



CABINET – 9TH JANUARY 2018

IN-HOUSE FOSTERING FEES REVIEW

REPORT OF THE DIRECTOR OF CHILDREN AND FAMILY SERVICES

Purpose of the Report

1. The purpose of this report is to seek approval to undertake a consultation exercise with foster carers in January and February 2018 on proposed changes to the Fostering Fee Payment Structure. The changes proposed seek to increase the payments given to foster carers, both mainstream and kinship, at the lowest end of the skills payment scale and rationalise the structure at the top end of the scale. Consideration also needs to be given to the subsequent financial impact on current carers based on drafted proposals.

Recommendations

2. It is recommended:-
 - a) That a consultation exercise on the proposed changes to the Council's Fostering Fee Payment Structure be undertaken as detailed in this report;
 - b) That the Director of the Children and Family Services be authorised to make ad-hoc temporary payments to foster carers in addition to their skills fee, based on the needs of the child in placement;
 - c) That a further report be made to the Cabinet in March 2018 regarding the outcome of the consultation together with the final Fostering Fee Payment Structure for consideration.

Reasons for Recommendation

3. Changes to the Fostering Fees Structure are proposed as part of a suite of enablers to help achieve the Medium Term Financial Strategy (MTFS) savings target of £2,900,000 by contributing to the service's ability to meet its challenging in-house fostering recruitment targets. This change is thought to help enable the service to reduce its reliance on Independent Fostering Agency (IFA) provision - which per child placed equates to an avoided cost of approximately £15,000 per year.
4. This change would complement other ongoing activity in enabling the realisation of the service's challenging fostering recruitment targets.

5. The authorisation sought for the Director to make discretionary ad-hoc payments would cater for situations where the child or young person's needs are above what is expected of the skills level of the carer.

Timetable for Decisions (including Scrutiny)

6. It is intended that a six-week consultation will take place in January and February 2018.
7. The consultation outcomes and the final proposed changes to the Fostering Fee Structure will be submitted to the Cabinet in March 2018 for consideration, subject to which the revised structure would operate from April 2018.

Policy Framework and Previous Decisions

8. The Children Act 1989 states that all children and young people in foster care are the responsibility of the local authority in the area where the child's birth family is resident at the time the child is taken into care. The responsibility remains with that local authority regardless of whether the child or young person is placed in local authority foster care or with an IFA.
9. The County Council's current policy on foster carers is contained within the strategy 'Choices for Children and Young People 2013: A Placement and Sufficiency Strategy for Children and Young People in Leicestershire's Care', which was approved by the Cabinet in December 2013.

Resource Implications

10. The proposed 2018/19 MTFs sets out a savings target of £700,000 in 2018/19, rising to £2,900,000 in 2021/22 in relation to increasing Leicestershire's internal foster care capacity and reducing reliance on IFAs.
11. The fostering service has targets for the net increase in the number of mainstream foster carers of 25 per year, and this increase is targeted to be delivered within the service as business as usual activity which includes a potential revision to the carer allowances paid as described in this report. This is expected to deliver savings of £400,000 in 2018/19 rising to £1,800,000 in 2021/22. Additionally, a target has been set for the recruitment of specialist foster carers delivering proposed savings of £400,000 in 2018/19 rising to £1,100,000 in 2021/22. Recruitment of in-house foster carers will ensure that children's needs can be met at a lower cost but is unlikely to be sufficient to keep pace with the projected increase in the number of children in care.
12. The current annual difference between the existing entry-level payment and a level 1 payment is £1,976. There are currently 9 mainstream fostering placements and 75 kinship placements who still receive an entry-level payment. The impact of the current proposal, assuming the decision to place kinship carers in line with the new proposed fee structure is endorsed and approved would have

a total additional cost impact of £165,872 annually to baseline costs¹. The subsequent impact on Leicestershire's average weekly unit cost of mainstream foster care as a whole is that it changes the total average weekly unit cost from £494 per week to £497 per week. This compares to a current average IFA cost per week of £783. The changes proposed would therefore change the potential annual avoided cost between in-house fostering provision and external fostering provision from £15,028 per child to £14,872. Based on an additional annual cost of £165,872 as result of changing the fee payment at entry level, it would require 11 mainstream foster carers to be recruited and have a child placed to pay back the additional cost of change before any savings from future recruitment can be realised.

