

Foster Carers Loan Scheme

1. Introduction

1.1. Background

As part of Children's Service Transformation Programme at Central Bedfordshire Council (CBC) the Fostering Service have the following objectives:

- Increase the number of CBC foster carers vs Independent Foster Agency IFA's
- Increase CBC's ability to place looked after children and young people with CBC foster carers, particularly within the Central Bedfordshire area. This approach is based on the requirement to obtain best value and is considered to be a better use of resources rather than looked after children and young people being placed in Independent Foster Agency (IFA) carers and Independent Residential Care Homes, unless the individual's needs indicate otherwise.

One way to achieve the project objectives stated above is to expand the accommodation to the homes of qualifying foster carers thus increasing the number of placements that are offered by any fostering household.

Qualifying carers will sign up to a legally binding arrangement whereby CBC will provide an interest-free loan to a maximum amount, for the construction of an extension, adaptation or loft conversion (building works), providing one or more bedrooms and associated living space.

It is important that a coherent programme of delivery underpinned by a clear and consistently applied scheme is developed. This document will define the scheme for the provision of an interest-free loan to foster carers, who wish to extend or convert their homes in order to offer wider placements to CBC children in care.

2. Scheme

2.1. Framework

To promote and support enduring solutions for children in care, CBC are able to provide an interest-free loan to support the costs of building works to foster carers homes. This service will apply where the work will enable the child(ren) to have a foster placement which meets the requirements of their care plan.

2.2. Process overview

Where a foster carer applies for building works that will help them to continue to care for, or offer increased/wider placements for CBC children, an initial scoping exercise will be undertaken by the Supervising Social Worker to ensure that they meet the eligibility criteria. This will include ensuring the foster carer has the correct approval to care for the proposed number/ages of children etc. A proposal will then need to be submitted by the foster carer to the Fostering Team Manager. The Fostering Manager will review the proposal and write a short report indicating whether they agree in principle or reject the proposal and, if agreed in principle, will submit the report to the Resource Panel. Any agreement in principle by the FST Manager is not binding on the Council and should not be relied upon by the foster carer. The Resource Panel will make the final decision and will need to establish if the foster carer meets

the criteria set out in paragraph 2.4 The final decision on the application including how much funding will be offered to the foster carer will be made by the Resource Panel ensuring that it does not exceed the following costs (excluding VAT):

Type of Accommodation Charge	Estimated cost
1 bed extension/adaptation	£30,000
2 bed extension/adaptation	£40,000
1 bed loft/garage extension/adaptation	£25,000
2 bed loft/garage conversion/adaptation	£30,000

The proposal for funding for works to properties under this scheme is to include the following

- Written request from the foster carer and a report from the Fostering Social Worker/Manager (Appendix 1). The report should provide an overview of the reasons for the application, how the applicant meets the criteria and plans for the proposed work to be carried out
- The plans containing the proposed work will need to include all major items.
- The foster carer will need to provide three work quotations from experienced builders (at this stage the plans can be drawn up by a builder as a guide as to what is possible)

As soon as possible, the Council's legal service should be asked to check the title to the property to establish whether it is freehold or leasehold/shared ownership and also for: charges, restrictions, covenants or any entries that would prevent or hinder the Council placing a charge to secure the loan. It is in the interests of both the applicant and the Council to avoid wasting time and resources if there are serious legal barriers to such a proposal. A valuation of the property should also be undertaken to ascertain whether there is sufficient equity to repay the loan if ever needed.

This quotation aspect will be undertaken by Resources Team ideally needs to be approved by Assets to ensure the building Regulations are adhered to. If they agree then the Resource Panel approves the building works proposal and agrees the funding amount to be given, the foster carer will be notified and can commission the builder for the building works. The funding will not be released until the contract has been signed and returned by the foster carer to CBC and all required consents have been obtained, including, but not limited to, planning, landlord, shared owner, mortgagee. Once the contract is signed and returned, the Council's Resource and Placement Team will be responsible for ensuring that the funding amount is paid to the contracted builder – as staged payments – as and when work is completed.

The funding amount will depend on the work being proposed as stated in the lowest compliant quotation that ensures value for money and has a proven track record.

Repayment of the funding loan is to be made via a deduction from the foster carer fees payable by the Council to the foster carer over an agreed period of time to be stated

in the contract to be no longer than an average of 5 years unless otherwise agreed. The deduction will be made automatically, from the foster carers fee. For the avoidance of doubt no deductions will be made from the fostering allowance itself as that money is provided to pay for the cost of caring for the child in placement. Repayments and timescales will be agreed in advance of loan payment, all of which will be clearly detailed within the loan contract that will be drawn up between the foster carer and CBC.

The foster carers will be expected to begin building works at the earliest opportunity. If after 90 days no building work or planning has begun, or no plans have been made for building works to start, then agreement for the funding will be withdrawn. No funding will be released until the commencement of building work.

