

Meeting: Executive

Date: 05 November 2013

Subject: Fees and Allowances for Foster Carers

Report of: Cllr Mark Versallion, Executive Member for Children's Services

Summary: The report outlines the outcome of a review of the foster care allowance scheme and recommends an increase in the remuneration for Central Bedfordshire Council foster carers and address the high use of independent foster agency placements.

Advising Officer: Edwina Grant, Deputy Chief Executive/ Director of Children's Services

Contact Officer: Gerard Jones, Assistant Director 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:

1. Central Bedfordshire Council's Strategic Plan 2012-16 Priority 3 – Promote health and wellbeing and protecting the vulnerable.

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

Providing a sufficient number and range of foster placements is a key statutory responsibility to Looked After Children.

Financial:

2. Spend in 2012/13 on in-house fostering placement allowances was £973,855. Spend in 2013/14 forecast as at September 2013 is projected to be £1,014,365.

Spend in 2012/13 on Independent fostering agency placements was £3,307,846. Spend in 2013/14 forecast as at September 2013 Looked After Children numbers is projected to be £4,192,308.

The proposals are costed below in the report.

Legal:

3. 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.
4. The Fostering Service (England) Regulations 2011, associated Statutory Guidance and National Minimum Standards outlines 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:

5. Regulatory Risks: The provision of sufficient and suitable foster placements is a key activity monitored by Ofsted during inspection, forming part of their judgement about services for Looked After Children.
6. Child Protection Risks: Failure to recruit or retain sufficient foster carers would be a child protection risk.
7. Reputational Risk: Recruitment of foster carers is a competitive market activity and has a high media profile.
8. Financial Risk: Looked After Children placements is a demand led activity. Independent Foster Agency placements are high cost, and variations in the proportion of independent versus in-house placements can have significant and immediate impact on forecast spend.

Staffing (including Trades Unions):

9. There are no staffing implications from these proposals.

Equalities/Human Rights:

10. 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 shows the need to pay at least the basic recommended level of allowances meets the requirements of the assessment.

Community Safety:

11. There are no implications from these proposals.

Sustainability:

12. There are no implications from these proposals.

Overview and Scrutiny Comments:

13. Children's Services Overview and Scrutiny Committee will be advised of this approach by letter requesting comments.

RECOMMENDATION:

The Executive is recommended to agree the proposals for changing the scheme for fostering allowances to implement fees and allowances as set out in this report and that these proposals are considered as part of the draft revenue budget due to be approved by Council on 28 February 2014.

Reason for Recommendation:	<i>To manage the sufficiency and affordability of placements for looked after children.</i>
----------------------------	---

Background

14. The Council has a duty to provide a range of types of placements for looked after children which meet their needs. In most cases a child's needs should be met by living in a family setting, either with someone known to them (known as a friends and family or connected person foster placement) or with foster carers.
15. The Council recruits its own foster carers, known as 'in-house' foster carers and also has the legal responsibility for assessing and approving friends and family foster carers. In order to meet the demand for foster placements and, in some cases, to meet specific needs of children, foster placements are also bought from Independent Fostering Agencies (IFA). Central Bedfordshire Council, in conjunction with Luton Borough Council and Bedford Borough Council has a Framework Agreement with 19 such agencies to offer suitable and sufficient IFA placements within a tight cost and quality framework.
16. The unit cost models for in-house placements and IFA placements are different. In-house unit costs comprise of an age-related allowance paid to the foster carer to cover the cost of looking after the child, plus the overheads of running the service. There are economies of scale in relation to service overheads up to the point where further investment is needed to increase capacity. IFA placements are costed per child and this is a total inclusive amount paid to the agency for each placement.
17. In-house placements average at £397 per week, comprising £197 allowances to carers and £200 service overheads, (£20,644 per annum). The rate of allowances is set at 110% of the Fostering Network recommended rate. The in-house costs take account of the revised overhead costs when the current shared service disaggregates from Bedford Borough Council.
18. The current average cost of an IFA placement within the Framework Agreement is £724 per week. (£37,648 per annum).

Demand for Placements

19. The number of looked after children in Central Bedfordshire Council has steadily risen at a rate of approximately 18% each year since 2009. The rate of increase appears to be accelerating, with 16% more children accommodated in 2013/14 in the first 6 months of this year. Indicators (such as numbers of children subject to Child Protection Plans, and statistical neighbour data) are that the number of looked after children will continue to rise in the foreseeable future.
20. The age profile of the Central Bedfordshire Council looked after population is changing, with a greater proportion of pre-school age children, and those under 10 years making up the cohort. This has implications for the fostering service in that carers are needed who can be available at home to meet the needs of this age group of children.
21. There are mechanisms for reviewing the thresholds for assessing which children should be in care and these have recently been reviewed by an independent senior practitioner and have been deemed to be correct.
22. Information from our annual data return to Ofsted shows that, at 74%, we have a similar proportion of looked after children placed in foster care to our statistical neighbours (75%). This demonstrates that we are making decisions about our use of fostering placements (as opposed to other placement options) in a consistent way and using similar criteria as other councils. The same data return showed that 20% more Central Bedfordshire looked after children are placed in private provision (50%) than our statistical neighbours (30%).
23. Whilst there are valid reasons why we would want to have a mixed economy of care provision, private provision is universally more expensive than in-house provision, and the Council has less control over maintaining consistent quality. It is sensible to increase the proportion of in-house fostering provision and reduce the use of IFA placements to at least in-line with statistical neighbours.