13. Whilst it is not feasible to evidence what the direct benefit of this proposal around the fee structure would have on recruitment specifically, there is recognition that the change is needed to put Leicestershire County Council closer in line with operational practise in the market. An uplift to the fostering fees at the lowest end of the payment scale and rationalisation of the number of levels is thought to be one of the key enablers to achieving the targeted number of new foster carers to help deliver the service's MTFS savings.

14. The Director of Corporate Resources and the Director of Law and Governance have been consulted on the content of this report.

Circulation under the Local Issues Alert Procedure

15. None.

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¹ Kinship foster care refers to where a child who cannot be cared for by their parents is cared for by a relative or family friend.

PART B

Background

16. There is a competitive market for foster carers, of which there is a national shortage, and Leicestershire competes with both other local authorities and IFAs to attract carers.
17. Research from the National Office for Statistics published in February 2017 reveals that there has been a countrywide drop in applications to become a foster carer. Nationally there were 11,460 applications in 2015 to 2016, compared to 16,920 the previous year. This 38% reduction demonstrates the challenging environment in terms of in-house recruitment in which the County Council's Fostering Service operates.
18. Inevitably, there is natural turnover of foster carers and evidence from the Fostering Network suggests that typically 12% of foster carers leave or retire each year. Last year (2016/17) Leicestershire's turnover stood at 14%, reflecting a higher proportion of older carers approaching retirement and some foster carers becoming adopters. Leicestershire's annual turnover rate is expected to reduce to 12% going forward.
19. The challenge for the Service therefore is to recruit a net increase of in-house foster care provision over and above natural losses, and, importantly to retain new and existing carers (via training and support). This will avoid the additional cost associated with IFAs and meet the forecasted increased in demand for placements for Looked after Children (LAC) over the next four years of the MTFS, and beyond.
20. There are currently 547 LAC in Leicestershire, of which 408 are in Fostering provision. This breaks down as 150 placed in in-house fostering provision, 169 in IFA provision, and 89 in Kinship care. Leicestershire is working hard to recruit more foster carers and expand its in-house service².
21. The number of LAC in Leicestershire is forecast to rise to 769 by 2021/22 of which 447 are forecast to require fostering placements and 126 Kinship placements. This growing demand highlights the importance of achieving Leicestershire in-house fostering recruitment targets.
22. It is noteworthy for comparison purposes, that Lincolnshire County Council has 125 IFA placements to 330 in-house fostering places. This demonstrates that although difficult, with targeted efforts it is possible to re-calibrate the balance between independent and in-house position.

Recruitment and Retention of Foster Carers

23. Following a restructure in 2016, the Service has been reviewing and improving its approach to the recruitment and support (retention) for in-house fostering with a view to matching the best operational practices of IFAs. A number of work

² These figures are correct as of 14th December 2017.

strands are now underway including the redevelopment of the website and branding, improved use of digital and social media marketing, engagement activities and events and a number of process improvements. The review of the Council's Fostering Fees Payment Structure is seen as one key enabler to achieving the fostering recruitment targets in the context of a suite of other developmental activity that is already underway.

Rationale for Change

24. Foster carers are compensated for their services in two parts:
- a. An allowance in line with the government's national minimum recommended allowance rates to cover the costs of looking after a child or young person which increases with the age of the child; and
 - b. A skills fee reflecting the skills required to look after the child in care.
25. The current Fostering Fee Payment Structure has a Level '0' skills fee which means that some carers receive no skills payment, only the basic allowance to cover the cost of looking after the child. This does not compensate the carer for their time or skills in caring for the child and is considered to be a barrier to recruitment and retention. Leicestershire's last annual foster carer survey (October 2017), demonstrated that some foster carers felt undervalued due to the payment levels and a focus group with foster carers held in August 2017 fed back that foster carers felt frustrated by the 'level 0' payment bracket.
26. A survey was undertaken over a 9-month period in 2016-17 with prospective foster carers who expressed an interest but ultimately did not proceed to foster with the County Council. The results showed that 4 of 25 (16%) respondents cited an issue with payment and reward as their reason for not proceeding, whilst the remainder felt "now is not the right time".
27. Comparison with both statistical local authority neighbours and geographical neighbouring authorities (where fee information was available) shows Leicestershire's fees to be at the lower end of the payment scale, and lower on average than its neighbours. This makes it difficult for Leicestershire to meet its recruitment targets with competition for carers between neighbouring authorities (as well as IFAs) high.

