



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

21 September 2023

Report of the Executive Director - Children's Services

Fostering Allowances Review

(Cabinet Member for Children and Families)

1. Divisions Affected

1.1 County-wide

2. Key Decision

2.1 This is a key decision because it is likely to:

- a) Result in the Council incurring significant expenditure regarding the budget for the service or function concerned. The total annual cost of the proposed changes to fostering allowances is expected to be £1,405,000;
- b) Be significant in terms of its effect on the communities living or working in an area comprising of two or more electoral wards in the County.

3. Purpose

3.1 The report seeks approval for a reviewed financial framework for Derbyshire foster carers. The basic fostering allowance remains unchanged, proposals are based upon the other fees and allowances resulting from experience, expectation and training, as well as obligations for dealing with a looked after child or young person. The changes to the allowance's framework will deliver the following:

- 3.1.1 In a competitive and challenging national market, align with neighbouring authorities, supporting the developing regional fostering collaboration across D2N2¹.
- 3.1.2 Ensure Derbyshire is competitive in attracting new foster carers and retaining current foster carers.
- 3.1.3 Respond to recent consultation and engagement with foster carers to delivering a more transparent package.

4. Information and Analysis

- 4.1 The Fostering Service aims to ensure that Derbyshire’s children in care experience high-quality care where they are supported locally to be safe, healthy, and happy so that they can be the best they can be and achieve the best possible outcomes. Wherever possible, children are placed locally within a nurturing family environment with skilled and experienced foster carers.
- 4.2 The number of available fostering households has reduced significantly both nationally and locally due to reported challenges, including: the pandemic, the cost-of-living crisis, financial instability of households, young adults remaining in the family home, and a more competitive private market driven by Independent Fostering Agencies (IFA’s). Between 2018-2022, Derbyshire experienced a 32% reduction in the number of fostering households 359 to 270, with the number of new registrations in recent years reducing from 65 to 9. Over the same period the number of children in care has increased by 38% from 719 to 995.
- 4.3 Childrens Services is experiencing budget pressures as a result of rising costs of external placements and a shortage of available fostering placements leading to more children being placed in higher cost residential provision. Table 1 illustrates the cost differentials and potential cost reduction if more children were placed with in house foster care.

Table 1 Comparing average cost residential options to Internal Fostering

Placement Type	Average Weekly Cost	Average Annual Cost	Potential Saving/Cost Avoidance
Internal Fostering – allowances	£269*	£14,000*	* Excludes costs of fostering service

¹ Collective of Derbyshire County Council, Derby City Council, Nottingham City Council and Nottinghamshire County Council.

payable to foster carers			The incremental costs of internal fostering placements are significantly lower than any other placements
IFA	£942	£49,000	Every placement step down opportunity would create an average annual saving of £35,000
Internal Residential	£3,854	£200,393	Every placement step down opportunity would free up an in-house residential place and potentially avoid an external residential place
External Residential	£5,865	£305,000	Every placement step down opportunity would create an average annual saving of £291,000

Fostering plays a critical role in reducing placement spend across Children’s Services. The Children Services plan for 2023-2025 identifies the need to improve recruitment, utilisation, and retention of foster carers. Derbyshire has a commitment to the Fostering Development Programme which has interdependencies with other key Children’s Services strategies, such as the Children’s Services Financial Strategy as well as the overarching Children’s Strategy.

4.4 Recent consultation with Derbyshire’s own foster carers identified a lack of transparency and potential risks within the current financial framework. Variation in foster carer fees and allowances, when compared to our regional authorities and IFA’s, creates another disadvantage for Derbyshire when attracting and retaining foster carers. National reports, from Foster Talk identify this as a result of the cost-of-living crisis “43% of foster carers may leave fostering in the next two years without further financial support.”

Local authorities, such as Norfolk County Council, report that following an increase in their financial framework, there was a significant improvement in retaining foster carers. Thus, demonstrating an improvement in stability of fostering placements and therefore improving outcomes for children.

4.5 In April 2023, Nottinghamshire County Council aligned several of their key allowances, including aligning their Fostering Skills Allowance with Derby City Council. This was, in part, to enable greater collaboration across the D2N2. Nottinghamshire has received positive feedback from existing carers and not had any carers leave due to fees related concerns since.

