

CABINET – 6 JULY 2018**IN- HOUSE FOSTERING FEES REVIEW****REPORT OF THE DIRECTOR OF CHILDREN AND FAMILY SERVICES****PART A****Purpose of the Report**

1. The purpose of this report is to advise the Cabinet of the results of the consultation undertaken with foster carers on proposed changes to the Council's current Fostering Fee Payment schemes and to seek approval of the revised Fostering Service Fee Policy for 2018 to 2019 to be effective from 1 August 2018.
2. The changes proposed will increase the payments given to mainstream foster carers and kinship carers at the lowest end of the skills payment scale, introduce a clear payment-for-skills progression pathway for all foster carers, including kinship carers and adjust the payment for some specialist schemes to promote recruitment.

Recommendations

3. It is recommended:-
 - a) That the outcome of the consultation be noted;
 - b) That the revised Fostering Service Fee Policy 2018 – 2019, attached as Appendix C to the report, be approved;
 - c) That the Director of Children and Family Services be authorised to amend and update the Fostering Service Fee Policy in accordance with the increase in the nationally recommended minimum allowance and to make other minor changes provided that the Cabinet Lead Member and the Director of Corporate Resources have first been consulted.

Reasons for Recommendation

4. To approve the 2018/19 Fostering Service Fee Policy and bring it into effect from 1st August 2018. The Policy sets out the fee payment scales which are part of a suite of enablers to help achieve Medium Term Financial Strategy (MTFS) savings targets (£2,900,000 by 2021/22) by improving the Service's ability to recruit and retain in-house foster carers and also help manage the forecasted increase in demand for placements for Looked After Children (LAC) over the next four years and beyond.
5. The new Fee Policy will compensate mainstream, kinship carers and specialist foster carers for the work they do in looking after Leicestershire's LAC population.

It is important and fitting that the Council continues to recognise and reward foster carers for the valuable contribution they make to the lives of the children and young people in Leicestershire's care

6. There is a need to regularly review and update the Fee Policy to ensure the Council's fee payments are aligned closely with operational practices in the market (i.e. both with other local authorities and the private sector) to ensure the Service remains competitive, attractive to new foster carers and supports the retention of current in-house carers. It is proposed that the Fee Policy is reviewed annually.

Timetable for Decisions

7. If approved by the Cabinet, it is proposed that the new Fostering Fee Policy will come in to effect from 1st August 2018 and payments will be backdated accordingly.

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 Independent Fostering Agency (IFA), or in a connected care placement.
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 on 13th December 2013.

Resource Implications

10. The 2018/19 MTFS sets out a savings target of £700,000 in 2018/19, rising to £2,900,000 in 2021/22 to be achieved by increasing Leicestershire's mainstream and specialist foster care capacity and reducing reliance on external provision.
11. The current average annual difference between the existing and proposed entry level payment is £2,041 per child placed. There are currently 8 mainstream fostering placements and 72 kinship placements who receive an entry level payment. Therefore, the immediate impact and full year effect of this part of the proposal would be an increase in costs of £163,280 per annum.
12. Given the clearer pathway for progression under the revised Policy, there will be a further cost implication if kinship carers progress through the skill levels. Based on an assumption that 60% of current and future kinship carers will progress to level 2 and 40% to level 3 over the current MTFS period, the potential increase to current baseline costs is up to £600,000 per annum. This includes the additional cost of changing the proposed entry level payment for foster carers as per paragraph 11 above.

13. The future impact on Leicestershire's average weekly unit costs for mainstream foster care as a whole will be an increase from £545 per week (based on 2018/19 service costs) to £549 per week. This compares to a current average IFA cost of £789 per week. The potential average annual avoided cost between in-house mainstream fostering provision and external fostering provision will therefore be £12,481 per child placed. The proposal also sees a direct increase in current rates for Leicestershire's current Short Break, Supported Lodging, Parent and Child and Stay and Put carers. Based on current placements across this cohort of carers, the increased proposed rates will result in an increase to current baseline costs of approximately £62,000 per annum. To put this in context, one Parent and Child Residential Placement can cost up to £200,000 per annum.
14. In order to absorb the direct additional baseline costs as described above, and achieve the current £2.9m MTFS savings target by 2021/22, based on current unit cost information, it will be necessary to recruit in the region of 41 mainstream foster carers and 5 specialist foster carers each year over the current MTFS period up to March 2022. The targets for recruitment has been set out in the Recruitment and Retention Plan that sits within the Council's Care Placement Strategy. As of April 2018, the Service has been working to these targets. The direct additional costs as described above will be integrated into the plans arising from the full Care Placement Strategy.
15. A summary of the additional cost to the MTFS baseline is provided below:

