Appraisal

- 3.1 Shropshire Council's looked after children population is growing with a net increase of 57 children from 1st April 2018 -31st March 2019. This increase has continued through 2019/20, as at end of October 2019 there were 400 children in the care of Shropshire Council. This represents an increase of 29% since April 2017.
- 3.2 The Council is required to provide children who are deemed to be looked after with accommodation that meets their holistic needs. Should the Council be unable to provide suitable accommodation we would be failing in our statutory duties as set out in the Childrens Act 1989 and the Care Planning Regulations. We anticipate that the new fees and allowance policy will be an incentive for more potential foster carers to come forward, and for existing families to care for more children.
- 3.3 The Council is finding it increasingly difficult to place children, particularly those with more complex needs in foster families. If we are unable to place a child in an internal foster family, a search is undertaken for an independent fostering agency. The average cost of an independent foster home placement is £799. The average cost of a residential placement is £4,515 per week.
- 3.4 There is an opportunity to reduce the external placement costs if we were to place more children with our own foster carers. It creates greater foster home choice for a greater number of children within Shropshire. This in turn promotes connections to family and friends, to leisure and social interests, to local health and education provision and to facilitate greater support opportunities from Shropshire children's services.

4.0 Financial Implications

- 4.1 Modelling the uplift in fees and reduction in child allowances as per the proposed policy will increase this particular budget by £69,900.
- 4.2 However, this increase is anticipated to reduce the overall costs of accommodating children in alternative placements. The average cost of an Independent Fostering Agency placement is approximately £41,560 per annum. The average cost of residential placement is £234,790 per annum. The cost of an internal foster placement under the new costing mechanism would range between £12,000 - £28,000 per annum. Increasing our pool of experienced internal foster carers, prevents children from being placed in high cost external provision. Increasing the foster carer fees and allowances should increase Shropshire's numbers of internal foster carers.
- 4.3 Given the shortage of available internal foster carers, the next 5 children over the age of 18 months requiring a foster placement would cost £207,800 per annum for an external fostering placement. If these children were placed with internal foster carers, the overall cost per annum would be in the region of £100,000 to £125,000 depending on the age profile of the children.
- 4.4 Therefore, the savings generated from placing the next 4-5 children with internal foster carers attracted by the enhanced fostering fees and allowances, will meet the additional cost of £69,900 making this strategy financially viable as well as in the best interests of the children.
- 4.5 The financial consequences of not implementing the recommended changes is that we continue to see rising placement services costs and an increase in the overspend on the current available budget
- 4.6 The £69,900 increase relates solely to the increase in the foster carer fee and child allowances and excludes the financial implications relating to additional payments e.g. changes to holiday allowances in accordance with the new Foster Breaks Policy. There should be cost savings from changes to holiday payments to foster carers as this would negate the need to pay for additional respite care when carers choose to take a holiday and ask for the children to be placed elsewhere for the duration of the holiday. Essentially under the current scheme, we pay the existing carers whilst they have a period of respite and then pay the respite carers whilst they provide direct care. The new Foster Breaks Policy incentivises foster carers to take children on holiday with them, foster breaks will only be approved in accordance with the new policy.

5. Background

- 5.1 Shropshire Council's current fee scheme for mainstream foster carers is based on a flat fee per family regardless of the number of children placed with them, and approval categories for the skill base of the foster carer. In addition to this, foster carers receive an allowance for

the child, the amount of which is dependent on the age of the child. The allowance rates payable to carers in Shropshire are one of the highest in the country whereas the fee rates are one of the lowest. Essentially this means that some carers are choosing to leave Shropshire and foster for independent fostering agencies where the fee rate is significantly higher. Recruitment of new carers has become problematic due to the low-level fee payments in comparison to those paid by independent fostering agencies.

- 5.2 Shropshire foster carers are a valuable resource, they offer care to a large proportion of Shropshire's looked after population. Latest figures confirm that mainstream carers and connected carers are caring for 214 of our looked after population. There is recognition at service level, senior leadership level and political level that the foster care provision needs to grow significantly if we are to enable more children to remain in local placements, where they can maintain contact with family, schools and leisure activities and to avoid the escalating costs of external resource, and benefit from living in a family environment.
- 5.3 If we increase our pool of experienced internal foster carers, we can work to prevent children from being placed in high cost external provision, and deliver our ambition for looked after children to be placed with families.
- 5.4 There are two factors at play here, firstly, we need more carers to manage the new children requiring care and to prevent the movement of children from internal to external placements. There are not enough foster carers in Shropshire to manage the rising demand. Secondly, we need to offer an attractive package of pay and support so that foster carers remain fostering for Shropshire Council and new carers chose to foster for Shropshire and not approach independent fostering agencies.
- 5.5 When choosing a new payment scheme, any new fostering scheme should have as its primary objectives:
 - Increase internal fostering provision to enable more children to remain in local placements.
 - A competitive payment policy that retains the skill set and experience of existing foster carers whilst also offering a competitive financial package to enable new potential carers to foster for Shropshire and not an independent fostering agency.
 - Offer carers an attractive financial, training and support package so that carers choose to foster for Shropshire Council as opposed to other local authorities or independent fostering agencies and once they make the decision to foster for Shropshire that we retain them as foster carers.

