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**Meeting:** Executive  
**Date:** 4 October 2011  
**Subject:** Allowances for Foster Parents  
**Report of:** Cllr Mark Versallion, Executive Member for Children's Services  
**Summary:** This report sets out details of the payment of allowances for foster parents.

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**Advising Officer:** Edwina Grant, Deputy Chief Executive/ Director of Children's Services  
**Contact Officer:** Catherine Parry, Interim AD Children's Services Operations  
**Public/Exempt:** Public  
**Wards Affected:** All  
**Function of:** Executive  
**Key Decision** No  
**Reason for urgency/ exemption from call-in (if appropriate)** Not applicable

#### **CORPORATE IMPLICATIONS**

##### **Council Priorities:**

Central Bedfordshire Council's Strategic Plan 2009-11, Priority 2 – Educating, protecting and providing opportunities for children and young people.

The Children and Young People's Plan 2011-2014, Priority 2 – Protecting children and keeping them safe.

##### **Financial:**

In 2010/11, the Council spent £736,387 on fostering allowances for in-house placements. The policy inherited from the legacy authority, Bedfordshire County Council, is that the rate of fostering allowances is used as the baseline for means-tested Residence Order Allowances, Special Guardianship Order Allowances and Adoption Order Allowances. Spend on these allowances in 2010/11 was £566,308. Therefore, total spend was £1,302,695. The impact of this decision will be a pressure within this needs led budget of £59,659 as no inflation allowances were built into the current budget. This will be reported in monthly financial statements.

There has been no increase in the rate of allowances paid since 1 April 2009.

**Legal:**

The Children Act 1989 identifies a statutory duty for councils to provide sufficient accommodation in their local area and to provide maintenance for children who are looked after.

The Fostering Service (England) Regulations 2011, associated statutory guidance and national minimum standards outline the Council's responsibility to ensure that foster carers are given clear information about the allowances, fees and expenses available to them. The allowance must be sufficient to cover the cost of caring for a child placed with them and must be reviewed annually.

**Risk Management:**

Regulatory risks: Failure to provide a published policy would be a risk in the light of the new Fostering Service (England) Regulations 2011.

Child protection risks: Failure to recruit or retain sufficient foster carers would be a child protection risk.

Reputational risk: Recruitment of foster carers is a competitive market activity and has a high media profile.

**Staffing (including Trades Unions):**

There are no staffing implications from these proposals.

**Equalities/Human Rights:**

Fostering allowances must meet the cost of caring for a child. The allowance scheme must ensure that any additional costs incurred in caring for a disabled child or a child with other specific needs is met. An Equality Impact Assessment has been carried out and paying these allowances meets the requirements of the Assessment.

**Community Safety:**

There are no implications from these proposals.

**Sustainability:**

There are no implications from these proposals.

**RECOMMENDATIONS:**

- 1. that the Executive agrees the proposals for determining fostering and, subject to means testing, Adoption Order, Residence Order and Special Guardianship Order allowances as set out in this report and this approach remain in operation until such a time as the majority of foster parents indicate in the annual consultation that a change should be introduced;**
- 2. that the Executive delegates authority to the Deputy Chief Executive/Director of Children's Services, in consultation with the**

**Executive Member for Children's Services, to introduce minor variations to the policy that arise out of the annual consultation; these variations to be within the annually adjusted budget provision;**

- 3. that, in making any decisions arising from the delegation of authority set out in recommendation 2 above, the Deputy Chief Executive/Director of Children's Services, in consultation with the Executive Member for Children's Services, take account of the comments of foster carers in the annual consultation and the deliberations of the Corporate Parenting Panel on the outcome of this annual consultation.**

Reason for Recommendations:	To meet the requirements of the Fostering Services (England) Regulations 2011.
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## **Background**