Additional cost summary to MTFS baseline

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>
	<u>£ 000</u>	<u>£ 000</u>	<u>£ 000</u>	<u>£ 000</u>
Mainstream foster care - Revised Entry Level payment	16	16	16	16
Kinship foster care - Financial impact of potential carer progression and Revised Entry Level payment	147	460	530	600
Increase in current short break carers/Stay put/Support Lodging fees	62	62	62	62
Additional Cost of Revised Unit cost based on 18/19 structure and current Proposal based on current Service Recruitment Targets	280	280	370	370
Total Potential Additional Cost to MTFS based on Aug 18 Implementation	505	818	978	1,048

Potential Avoided Annual Costs per Placement type based on Proposal

Recruitment of LCC Mainstream Foster care	£12,481
Recruitment of LCC Specialist Pathway Foster care	£12,746
Recruitment of LCC Specialist 1-1 Foster care	£126,106
Recruitment of LCC Specialist Parent and Child Foster care	£19,259

16. In light of the significant changes and potential increase in the value of payments set by judgement, rather than application of a set fee, the impact of the new scheme on the number of carers and average unit cost will be closely monitored through a performance framework with governance through the Departmental Management Team.

Circulation under the Local Issues Alert Procedure

None

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PART B:**Background**

17. There is a competitive market for foster carers, of which there is a national shortage, and Leicestershire competes with other local authorities and IFAs to attract carers.
18. Research from the National Office for Statistics published in February 2017 revealed a 38% reduction countrywide in applications to become a foster carer which demonstrates the challenging environment in terms of in-house recruitment that the Council's Fostering Service operates in.
19. Inevitably, there is a natural turnover of foster carers and last year (2016/17) Leicestershire's turnover stood at 14% (against a national average of 12%) , reflecting that Leicestershire has a higher proportion of older carers who are approaching retirement and some foster carers becoming adopters. Leicestershire predicts to lose a further 60 carers (turnover reflected in current targets) over the three year period to 2020/21.
20. As of 28 March 2018, there were 553 LAC in Leicestershire, of which 411 are in fostering provision¹. Leicestershire has 116 mainstream carers providing care for 127 children, 170 children placed with an IFA provision; and 87 children living with 72 kinship carers (family and friend foster carers). For comparison purposes, Lincolnshire County Council has 244 mainstream carers, 125 IFA placements and 52 kinship carers.
21. The number of LAC in Leicestershire is also forecast to rise. Current projections suggest that the number of LAC in Leicestershire will increase to 769 by March 2022. There is an expectation that 58% of that cohort will be in fostering provision, which equates to 447 children, hence the need to ensure this provision can be achieved in the most cost efficient and effective way.
22. The challenge for the Service therefore is to increase the recruitment of in-house foster carers over and above natural losses, and importantly to retain them once recruited with improved training and support. This will avoid the additional costs associated with IFAs and meet the growing demand for placements.

Current Fostering Fee Policy Payment Schemes

23. The County Council's Policy regarding fostering fees is currently divided into two payment schemes- one for mainstream foster carers and one for specialist foster carers.

¹ These figures are accurate as of 28th March 2018.