- 4.6 The full financial package review conducted for this proposal has included our D2N2 partners as well as other neighbouring authorities.
- 4.7 The framework proposed in this report simplifies financial formulation and calculation, therefore improving transparency and the rationale for each package element, whilst reflecting D2N2 frameworks to facilitate the developing regional collaboration.
- 4.8 Within the proposed framework, previous legacy/historical frameworks (wherein financial packages were complex and found to be confusing by foster carers) have been aligned with a simpler rationale, which more accurately reflects the cost of raising a child.
- 4.9 New guidance materials will also be developed to improve the transparency of the framework.
- 4.10 The additional funding required will be able to demonstrate cost-avoidance by retaining current foster carers, increasing the number of foster carers recruited and increasing utilisation of current fostering households.
- 4.11 Monitoring the impact of the recommendation will be carried out by service managers and will be monitored regularly and closely.
- 4.12 Current opportunities for cost-avoidance/saving have identified 26 potential step down cases from residential settings. Of this 26, 4 are currently in internal residential placements and 22 are currently in external residential placements.
- 4.13 An initial small-scale analysis identified 17 foster carers that, pending implementation of the proposed framework, would be able to foster more children than they currently do. This initial cohort alone would create capacity for a further 21 new foster care placements. Upon implementation, a full survey of all foster carers will be completed to identify new placement development opportunities which will be included in any future reporting.

The additional costs of the proposed changes to fostering allowances are estimated at £1,405,000 per annum. This cost could be offset if just 5 children could be placed with internal foster carers, rather than in an external residential placement.

5. Consultation

- 5.1 Five rounds of consultation were completed during 2022 and 2023, foster carers in Derbyshire identified financial package as requiring review, alongside the additional financial pressure due to inflation and the cost-of-living crisis (summary Appendix 2). In March 2023, there were 16 fostering households that had entered into 'Support to Stay' conversations with the fostering service, citing fees and allowances as a key factor in considering leaving the service.
- 5.2 From the Fostering Annual Survey in March 2023, all 102 respondents referenced funding, with 55% indicating that the current package does not cover the costs incurred to be a foster carer.
- 5.3 Feedback from all consultations indicated the need for a more transparent framework.
- 5.4 Feedback also highlighted the impact of the cost-of-living crisis, regarding utilities and food, demonstrating that the current financial package creates a challenging set of circumstances for foster carers. During 2022 8 fostering households cited 'fees and allowances' during exit interviews as a key reason for their leaving the service. Also during 2022 24 potential new foster carers cited 'fees and allowances' as insufficient for them to foster when withdrawing their application.
- 5.5 Currently, neighbouring authorities and independent fostering agencies both have a competitive advantage with comparatively higher package and more transparent frameworks, this proposal would reduce the advantage that neighbouring authorities and IFAs have and encourage improved foster carer recruitment and retention in Derbyshire.
- 5.6 Feedback from consultations foster carers identified that they do not feel valued, owing in part to the current framework, and therefore impacting our ability to retain foster carers.

6. Alternative Options Considered

- 6.1 Do nothing.
This could result in Derbyshire not being able to respond to known challenges and losing even more foster carers. This will impact dramatically upon our placement sufficiency strategy and early intervention strategy. Further reducing the number of foster carers in Derbyshire will result in more children in care being placed in more expensive residential options.
- 6.2 Implement the proposal in full.

Derbyshire foster carer service will then be in a more competitive position, aligning with neighbouring authorities, supporting the developing regional fostering collaboration across the D2N2 collective. Ensure Derbyshire is competitive in attracting new foster carers, retaining current foster carers and attracting back foster carers who previously transferred to an Independent Fostering Agency (IFA). Respond to recent consultation and engagement with foster carers, to deliver a more transparent package. Implement the proposed new framework from October 2023. Budget requirement of £702,500 for 2023/2024, on-going from 2024/2025 annual budget increase of £1,405,000.

- 6.3 Implement at a later stage: from April 2024. Implement the proposed new framework from next financial year 2024/2025 will require an annual budget increase of £1,405,000. Potential review of rates will be required in February 2024, as neighbouring authorities increase their rates in line with national minimum standards.

7. Implications

- 7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

8. Background Papers

- 8.1 Communication plan to support the implementation of the new framework.

9. Appendices

- 9.1 Appendix 1 – Implications
9.2 Appendix 2 – Consultation Overview
9.3 Appendix 3 – Framework guidance comparison

10. Recommendation(s)

That Cabinet:

- a) Cabinet approves the implementation of the new framework in October 2023.

11. Reasons for Recommendation(s)

- 11.1 The new framework of fees and allowances for foster carers will ensure that Derbyshire is in a more competitive position to recruit, utilise and retain foster carers in Derbyshire for Derbyshire children in care. The new framework reflects the D2N2 partnerships and therefore ensures we can work in greater collaboration as that relationship develops. It also ensures our rates reflect a competitive market position with our regional local authorities.
- 11.2 Implementation of the framework on 2 October 2023 will be of significant impact to the work to reduce placement expenditure across Children's Services as a whole.
- 11.3 Implementation of the framework on 2 October 2023 will enable development of the appropriate process and procedures to support distribution to foster carers. It will enable the development and delivery of all necessary resources to communicate out the new framework, as identified within the communication plan, such as development and distribution of the new materials, and the training required for foster carers, staff and other key stakeholders.
- 11.4 Immediate impact upon foster carers utilisation, retention and recruitment. Including a whole service survey to identify other new placement development opportunities.