A legal charge on the foster carers' property must be in place before any payment is made to the builder.

If the works are abandoned by the builders, then the foster carer will be given 90 days to source an alternative builder. The foster carer will need to go through the process again of collecting three quotes and informing the Fostering Manager before a final decision is made on a builder.

Foster carers that apply for and are granted funding for building works will be expected to provide their services as a CBC foster carer for a period of no less than 5 years. If a foster carer is de-registered or resigns during this time, full re-payment of the loan amounts outstanding will be required within 6 months of de-registration/ resignation. **The outstanding amount will accrue interest at the Bank of England bank base rate in force at the time and will be added to the loan which must be repaid in full within 6 months. If the loan is not repaid within 6 months, then interest will continue to accrue at 1% above the Bank of England base rate until the loan is repaid in full. The Council will consider enforcing its charge by way of an order for sale in the event the loan is not repaid within 12 months.**

As above, a charge will be placed upon the foster carer's property to secure the loan monies. The foster carer's own legal costs for this process will be borne by the foster carer. The Council's legal costs will be added to the loan amount, (legal costs will also be applied when the charge is taken off the property). If the foster carer moves to a new house CBC will recover the loan amount in full, from the sale of the property.

Contracts will be drawn up by legal services to include the loan agreement to cover de-registration, resignation or carers moving to a new house.

If the foster carer is successful in their application for funding it will be their responsibility to ensure the following:

- Awareness of any restrictive covenants in the deeds to the property
- Awareness of any known planning issues
- The contracting of an experienced builder and architect services surveyor. The builder and architect must be a member of their recognised trade/professional body and approved by the Council.
- Seeking building control and other approvals
- Mortgagee approval and relevant consents and associated costs
- Joint owners approval and consents (together with relevant legal advice)
- The obtaining of 3 quotes for the required building works.

[Note - If there is a joint-owner both must deal with the legal process as both become a party to the charge and the obligations and responsibilities for repayment.]

2.3 Proposal

The proposal from the foster carer and Fostering Manager will need to demonstrate that the placement falls within one of the priority groups as defined in paragraph 2.5 or that the placement is a long-term placement.

2.4 Criteria

The eligibility for an interest free loan for building works under this Scheme only applies to home owners and in most cases freehold owners only. In order for the foster carer to be eligible for the funding they must also meet the following criteria:

- The foster carer must have provided at least 12 months of foster care for CBC's children and young people and had a positive annual review
 - There has been no standard of care issues within the last 12 months
 - The foster carer is willing to take "hard to place" children (e.g. teenagers, sibling groups, those with challenging behaviours, or complex disability needs)
- Or
- The works will enable a child to have a long term/permanent placement with that family which could not otherwise be possible.

2.4.1 Loans under this Scheme will not be available for those not meeting the criteria set out above

2.5 Priority

In order to prioritise funding, the following priorities apply:

- **Priority 1** - Foster carers who can offer placements to:
 - o Sibling groups
 - o Children aged 12 years old and above
 - o Permanent placements
- **Priority 2** - Foster carers who can offer placements to:
 - o 5 - 9-year olds
- **Priority 3** - Foster carers who can offer placements to:
 - o Under 5-year olds

Applications will be considered in time order (a first come basis) then in the priority order above (i.e. all applications being considered at the same time will be ranked according to priority and those in Priority 1 will be considered first etc). Once the allocation is used there will be no further commitments during the year subject to additional funding being provided.

2.6. Information required in support of an application

The proposal must include the following information:

- Legal ownership of the premises via up to date Land Registry documentation together with the consent of any mortgagee or other chargeholder, and any consent form Landlords/shared equity owners etc to be obtained and supplied by the applicant, or their solicitor or by the Council's legal services at the applicant's cost.
- An outline of works to be conducted is required. This needs to cover all known major items as it will be used for setting the budget. A copy of the plans that have been drawn up by a builder will also need to be included.
- Confirmation that once the building works are complete the property will conform to the appropriate Building Regulations, health and safety legislation and all other appropriate legislation
- Evidence that consultation with building control has taken place together with any outcome
- Quotation of costs -three quotations from approved builders is required.
- Financial evidence that the foster carer is able to make repayments from an additional source in the event that they do not have a foster placement for some time through no fault of their own and remain available and willing to take placements (*see paragraphs 2.3.8.1 and 2.3.8.2 for more information*). This evidence will need to include:
 - o Last 3 months bank statements
 - o List of incomings and outgoings
 - o Proof of carer income i.e. payslips
 - o Recent credit check (Credit checks can be conducted online free of charge, recommended site <https://www.noddle.co.uk/>)

2.7 Approval process

The Fostering Manager, where necessary, will consult with finance, building control, asset and other departments in relation to risk and other factors to form a decision as to the appropriateness of the proposal and implementation. Legal Services should be consulted at an early stage to ensure the property is suitable for a legal charge. The proposal will then be taken to the Resource Panel for approval of funding. If funding is agreed, the Fostering Manager will write to the foster carer to advise of the decision within 14 days.