The Council's Position in the Local Market

24. Recruitment of foster carers is a highly competitive market. It is estimated by the Fostering Network that there is a national shortage of 9,000 foster carers. The in-house service is competing against neighbouring Councils, particularly Luton, Milton Keynes and Hertfordshire, and a raft of Independent Fostering Agencies who are active in our geographical area, including the 19 agencies on the Framework Agreement.
25. The in-house service commissioned an independent review of recruitment and retention in November 2012 – January 2013. This focused on:
 - the recruitment and retention financial package the Council offers prospective foster carers compared to competitors;
 - whether the recruitment and marketing activity was successful in attracting enquiries about fostering; and
 - factors impacting on recruitment and retention, including a survey of those who had not taken their fostering enquiry with Central Bedfordshire Council forward.

26. The review found that Central Bedfordshire Council is delivering well on its recruitment strategy, with good quality advertisements, recruitment events, website and internet presence generating a high number of enquiries per year. The processes for recruiting carers were generally transparent and efficient and customer satisfaction was high. The support package to approved foster carers comprising a range of training opportunities, support groups, supervision from a dedicated and consistent social worker and an out of hours helpline was of good quality and better than some competitors. This was a view endorsed by Ofsted in the report of their inspection of the fostering service in December 2012 which said "There is a good focus on recruitment, both general and specifically targeted, with regular advertising campaigns and circulation of literature. Recruitment campaigns are not as successful as the fostering service would like, in terms of increasing numbers."
27. The review did identify that the financial support package offered was falling behind that offered by competitors. Payments made to foster carers in Central Bedfordshire Council are related to the age of the child and range from £150.92 to £260.12 per week:

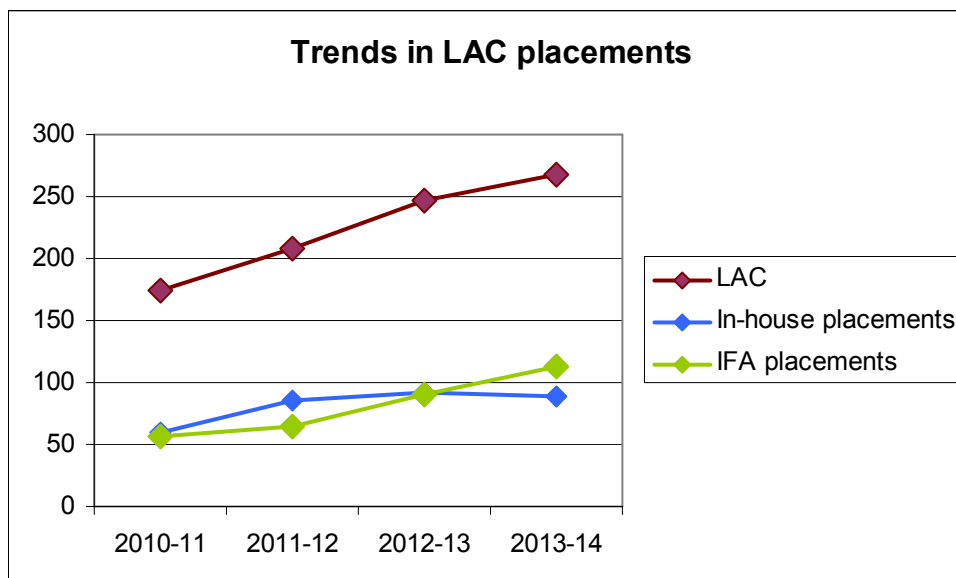
STANDARD FOSTERING ALLOWANCE			
AGE	Daily	1 WEEK	2 WEEK
0 - 4	£21.56	£150.92	£301.84
5 - 10	£24.55	£171.85	£343.70
11 - 15	£30.55	£213.85	£427.70
16+	£37.16	£260.12	£520.24

NB: an additional £100 per week is paid if a child is 13 years old or older at the time of placement (not applicable to Youth Carers)

28. All the Council's immediate local authority neighbours now pay a 'fee' or 'skills' payment to foster carers in addition to the fostering allowance covering the expenditure on the child. This fee is a reward for the carer, a contribution to household finances and in many cases is linked to the carer's level of experience. Examples are Milton Keynes who implemented a more generous fee payment scheme in 2011, paying a total package of between £278 to £378 per week and Hertfordshire who pay between £237 and £413 per week. Luton Borough Council is implementing a fee scheme in August 2013 and it is likely that this may attract carers who may otherwise have applied to Central Bedfordshire Council.
29. Independent Fostering Agencies tend to have a more simple payments scheme and make one payment to carers, from which they are expected to spend between two-thirds and three-quarters on costs for the child. Fees paid locally by IFAs range from £366 to £550 per week.