1. The Council has a duty to pay a fostering allowance in respect of each child placed with an approved foster carer. Nationally, this allowance is expected to be set at or above the minimum rate recommended by Government. The allowance is to compensate for the additional expenditure of caring for the child, and is not a salary, fee or reward payment for the carer.
2. The Fostering Network (tFN) is a not for profit organisation representing and campaigning on behalf of foster carers. The Fostering Network publishes its recommended minimum allowance rates annually. The relevant legacy council, Bedfordshire County Council, had a policy of paying fostering allowances at 110% of the rate recommended by the Fostering Network. Central Bedfordshire Council adopted the allowance rates set at this level on 1 April 2009. No changes have been made since this date.
3. For 2010/11, the Fostering Network did not recommend any increase from 2009/10 payment rates, due to the Treasury predictions in respect of the Retail Price Index. For 2011/12, the Fostering Network recommended an increase of 5.1%. No action has yet been taken on this recommendation in 2011/12.
4. It is timely that this Council agrees its framework for allowances as there is a new requirement in the Fostering Services (England) Regulations 2011 that rates should be consulted upon annually.
5. The fostering service is a shared service hosted by Central Bedfordshire Council. Bedford Borough Council pays the total allowance for any child placed in a fostering arrangement or under an Adoption Order, Residence Order or Special Guardianship Order. The decision made by the Executive will be recommended to Bedford Borough Council although each Council could pay a different rate.

## Comments

6. The Corporate Parenting Panel considered the options for determining foster allowances at its meeting on 5 July 2011 and recommended that option 1, which provides good payments for foster carers, be adopted.
7. *The views of the Children's Services Overview and Scrutiny Committee will be inserted after its meeting on 6 September 2011.*

## Options

8. To recruit sufficient foster carers to meet the needs of Looked After Children there is a periodic benchmark review of the allowances paid in Central Bedfordshire Council against the market competitors who also recruit carers in this area, i.e. other local authorities and independent fostering providers. The allowance paid may be a factor that impacts on Central Bedfordshire Council's ability to recruit new carers and retain existing carers. Benchmarking suggests that the recommendation in the report would maintain a competitive rate. The results of a fostering allowances survey, setting out the responses of foster carers is attached at Appendix A.
9. There are different options which could be used to determine fostering allowances.  
  
These could include:
  - To continue with the current system of basing allowances on the annually published Fostering Network recommended rates, at or above its recommended rate (option 1);
  - Consider an annual percentage change in allowance rates not linked to the Fostering Network rates, but to some other measure determined by the Council (option 2);
  - Adopt a tiered payments system which rewards the experience, training and skills of foster carers (option 3).
10. The benefits of option 1 which is the recommended option are:
  - It is a simple scheme which is transparent to carers and easy to administer;
  - The Fostering Network publish suggested rates six months before the new financial year, enabling timely budget planning;
  - It is considered the industry standard and the market rate supplement means the Council's allowances are competitive with other local authorities and Independent providers who recruit carers in our area;
  - Current budget provision has been built on this level of expenditure.
11. The disadvantages of option 1 are:
  - The rates and annual uplift are not subject to the views of the Council and do not take account of local cost drivers or pressures;
  - The rates do not reward or incentivise foster carers who have experience or commit to training, develop skills or look after children with more complex behaviours;
  - The annual uplift could add to budget pressures.

12. The views of foster carers on the three options were sought as part of the fostering allowances survey referred to in paragraph 6 above. Foster carers supported option 1 in that it showed that the majority of foster carers who replied were happy with the way that fostering allowances are currently set and reviewed. Alternative options, as set out below, suggested that it would be possible to continue with the current system or to consider a change to tiered allowances. 64% responded that they would wish to continue with the current system of allowances. As the majority supported this option, it is suggested that the Council continues to pay fostering allowances based on the annually published Fostering Network rates plus a locally determined market rate supplement.
13. In 2009/10 the market rate supplement was +10%. In 2010/11 there was no increase and in 2011/12 the uplift on the national minimum had fallen to + 4.6% due to no uplift having been offered. It is therefore suggested that for 2011/12 there is a return to the fostering network rate plus 10% applied retrospectively to April 2011.

