

North Somerset Council Decision



Decision Of: Executive Member for Children, Young People, Lifelong Learning and Skills
With Advice From: Director Children's Services
Directorate: Children's Services

Decision No: CY86 (2022/23 scheme)

Subject: Foster Carer Fees

Key Decision: Yes

Reason: The Decision will result in the Local Authority incurring expenditure of £500,000 or over.

Background:

Foster care is a highly responsive and flexible offer and forms the foundation position of meeting our children and young people's needs in a family centred way. It allows children to develop and grow up in the security of a family environment, maintaining their local links to their community.

All foster carers are paid an allowance for each child in their care to cover food, utility bills, clothing and transport dependent on the child's age, they may also receive a fee in relation to their skills and experience.

Decision:

To increase the fees and allowances paid to North Somerset in house foster carers

Reasons:

Our fostering fees and allowances for foster carers in North Somerset are no longer competitive and this is having an impact on our ability to recruit and retain foster carers to meet the needs of children in our care.

Placement Performance

As corporate parents we know that our children in care are best placed with our in house foster carers, this means that they can remain in their local communities in families who we know and can support. We also know that a home with an in house foster carer costs significantly less than a home with an independent fostering agency.

The table below shows a steady decline over the past 6 years of the number of fostering households, number of foster places available and the number of children placed with in house carers.

Year	Number of in-house fostering households	Number of places based on max children approved (excluding	Number of places available	Number of children placed as of 31 March
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	(excluding kinship) as of 31 March	kinship) as of 31 March	(excluding kinship) as of 31 March	
16/17	85	148	123	90
17/18	75	141	131	98
18/19	77	148	111	82
19/20	79	141	106	77
20/21	74	134	133	75
21/22	66	121	89	75

We need to reverse this trend and to do this we must take action to address our fees and allowances. It's vital that we retain our current cohort of foster carers as well as attracting new carers however as the fee comparisons show, we are not currently in a position to compete with neighbouring Local Authorities or IFAs, who are all recruiting and who all offer better financial rewards. The national context in relation to foster carer recruitment is challenging and if we want to improve our foster carer recruitment and retention and meet our sufficiency duties, we must improve our financial offer.

The statutory guidance [sufficiency - statutory guidance on securing sufficient accommodation for looked after children](#) clearly places a duty on the Local Authority to provide homes for children in care within the Local Authority.

Ofsted investigated how Local Authorities are meeting their sufficiency duties and published a recent report – you can see an excerpt from the conclusion highlighting the impact on our children if we don't get this right below.

'The impact of a lack of suitable accommodation on children is stark. Living in safe, caring homes with adults they trust can have a lasting impact on children's sense of belonging and self-worth. When they live in homes that do not meet their needs, including being far away from family and friends, this can lead to breakdowns and poor emotional well-being.' (Ofsted, how local authorities plan for sufficiency - appendix 3)

This report also highlights significant national challenges regarding the ageing population of foster carers. We have certainly heard anecdotal feedback from our current foster carers that young people cannot afford to foster and that only older people, who are financially stable in their own right can continue to foster.

Regional Neighbour Comparator Information

There is a significant discrepancy between the amount that foster carers receive compared to the amount that foster carers fostering for other local authorities in the region receive.

Below is an example comparison of the fee and allowance paid to a foster carer caring for 2 children, age 7 and 14, at intermediate/level 2 in neighbouring Local Authorities. A full comparator breakdown of fees and allowances is attached in Appendix 4.

Local Authority	Example weekly fee and allowance	Weekly difference in payment to foster carer
North Somerset	£547.70	
Bristol	£637.43	+£89.73
South Gloucestershire	£765	+217.30
Gloucestershire	£782.18	+£234.48
Somerset	£787.89	+£240.19
Wiltshire	£918.00	+£370.30
BANES	£940.00	+£392.30

In addition to the above, we are aware that neighbours are seeking significant investment to further increase their fees and allowances. For example, Bristol have recently put forward a proposal as part of their budget consultation to invest an additional £4.9 million over the next 2 years in foster carer recruitment and retention as well as specialist in-house foster care provision, a significant proportion of this will be spent on increasing fees and allowances.

Cost of Living Crisis

The cost-of-living crisis is having a significant impact on our foster carers, many of whom are reporting financial struggles and/or insecurity. FosterTalk, a national fostering charity carried out a large-scale survey in relation to the cost-of-living crisis and released their Cost-of-Living Report 2022 this November (appendix 1). The survey found that over 43% of foster carers may leave fostering without additional financial support. Similarly, a recent survey by WikiFoster found that half of foster carers who responded were considering leaving fostering due to the cost-of-living crisis (appendix 2). According to the ONS data for 2022, the median weekly pay for full-time employees was £640 in April 2022. This is an annual salary of £33,280 per annum. We currently pay North Somerset in house Foster Carer's who care for one child less than half the average UK annual salary, a large proportion of the payment is the allowance for the child making the payment to the carer significantly lower.