The Case for Change

30. There is a significant risk from doing nothing. Despite year on year increases in new carers and good levels of retention, availability of in-house placements seems to have reached a plateau and placements for newly looked after children increasingly have to be sought from IFA provision.



Spend in 2012/13 on Independent Fostering Agency placements was £3,307 846. Spend in 2013/14 is projected to be £4,192,308 (against a budget of £3,130,000), assuming that numbers of placements stays the same. This is an unsafe assumption, given that numbers of looked after children are likely to increase for the remainder of this year by at least another 25 and some, if not most, of these children will be placed in IFA .

31. A performance focus on validating trend data is constantly on going. One issue is that due to recent high profile safeguarding concerns nationally, statistical neighbours, alongside ourselves, are showing unprecedented numbers of referrals so historical trend data may not be as relevant as previously.
32. If the Council makes changes to the fee and allowance structure it will be in a better position to:
- Be more competitive with neighbours and attract more carers.
 - Prevent children going to IFA placements and bring those in IFAs back to in-house placements in a planned way.
 - Incentivise foster carers to complete mandatory training and enable them to feel the councils is treating them as paid professional carers.
 - Prevent loss of existing carers either to competitors or because they can no longer afford to foster.
 - Encourage foster carers who would otherwise need to work to be more available for fostering at no financial detriment to their household.
 - Have carers more available to meet the needs of younger children, and potentially make savings on extra costs such as transport to school.

33. Foster carers were consulted in 2011 about their allowances. At that time, the majority (64%) wanted the payment scheme to remain the same. However, over the last year existing foster carers have begun to tell the service that it needs to do something differently. At support groups and the most recent Foster Carers Forum and disaggregation focus group, foster carers said that the Council needed to demonstrate the value placed in foster carers and acknowledge their financial pressures. They said that they needed practical incentives by way of financial support to continue fostering.

Training and Skills

34. At the same time as the Allowances are implemented an approach of skill development will be undertaken.

Proposals including costs

35. It is proposed that the Council increases the financial offer made to in-house foster carers by replacing the current fostering allowance scheme with an allowance plus skills fee scheme.
36. The aims of the proposal would be:
- a. to offer a more market-competitive allowance/fee package to prospective new carers in order to increase recruitment;
 - b. to offer a financial support package to existing carers that enables them to remain fostering and incentivises their completion of training;
 - c. to increase the provision of in-house placements and reduce the use of IFA placements by 25 over two years; and
 - d. by providing a greater household income to enable carers to be more available for fostering tasks such as school transport, placements for younger children.
37. It is proposed that a tiered fee of £75 per week on top of the fostering allowance for the child would be paid to newly approved foster carers for their first year of caring, or until they achieve the Training Support and Development mandatory workforce development standards which is a national scheme validated for use in such circumstances. When they reach this standard, the fee would increase to £150 per week.
38. Fostering allowances are currently paid at 110% of the Fostering Network recommended rate. This would continue to cover the costs for the child, and would be the payment made to friends and family carers who would not receive the household skills rate.

39. The average cost of implementing this scheme for the existing placements are detailed below:

	Current scheme 90 placements	New Scheme 90 placements
Allowance Rate	110%	110%
Average Allowance amount per week	197	197
Fee (average)*	-	94
Service Overheads	200	200
Average unit cost per week	397	491
Total cost per week	35,730	44,190
TOTAL PER YEAR	1,857,960	2,297,880

* Assumes 22 carers receive no fee (friends and family), 23 carers receive £75 and 45 carers receive £150.

The new scheme costing an additional £440k to apply to the existing placements.

40. Each new in- house placements will cost an approximate £291 per week (£15,132 per annum), assuming the service costs are fixed and will not increase incrementally. In summary, each new in-house placement made instead of an IFA placement will save approximately £433 per week, including the investment in the in-house scheme.

If 15 additional carers can be recruited as a result of the new scheme this would provide a saving of £564,720 on the Independent Fostering Agency budget.

Benefits and Risks

42. The benefits of implementing this scheme are that:
- the Council will be more competitive and will stand the best chance of recruiting new carers;
 - the Council will demonstrate it is listening to existing foster carers and will stand the best chance of retaining existing carers;
 - something different to maintaining the status quo will have been implemented to ensure the service does not fail to recruit enough carers to maintain a stand-still position;
 - there is potential to significantly reduce spend on IFA provision and to have a number and proportion of independent placements more in line with statistical neighbours;
 - in-house placements will still remain substantially cheaper than IFA placements; and
 - the reputation of the Council as the fostering agency of choice in the competitive market is likely to be enhanced.
43. The risks of implementing the scheme are:
- there are no guarantees that implementing the scheme will result in the increase of in-house carers that the Council needs and will bring a financial pressure; and
 - the initial financial investment needed is significant, although this can be recouped within one financial year;

Conclusion and Next Steps

44. The Executive is recommended to agree the proposals for changing the scheme for fostering allowances to implement fees and allowances as set out in this report and that these proposals are considered as part of the draft revenue budget due to be approved by Council on 28 February 2014.

Appendices: None

Background Papers: None

Location of papers: Not Applicable