Proposed Changes

28. There is an urgent need to develop the number and range of fostering placements available to meet the needs of Leicestershire's children and young people in care through a vigorous recruitment programme due to the growing number of children and young people entering care. Increasing the payments at the lower end of the Fostering Fee Payment scale is thought likely to aid the recruitment of new foster cares.
29. It is proposed that Kinship foster carers who are currently paid at 'level 0' also benefit from the proposed changes and are also moved to level 1 alongside

mainstream foster carers. This would ensure that the Authority is treating all foster carers equitably and is rewarding and compensating all carers for their time and skills appropriately and is in line with good practice and recent case law.

30. Foster Carers have reported confusion with the payments at the top end of the payment scale and the multi-layered scale also makes the payments difficult to administer and track. Rationalising the number of payment levels would simplify the structure and communications for current and prospective carers. The proposed changes at the top end of the scale are to remove level 5 which is no longer used in practice, and rename the level 6 scheme as 'Specialist' to make it clearer what this means. Level 6 currently encompasses specialist carers and the service intends to recruit in parallel, one to one, parent and child, pathway and short break carers in order to meet the proposed MTFS targets. It is proposed that further details on the specialist scheme be brought back to the Cabinet for consideration in March 2018.
31. Figure 2 below set out the current fee structure and the proposed changes to this. The proposed difference is the removal of the 'level 0' payment and the rationalisation of levels 5 and 6.

Figure 2:								
Current Skills Fee structure (including allowances) - Fee per week								
Ages	Level 0	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Specialist 1:1 Carers
0-4	£128	£160	£192	£224	£307	£384	£448	
5-10	£141	£176	£212	£247	£338	£423	£494	
11-16	£161	£201	£242	£282	£386	£483	£564	
16+	£188	£235	£282	£329	£451	£564	£658	
Average Per Week	£155	£193	£232	£270	£371	£464	£541	£815
Average Per Annum	£8034	£10,043	£12,051	£14,060	£19,282	£24,102	£28,132	£42,380
Proposed Skills Fee structure (including allowances) - Fee per week								
	Level 0	Level 1	Level 2	Level 3	Level 4	Specialist Range (which includes 1:1, Parent and Child, Wrap Around Therapeutic Support, Short Break etc.)		
0-4		£160	£192	£224	£307	£440 - £815		
5-10		£176	£212	£247	£338			
11-16		£201	£242	£282	£386			
16+		£235	£282	£329	£451			
Average Per Week		£193	£232	£270	£371	Dependent upon recruitment and needs of presenting LAC		
Average Per Annum		£10,043	£12,051	£14,060	£19,282	As above		

Consultation

32. A formal consultation will ensure that the views of both current and prospective foster carers can be considered fully.
33. It is intended that the consultation exercise will be held for six weeks in January and February 2018, through targeted consultation with current foster carers. Other key stakeholders who will be directly or indirectly affected by the proposed changes will also be included in the consultation, namely -
- Prospective Foster Carers
 - Senior Management, Service Managers, Independent Reviewing Officers, and other staff in Children and Family Services
 - Other County Council Services as appropriate.
34. The feedback will be detailed in a further report to the Cabinet in March 2018 which will present a revised Fostering Fee Payment Structure for consideration.

Discretionary Ad-Hoc Payments

35. Authorisation is sought for the Director to make discretionary ad-hoc payments to foster carers would cater for situations where the child or young person's needs are above what is expected of the skills level of that carer.
36. In these circumstances a carer must be able to justify why and how the extra expense is incurred and any payment award made will be temporary for the duration of the current child in placement only. For example, a level 4 carer who is approved for two fostering places may be asked to care for a child who requires a sole-placement. In this scenario, a discretionary temporary payment may be awarded to compensate the carer for the loss of income caused due to the vacant bed for the duration the first child is in placement. Other reasons for additional payments might include additional clothing allowance needed due to bedwetting or soiling, or to cover extra travel costs arising from multiple hospital trips.
37. It is proposed that any awards of this kind will be requested and monitored through the Case Decision Making Panel and the Permanence Panel and the payments tracked and reviewed at a timescale agreed by Panels.

Background Papers

Report to the Cabinet on 13 December 2013 - "Choices for Children and Young People 2013: A Placement and Sufficiency Strategy for Children and Young People in Leicestershire's Care" <http://ow.ly/teZb30hoxSP>

Equalities and Human Rights Implications

38. An Equalities and Human Rights Impact Assessment (EHRIA) screening has been completed and approved by the chair of the Departmental Equalities Group. The screening assessment has determined that a full EHRIA is not necessary, as this is a minor proposed change to an existing policy that does not pose any human rights or equalities implications.

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