1. Whether the proposal is agreed or not
2. If agreed, the agreed loan amount, when available and repayment requirements and other information that is required
3. If applicable, reasons for agreeing a lower level of loan than applied for
4. If not agreed, reasons for refusal of the loan

To ensure consistency of decision making and loans, foster carers should submit all requests and proposals for loans for building works through the Fostering Manager using the application template in the Appendix to this Scheme. If agreed in principle



the Fostering Manager will then submit to the Resource Panel for review and a final decision as detailed within this Scheme.

2.8. Consideration will be taken with all relevant stakeholders within the Council once the Scheme has been approved.

2.9 Contracts

A contract will be provided by the Council’s solicitors between the Council and the foster carer and any other owners of the property in order to regulate the funding arrangement, stipulate what the funding is being provided for, the level of funding and the repayment arrangements.

Foster carers that apply for and are granted funding for building works will be expected to provide their services as a Central Bedfordshire Council foster carer for a period of no less than 5 years. If a foster carer chooses to resign, or their approval terminated during the 5-year period, then a full repayment of outstanding amounts under the loan will be required within 6 months of their resignation, de-registration or termination. The outstanding amount will accrue interest at the Bank of England current bank base rate in force at the time and will be added to the loan. If the loan is not repaid within 6 months, then interest will continue to accrue at 1% above the Bank of England base rate until the loan is repaid in full. The Council will consider enforcing its charge by way of an order for sale in the event the loan is not repaid within 12 months.

2.10 If a foster carer refuses 3 consecutive placements without an acceptable explanation as to why, then full repayment of outstanding amounts under the loan will be required within 6 months of the 3rd refusal with interest accruing at the Bank of England current bank base rate in force at the time. If the loan is not repaid within 6 months of the 3rd refusal, then interest will continue to accrue at 1% above the Bank of England base rate until the loan is repaid in full. The Council will consider enforcing its charge by way of an order for sale in the event the loan is not repaid within 12 months.

Repayments will be calculated in relation to the loan amount and the agreed repayment term. Please see below an example of sliding scale repayments:

Monthly Repayments
Amount of Loan
Repayment Period (Months)

Amount of Loan	Repayment Period (Months)	Amount Payable (Monthly)
£25,000	12	£2,084
	24	£1,042
	36	£695
	48	£521
	60	£417

£30,000	12	£2,500
	24	£1,250
	36	£834
	48	£625
	60	£500
The above is based on various loan amounts and payments over 1 to 5 years. In some circumstances an adjustment to the repayment period will be considered.		

2.11 How will repayments be made

Repayments will be made by deducting from the foster carers fee which is £100 per week – Tier 1 or £175 per week - Tier 2. If the foster carer is without a foster placement, which could be for a number of weeks or months, they must ensure that they have sufficient income available to meet the monthly repayments of the loan in these circumstances. Repayments should be paid to CBC by direct debit.

In addition, they will be advised to consider taking out either short-term or long-term income protection in the event that they are unable to make repayments for any reason i.e. accident or sickness. Taking out such protection may be helpful for someone who wants to cover their monthly income, so they do not fall behind with monthly outgoings should they be unable to work. They will be advised to seek independent advice if they are unsure.

2.12 What happens if a foster carer cannot afford to make any repayments?

If a foster carer has missed 2 or more monthly repayments, then the Accounts Receivable team will consider taking the appropriate action to reclaim the outstanding balance of the loan in full. This may include the commencement of legal proceedings for repayment of the loan amount outstanding or for an order for sale under the legal charge. Such action will incur further costs and interest which will be payable by the foster carer.

Any concerns about the building works or the loan (including repayment) should be raised with the supervising social worker as soon as possible in order to discuss the situation and avoid unnecessary action. In exceptional circumstances such as illness or redundancy a revised payment plan or different foster care placements may be considered.

2.13 Legal considerations

The legal charge on the Property will need to be executed by all joint owners and will require the consent of any lender/mortgagee or charge holder. The Applicant would be responsible for obtaining the consent of any chargeholder.

Where a property is already mortgaged an assessment would need to be made of whether there is sufficient equity remaining in the property for security for the Council's charge. This would be by the Applicant obtaining a statement of the amount outstanding on existing mortgages and a reliable valuation of the property.

Only freehold properties would be eligible. Leasehold properties and shared ownership properties are problematic. Structural changes would need consent of the

freeholder and extensions would be likely to go beyond the existing demise. Even if the landlord/shared owner agreed to the works they would also benefit from the works but would be unlikely to agree to encumber their interest with the Council's charge.

APPENDICES:

Appendix A1: Foster Carer Funding for Building Works Application Form

Appendix A2: Examples of Need