12. Is it necessary to waive the call in period?

12.1 *No*

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Appendix 1 Implications

Financial

- 1.1 When children are taken into care by the Council an appropriate placement must be found for them. The best interest of the child must be the priority; however, the cost of any placement is also a consideration. In most cases an internal Fostering placement will be both the best place for the child and provide the best value for the Authority.

- 1.2 Children Services are currently forecasting a significant overspend on placements. However, fostering is still considered to be the best value placement and so increasing spend in this area in order to strengthen the number of fostering placements available does represent better value than having to spend on the alternative placements available to the authority.
- 1.3 On average an internal fostering placement currently costs £14,000 per annum, the alternative of an agency fostering placement would be £49,000 per annum and if an agency residential placement was needed the average cost is currently £305,000 per annum. As a result, it would require just 5 children to be kept out of Agency residential placements to cover the cost of the changes set out.
- 1.4 The cost of implementing these changes from October 23 will be met this year from the existing placements budget and is one of the department's range of measures planned to minimise spend on placements both in year and in the years ahead.
- 1.5 It is anticipated a growth bid will be submitted for 2024/25 in order to establish this new level of commitment and funding to internal fostering. However this will be considered at the time in tandem with other placement pressures and savings planned.

Legal

- 2.1 Section 22G of the Children Act 1989 requires local authorities to take strategic action in respect of those children they look after and for whom it would be consistent with their welfare for them to be provided with accommodation within their local authority area. In those circumstances, section 22G requires local authorities, so far as is reasonably practicable, to ensure that there is sufficient accommodation for those children that meets their needs and is within their local authority area.

Human Resources

- 3.1 Communications with staff to develop knowledge and application of the new finance framework is identified within the communication plan.

Information Technology

- 4.1 Development of the Derbyshire website content to reflect the new framework and associated procedure such as efficient access to online claim forms.

Equalities Impact

- 5.1 Equality Impact Analysis (separate attachment) action plan identifies the requirement for a communication plan and ensure all protected groups have accessible materials to understand the new allowances framework. Consultation groups provided significant input and engagement to develop, deliver and guide the new framework.

Corporate objectives and priorities for change

- 6.1 Supports council plan elements including, provide consistent, high quality early help and safeguarding services for children and families across Derbyshire. Providing safe, stable homes for children in our care. Ensuring DCC meets its placement sufficient legal duties.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

Appendix 2 Consultation overview

1. Consultation engagement

- 1.1 Fostering modernisation focus group, between November 2022 and March 2023, included foster carers representing county-wide mainstream / disability / contract care / short break carers.
- 1.2 Fostering modernisation survey, November 2022, received 37 anonymous responses.
- 1.3 Fostering annual survey, March 2023, received 102 anonymous responses.
- 1.4 Initial Allowance focus group, March 2023, included foster carers representing county-wide mainstream / disability / contract care / short break carers.
- 1.5 Full allowance review focus group, between May 2023 and June 2023, included foster carers representing county-wide mainstream / disability / contract care / short break carers.
- 1.6 Full foster carer council engaged in fostering modernisation discussion during 2022 and held an extraordinary meeting focused on the allowance proposal June 2022, included foster carers representing county-wide mainstream / disability / contract care / short break / Reg 24 / SGO carers.

2. Consultation Summary

- 2.1 Annual Survey

Of the 24 responses to question 8 regarding allowances, the following challenges were raised:

- 4% Mileage
- 4% Baby Costs
- 21% Cost of Living
- 13% Complex Pay Structure
- 4% Long Service Bonus
- 8% Not comparable to other LAs/IFAs
- 38% Allowance too low
- 8% Foster Carers Undervalued

Of the 78 responses to question 22 regarding service improvements:

- 26% Increased financial allowance/ to receive a wage
- 13% Improved pay scale/in-line with other LAs

FMP Consultation, allowance topic areas included:

- Baby costs
- Mileage rates
- Complex pay structure
- Weekly allowance
- Skills allowance
- Retirement – pension
- Cost of living crisis
- Short Break allowances

Allowance Focus Group topic areas included:

- Council tax exemption
- Skills payment – rates and per child not household
- Baby costs
- Holiday allowance rates / eligibility criteria
- Retirement – Pension
- Support in leaving care
- Contract care rates – second child etc
- Nursery costs
- Short Break
- Annual review bonus
- Long service award

- Mileage
- Cost of a car
- Pay for coffee and chat
- Trips for children
- Free school meals
- Rising cost of gas and electric for heating
- Cost of living payment
- Introductory payment when start
- Refer a friend payment
- Pocket money appropriate rates

Appendix 3 Framework guidance comparison

See separate attachment