### **Other Options Considered**

14. Another option (option 2) was to continue with the current basic rate, but annually review allowances in line with a local measure determined by the Council. No foster carers preferred this option.
15. The benefits of this option are:
  - It is a simple scheme which is easy to administer;
  - Any increase to rates is within the Council's control and can reflect local cost pressures or market rate needs;
  - There is some transparency if the Council identifies the measure on which any increase/decrease has been based.
16. The disadvantages of this option are:
  - The Council would need to be transparent about the measure used to determine change which would be a local measure. This may be subject to challenge from foster carers if it is not comparable with industry recommendations;
  - The rates do not reward or incentivise foster carers who have experience or commit to training, develop skills or look after children with more complex behaviours;
  - Cost pressures may be or be perceived to be a factor in determining uplift and the outcome may not reflect the need to remain competitive in the market to recruit and retain carers.
17. A further option (option 3) was to develop a tiered payments scheme which provided for a basic allowance rate for all carers plus tiered payment levels reflecting their level of experience, training and skill. Fewer foster carers (36%) preferred this option.

18. The benefits of this option are:

- A tiered scheme is considered fairer to carers as it reflects and rewards their skills/ability and engagement with the fostering task;
- Most of the market competitors are moving over to tiered payment schemes;
- A tiered scheme incentivises foster carers training and skills and therefore enables higher quality placements;
- Application of transparent criteria for progression through the tiers is likely to be welcomed by foster carers;
- Yearly inflationary increases could be determined by the Council.

18. The disadvantages of this option are:

- This is a new payments scheme and a significant change to practice at a time when foster carers and staff are still embedding new legislation and requirements;
- As a new annual consultation is required, the scheme should be altered in the light of this consultation and therefore, delegations will be needed to avoid the policy being reset every year;
- The ongoing operation of the scheme is more resource intensive in signing off carers' progression through the tiers.

19. The amounts paid for Adoption Order, Special Guardianship Order and Residence Order Allowances will be affected by this policy, as currently these are based on the basic rate of fostering allowance (subject to means test in most cases). There is scope in the future to change this if necessary but no recommendation to do so is being made, as there is no requirement to link these allowances to the rates paid for fostering allowance; the local authority can determine and publish a different rate of allowances if it wishes.

20. Additional allowances for exceptional activities are also paid as shown below:

<b>Age</b>	<b>Weekly Standard Fostering Allowance</b>	<b>Weekly Disability Fostering Allowance</b>	<b>One-off Clothing Allowance</b>	<b>Holiday Allowance</b>	<b>Birthday and Festival Allowance</b>	<b>Fostering Network Rates</b>
<b>0-4</b>	137.62	156.38	171.00	275.24	137.62	131.47
<b>5-10</b>	156.73	178.08	227.50	313.46	156.73	142.49
<b>11-15</b>	195.09	221.69	227.50	390.18	195.09	177.38
<b>16+</b>	237.30	269.64	446.00	474.60	237.30	226.74

15 carers are paid a weekly fee in addition to the allowance as they are part of schemes for teenagers with complex needs, or providing short breaks to children with disabilities. These fees are fully funded by a separate budget and carers are considered to be self-employed for tax purposes.

21. Adoption allowances paid for Adoption Orders, Special Guardianship Orders and Residence Orders will be paid on the same rate as the fostering allowance. It is suggested that these payments are based on the same rate, i.e. fostering allowance plus 10%. The difference is that these are means tested according to the Department for Education guidance.

### **Conclusion and Next Steps**

22. The Executive is recommended to:
  1. agree the payment of the Fostering Network rate plus 10% be applied retrospectively to April 2011;
  2. agree that the Fostering Network rate plus 10% be adopted by the Council for the payment of fees to foster parents, subject to means testing for adoption allowances, and this approach remain in operation until such a time as the majority of foster parents indicate in the annual consultation that it should be changed;
  3. agree that minor amendments to the scheme be approved by the Deputy Chief Executive/Director of Children's Services in consultation with the Executive Member for Children's Services, and that any such changes be within the annually adjusted budget provision;
  4. agree that any minor amendments to the scheme also be subject to the comments of the Corporate Parenting Panel on the outcome of the annual consultation.

**Appendices:** Appendix A

**Background Papers:** None

**Location of Papers:** N/A