The one-off cost of living payment we made in December 2022 was positively received, however this was a short term good-will gesture and our foster carers are clear that we need to do more. We are receiving regular feedback from individual foster carers as well from the North Somerset Fostering Collective (our Foster Carer Association) that foster carers are considering moving to foster for other local authorities, independent fostering agencies or

leaving fostering altogether for financial reasons. We have heard examples of independent fostering agencies contacting our carers several times a week with offers of significant fee increases and bonuses. The Collective have researched comparisons of fees and allowances offered by other Local Authorities in the South West and are aware of the fees and allowances they could receive if they chose to foster for another Local Authority or an independent agency. They have fed back that they feel undervalued, which is not the case as they are one of our most valuable resources, and therefore we need to be able to recognise this.

In-house foster placements provide best value. The table below illustrates the cost difference between an in-house foster home, an independent foster placement (IFA) and a residential children's home. Children are placed in IFAs and sometimes in residential children's homes when there is insufficient in-house capacity.

Placement Type	Current average Annual Cost
In House foster home	£16,000
Independent Fostering Agency	£45,000
Residential Children's Home	£226,000

This clearly demonstrates that a home for a child with carers from an independent fostering agency costs the Local Authority, on average, **£29,000** per year more than a home with our in-house North Somerset carers. Many of our foster carers care for more than one child so losing one foster carer, caring for 2 children to an independent fostering agency could cost the Council an additional **£58,000** per year.

We currently have 4 children placed in residential children's homes whose care plan was for foster care, however due to sufficiency issues we were unable to find a suitable foster home to meet their needs. On average a residential children's home costs **£210,000** per year more than an in-house foster home. If we were able to find an in-house foster home for all 4 children, this would reduce our spend by **£840,000** per year. We know that as well as being more cost effective than external providers, a home with our in-house carers also often provides better outcomes for the child, helping them to remain close to their network and school and enabling us to support robustly as foster carers are supported by us directly and our children remain close.

Whilst it is unlikely that the increase in funding would directly lead to the recruitment of additional carers such that the proposal would represent a cashable investment to save proposition, it is worth noting the potential extent of the cost avoidance that would need to be achieved to make the options worthwhile.

Proposed fees and allowances

Example combinations of placement movements required to achieve saving of £514,046

	From Residential to In-house	From IFA to in-house	TOTAL
All moved from IFAs	0.0	23.4	23.4
1 Residential, rest IFAs	1.0	14.2	15.2
2 Residential, rest IFAs	2.0	5.0	7.0
All moved from residential	2.5	0.0	2.5

In consideration of all of the above, the proposal is to increase our age-related allowances and fees to bring us more in line with neighbouring local authorities. We recognise that this will be a substantial investment however, the financial risks of not taking this action are significant, with likely further reductions of in-house foster homes and increased use of IFAs and residential homes. It is also important that our foster carers feel a valued part of our team and that we have listened and responded to the concerns they have raised with us over recent months.

This information can also be used to illustrate the stark impact we will face if carers leave North Somerset further reducing our sufficiency, this will have particular impact in relation to increased use of residential placements where a small number of placements can have a significant negative impact on our spend.

Appendix 5 summaries all the various allowances and rates from 1st April 2023.

Costings

The table overleaf details the total spend on our current fees and allowances model plus a proposed options that would bring our fees and allowances more in line with other LAs.

Allowances Costings Summary					
Allowance	Placement Type	NSC Model	Glos Model plus £2.50 on Age Related	Change	
Age-Related	In House	759,864	902,299	142,435	19%
	Kinship	388,752	462,204	73,452	19%
	Special Guardianship	603,408	720,277	116,869	19%
	Adoption	162,552	202,256	39,704	24%
	Child Arrangement	16,536	20,946	4,410	27%
	Residence	53,820	64,841	11,021	20%
	Supported Lodgings	21,528	25,937	4,409	20%
Total Age Related		2,006,460	2,398,761	392,301	20%
Skills Based	In House	369,119	438,135	69,016	19%
	Kinship	122,452	122,452	0	0%
	Special Guardianship	69,825	74,067	4,242	6%
	Adoption	12,471	15,598	3,127	25%
	Child Arrangement	7,203	7,203	0	0%
	Residence	10,805	10,805	0	0%
	Mockingbird	91,595	136,956	45,361	50%
Total Skills Based		683,469	805,215	121,746	18%
Grand Total		2,689,929	3,203,976	514,046	19%

This model shows the total annual investment required to increase our fees will be **£514,046** and will give an average unit cost of **£19,000**.