- It has been critical to us therefore to amend our fees and allowances to be more in line with neighbouring Local Authorities, ensuring that Shropshire remains competitive and attractive as a foster caring agency.

5.6 A benchmarking exercise was undertaken to compare the current fees and allowance levels paid to foster carers with those of neighbouring local authorities. This established that Shropshire's allowance element for the child or young person is currently one of the highest in the West Midlands, with a lot of authorities now either choosing to lower their allowance payments in favour of raising the professional fee to foster carer or implementing a lower rate recommended by the Department for Education. Whilst not in support of lowering the allowance to the Department for Education rates, there is a need to revise the fee element currently payable to carers, as this is currently the lowest payable in the region, which means carers can and will choose to foster for Independent Fostering Agencies but also for neighbouring authorities where rates of pay are more competitive. The table below sets out the fees and allowances used to inform our new policy.

| | | Shropshire | Staffordshire | Stoke | | | Telford | DFE Recommended Rates |
|------------------------------------|-----|------------|---------------|----------|----------|----------|---------|-----------------------|
| | | | | x1 child | x2 child | x3 child | | excl. London |
| Skill Level | | | | | | | | |
| One | | 59.20 | 1 | 90.00 | 100.00 | 110.00 | 80.00 | |
| Two | | 117.30 | 2 | 180.00 | 200.00 | 220.00 | 120.00 | |
| Three | | 229.50 | 3 | 270.00 | 300.00 | 330.00 | | |
| Four | | 341.70 | 4 | | | | | |
| Child Allowance (Age Based) | | | | | | | | |
| 0-4 | 0-1 | | 125.02 | | | | | |
| | 2-4 | 142.86 | | | | 129.26 | 134.49 | 126.50 |
| 5-10 | | 162.73 | 141.05 | | | 147.28 | 153.20 | 141.00 |
| 11-15 | | 202.58 | 167.93 | | | 183.33 | 190.72 | 161.00 |
| 16+ | | 246.44 | 188.02 | | | 222.95 | 232.00 | 188.00 |

6 The new Fee and Allowance Policy

6.1 Carers have been raising the negative impact of the current fees and allowance scheme for some time. They have been widely involved and consulted on the new payment policy, the feedback in the main has been positive. In response to feedback the payment levels have been finessed and made the policy more explicit regarding the payment of additional expenses such as birthday allowances, holiday allowance etc.

6.2 Foster carer payments encompass two elements

- Foster Care child allowances which are expected to cover the care needs of the child, and the
- Payment for skills which is the reward element paid to carers for being a foster carer, and for their experience and expertise in dealing with challenging and complex needs, and the level and training undertaken.

- 6.3 There is clear criteria for the above and this is set out in section 5 of the policy.
- 6.4 The new policy offers competitive rates of fees. See table below for summary of new fees and allowances compared with the current fees and allowances. The fees and allowance are set out in section 5 of the policy.

| Current Shropshire Council Fees & Allowances | | | Proposed Shropshire Council Fees & Allowances | | | |
|--|--------|--------|---|----------|----------|----------|
| Shropshire | | | Shropshire | | | |
| | | | x1 child | x2 child | x3 child | x4 child |
| Skill Level | | | Skill Level | | | |
| One | 59.20 | | One | 80.00 | 100.00 | 120.00 |
| Two | 117.30 | | Two | 140.00 | 170.00 | 200.00 |
| Three | 229.50 | | Three | 250.00 | 280.00 | 320.00 |
| Four | 341.70 | | Four | 500.00 | 500.00 | 500.00 |
| Child Allowance (Age Based) | | | Child Allowance (Age Based) | | | |
| 0-4 | 0-1 | 142.86 | Proposed | | | |
| | 2-4 | | '0-4 | 129.09 | | |
| | 5-10 | 162.73 | 5-10 | 147.18 | | |
| | 11-15 | 202.58 | 11-15 | 190.05 | | |
| | 16+ | 246.44 | 16+ | 225.39 | | |

- 6.5 The unique selling point for Shropshire is that this scheme is an open fee scheme meaning that where there is a gap in placements, payments will continue to be made. This is attractive to foster carers, since it provides them with some guaranteed level of remuneration should we not be able to place any children with them for a period of time. This is set out in section 3 of the policy.
- 6.6 The launch of this new policy will act as a primary marketing tool for new carers expressing an interest in fostering in Shropshire.
- 6.7 All local authorities are considering how to manage the growing complex needs of looked after children and many are enhancing their own foster carer offer as a key recruitment and retention scheme. This will bring Shropshire more in line with neighbouring authorities and along with our robust training and support offer, will act as a real competitor against independent agencies.

7.0 Conclusions

- 7.1 This policy sets out a robust and competitive fee and allowance policy that will aid retention of existing carers and be a key tool in the recruitment of new carers.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Cabinet Member (Portfolio Holder)

Councillor Ed Potter

Local Member

All Local Members

Appendices

Appendix A: Fees and Allowance Policy