Mainstream Foster Carers

24. In-house mainstream foster carers (including kinship carers) are compensated by the County Council for their service in two parts:

- a) An allowance in line with the government's recommended national minimum allowance rates. This covers the costs of looking after a child or young person and increases with the age of the child; and
- b) A skills fee award which reflects the skills and experience of the foster carer

Specialist Foster Carers

25. In addition to the above, there is a number of specialist fostering fee payment schemes. These are as follows:

- a) Specialist One-to-one
- b) Parent & Child
- c) Emergency Out of Hours
- d) Short Break Level 1 and Short Break Level 2
- e) Respite

26. The current payment rates within these schemes, inclusive of the national minimum allowance payments provided to mainstream foster carers and specialist carers is detailed in Appendix B.

Outcome of Consultation and Comparisons with neighbouring local authorities

27. A targeted consultation exercise was undertaken for six weeks during January and February 2018. The views of current foster carers were sought along with the views of other key stakeholders such as senior Council officers, Service Managers, Independent Reviewing Officers and staff in the Children and Family Services Department, as well as staff in other service areas as appropriate.

28. The outcome of the consultation indicated overall good support for the proposed changes to the Fostering Fee Policy payment scheme for mainstream foster carers.

29. The proposed removal of the Level 0 band was largely supported by both staff and foster carers which many regarded as 'offensive'. Carers reported that they saw the proposed increase from a Level 0 to a Level 1 fee rate as recognition of their work and as likely to attract new foster carers. There were a limited number of responses from current Level 1 carers who felt that the fee differential between those carers who have a year of experience and those without it should be maintained. The reality is the level relates to the required level of training the carer is required to complete in that first year and meeting other specific requirements.

30. Feedback regarding the current Level 4 and 5 fee bands suggested there was a lack of clarity in the Service over the application of these fees. The 'Level'4-6'

band was introduced for progression of foster carers for more complex children, however over time these levels were used where specific children had additional needs and paid for the duration that those additional needs existed. The proposal that was consulted upon sought to re-affirm the original purpose. Carers and staff also reported that it is not always additional financial support which is most appropriate to support placements for children with such additional needs, and that the Level 4-6 band payments were not always appropriate when additional funding was required.

31. Some carers also expressed confusion over how the current Level 4-6 under the scheme for mainstream carers would work in hand with any discretionary payments awarded to support placements with children with additional needs. Others expressed concerns over a possible loss of income and confusion over what the changes would mean for them in practice.
32. In respect of the specialist fostering fee payment schemes, particular frustrations were expressed about the current fee rate for Parent and Child Placements and Supported Lodgings Scheme. Several carers pointed out that neighbouring local authorities pay more and that should they wish to take up this type of fostering they would be tempted to transfer agency.
33. Carers feedback highlighted that, unlike other fostering schemes, these schemes have not received a raise in a number of years. Carers highlighted some of the specific challenges of caring for children and young people with these specialist needs, and pointed out that some neighbouring local authorities pay higher rates on average for this provision.
34. During the consultation, officers also undertook an exercise to compare the Council's Fostering Fee Policy with that of other local neighbouring authorities. This revealed that on the whole Leicestershire's 2017/18 fee scheme is comparable with other local authorities. However, in particular, the Level 0 fee band is below the rate paid by others to entry level mainstream foster carers and specific specialist foster carers under the specialist schemes, such as Short Breaks and Parent and Child foster carers, are currently paid significantly below the market average.
35. Further detail on the outcome of the consultation and the comparison exercise undertaken by officers with other local authorities is set out in Appendix A and B attached to this report.
36. The consultation also drew attention to some non-fee related concerns such as provision of respite care for mainstream foster carers and these will be picked up by the Service through its continuous improvement plan.

The Proposals

37. In light of the feedback received, the proposed changes to the Mainstream Fee Payment Scheme and Specialist Foster Carers Scheme are set out below. Given

the national difficulties with the recruitment of foster carers, there is a risk that the proposed changes will not contribute to the increase in in-house foster carers as anticipated. However, the current recruitment figures for 2018-19 provide good indications that the recruitment target of 41 mainstream foster carers and 5 specialist foster carers each year over the current MTFS period up to March 2022 will be met.

Mainstream and Kinship Foster Carers

38. The proposed changes will increase Leicestershire's average weekly costs for mainstream foster care as a whole from £546 per week (based on 2018/19 service costs) to £550 per week. This compares to a current average IFA cost of £789 per week. The potential annual avoided cost between in-house mainstream fostering provision and external fostering provision will therefore be £12,437 per child placement
- a. Remove the Level 0 fee band - This is to reflect that all foster carers (including Mainstream and kinship carers), including newly approved carers, bring a level of skill and experience to the role and should receive an element of reward to recognise that they give up their time and often capacity for other employment in order to look after the children in their care. This change is anticipated to aid the Service in its recruitment of new foster carers and be fairer in recognising the contribution of entry-level foster carers. This change is also proposed in order to make Leicestershire more competitive with neighbouring local authorities.
 - b. Remove the Level 5 and 6 fee bands and continue with Level 1-4, representing a clear progression of skills, training and capability² whilst creating a less complicated fee structure which is easier to administer.
 - c. To enable the progression of all carers, including kinship carers, through the *payment-for-skills* level 1-4 progression pathway based on their skills, training and capabilities rather than only awarding level 4 payments based on a child's needs. As well as better recognising the ability of carers, this change will also place the Council in a greater competitive position with Independent Fostering Agencies.
39. The proposal to include kinship carers (also known as Connected or Family and Friends carers) within the level 1 – 4 progression pathway as detailed in c) follows legal advice which recognises that the Council cannot pay kinship carers less than the national minimum weekly fostering allowance (released by the Department of Education for 2017-18) and that the Council has a duty to offer kinship carers the same opportunities as other foster carers.
40. In addition to this, there is significant case law available that sets out that family members or those unrelated who foster children should be recompensed in the same way as a mainstream foster carer would be funded, specifically quoting Family and Friends Care, Statutory Guidance for Local Authorities 2011 and

² A full description of levels, allowances and fees is attached in Appendix C.

National Minimum Standards for Fostering Services, that expressly states that the criteria for payments apply equally to all foster carers, related or not. In the specific case the court found that the principle of equal treatment related to fees as well as allowances.

Specialist Foster Carers

41. The Council has a number of specialist foster carer provision of which it struggles to recruit to. Market research has indicated that the fee currently offered to specialist foster carers is below the market value and therefore the following changes are proposed:
- a. To increase the fee rate of Parent and Child Placements from £440 to £660 per week- The proposed new rate is taken from a midpoint of competitor local authority rates (see Appendix B). It should be noted that when Parent and Child Placements are not available, the court may direct a search for an IFA or residential placement which incurs significantly larger costs for the Authority.
 - b. To introduce an hourly day-care respite rate – This can be used to facilitate more support for carers when babysitting services are critically needed, for example, time for urgent medical appointments. It is proposed that the respite payment rate remains the same, but that flexibility is introduced to provide shorter periods of care as needed.
 - c. To increase payments on the Short Break schemes - It is proposed that the Level 1 and Level 2 schemes be increased to £510 and £690 per week respectively (from £415 and £510). The proposed rates are in line with competitor local authority payments (see Appendix B). This is a vital scheme which enables many children and young people with severe disabilities to remain at home rather than becoming 'looked after'. It is important for the Authority to recognise the complex demands of this role and support and compensate carers accordingly.
 - d. To increase Supported Lodgings and Staying Put payments from £225 per week to £240 per week per child.
42. There are no proposed changes to the specialist One-to-One scheme, Pathway Carers or the Out of Hours (Emergency Duty) Carers.

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>

Report to the Cabinet - 9th January 2018 – "In House Fostering Fees Review Permission to Consult".

<http://politics.leics.gov.uk/documents/s134585/In%20House%20Fostering%20Fees%20Review.pdf>

Appendices

Appendix A: Summary of Feedback from the Fostering Fees Consultation

Appendix B: Fostering Fee Rates at Other Local Authorities

Appendix C: Fostering Service Fee Policy 2018/19

Equalities and Human Rights Implications

43. An Equalities and Human Rights Impact Assessment (EHRIA) screening has been completed and approved by the chair of the Departmental Equalities Group in January 2018. 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. The screening EHRIA will be updated throughout the course of the implementation of the new fee schemes. Any changes will be submitted to the Children and Family Services Department Equalities Group.

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