Options Considered:

Do nothing/continue – this is not a viable option and presents significant financial and reputational risk to the Council. We know that a significant number of carers will transfer to neighbouring Local Authorities or IFAs if there is no prospect of an increase in fees.

Increase fees/allowances in line with proposed model – This is our preferred option. This option will require investment of £514,046 and will increase our fees to mid-table in comparison with neighbours. This option balances affordability with a significant increase for our foster carers to help retain and recruit new carers. This proposal will show that we are listening to our foster carers and will put us in a more competitive position, particularly with directly neighbouring Local Authorities, making it less likely that carers will leave us. There are some risks to this proposal as we are aware that other Local Authorities already offer higher fees/allowances and others are progressing proposals to increase their fees meaning we risk remaining at the low end across the region even after an increase. However, given the strong relationships our fostering service have with foster carers and the significant increase this option offers, we are relatively confident that this option will support retention. However, we have less confidence that these changes will have a significant impact on recruitment.

Increase fees and allowances in line with BANES. BANES currently offer the highest fees/allowances in the region. The investment required is significant at £945,022, whilst this option would place us in a strong, competitive position even if others implement increases, the level of investment required is too high.

Financial Implications:

Investment required to retain foster carers and reverse trend of reducing numbers of in-house carers/places year on year. Without this investment there is significant risk of negative impact

on local sufficiency of foster homes and escalating spend on Independent Fostering Agency and residential children's homes.

Costs: £514,046 per annum.

Funding: To be considered as part of the Medium-Term Financial Plan.

Legal Powers and Implications: N/A.

Climate Change and Environmental Implications: N/A.

Consultation:

We have carried out informal consultation with representatives of North Somerset foster carer collective to inform this plan.

Risk Management:

No significant risks identified, although it is not guaranteed that increases in allowances will necessarily lead to an increase in the recruitment and retention of foster carers.

In respect of fostering household sufficiency, if these proposals were not approved, there is an increased risk that North Somerset Council will struggle to recruit and retain carers under the current foster carer re-numeration arrangements. As a fostering agency we would cease to be financially competitive with our local authority neighbours if we do not increase our age-related fee in line with the government recommendations annually.

Equality Implications:

Initial EIA will be completed however expected positive impact for foster carers and children in care.

Corporate Implications:

None identified.

Appendices:

Appendix 1

[FosterTalk-Cost-of-Living-Report-2022.pdf](#)

Appendix 2

[Half of foster carers considering quitting due to cost-of-living crisis, finds survey - Community Care](#)

Appendix 3

[How local authorities plan for sufficiency: children in care and care leavers - GOV.UK \(www.gov.uk\)](#)

Appendix 4



Local Authority Fees
(002) (005).docx

Appendix 5 – North Somerset Council Fostering Allowances from 1st April 2023

Age Related Allowance

Age	Weekly Allowance
00 – 04	£183.38
05 – 10	£198.43
11 - 15	£219.43
16 - 18	£249.39

Foster Carer Fee

Level	Weekly Payment
Foundation	£69.26
Intermediate	£125.30
Advanced	£174.66
Advanced + / Mockingbird Hub carers	£339.22
Single Placement/Remand Scheme	£357.95

Foster Care / Kinship BIRTHDAY ALLOWANCE

Age	Weekly Allowance
00 – 04	£183.38
05 – 10	£198.43
11 - 15	£219.43
16 - 18	£249.39

Foster Care / Kinship FESTIVAL ALLOWANCE

Age	November
00 – 04	£183.38
05 – 10	£198.43
11 - 15	£219.43
16 - 18	£249.39

Foster Care / Kinship HOLIDAY ALLOWANCE

Age	June
00 – 04	£366.76
05 – 10	£396.86
11 - 15	£438.86
16 - 18	£498.78

Adoption / SGO / CAO Rates **:

Age	Allowance
00 – 04	£183.38
05 – 10	£198.43
11 - 15	£219.43
16 - 18	£249.39

Standard Additional Foster Carer Payment

Foster Day-Care Hourly Rate	Emergency Duty Team Payment
£9.50	£51.00

Staying Put / Supported Lodgings Allowances

Full Amount	£249.39
Housing Benefit	-£75.00
Client Contribution	-£15.00
NSC Net Amount	£159.39***

* SGO / CAO carers (foster carers immediately prior to order) – eligible: skills payment for 2 years post order.

** SGO / CAO payments (minus child benefit) and subject to annual financial means test

*** Dependent on young person being able to claim housing benefit.

Signatories:

Decision Maker(s):



Signed:

Title: Executive Member for Children, Young People, Lifelong Learning and Skills

Date: 18.01.23

With Advice From:



Signed:

Title: Director of Children's Services

Date: 18.01.23

Footnote: Details of changes made and agreed by the decision taker since publication of the proposed (pre-signed) decision notice, if applicable: