

Report to the Cabinet

Meeting to be held on Thursday, 3 March 2022

Report of the Head of Fostering, Residential and Adoption Lancashire & Blackpool

Part I

Electoral Division affected:
(All Divisions);

Corporate Priorities:
Caring for the vulnerable;

Review of Lancashire County Council Foster Carer Fees

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Brief Summary

This report proposes a revised payment structure for all approved Lancashire County Council Foster Carers. The proposals put forward are informed by detailed analysis of the financial support arrangements that exist in comparator Local Authorities and Independent Fostering Agencies.

The proposed changes will deliver increased financial support to Lancashire Foster Carers, comparable to the allowances and fees that are received by carers for other local authorities and those who foster for an Independent Fostering Agency.

The overarching aim is to support the recruitment and retention of Lancashire Foster Carers against a national backdrop of insufficient carers for the children who require placements. This will support our 'Where our Children Live' strategic aims to place children close to their home and networks of support, whilst seeking to reduce reliance on more costly Independent Fostering Agency placements.

This is deemed to be a Key Decision and the provisions of Standing Order C20 have been complied with.

Recommendation

Cabinet is asked to approve the payment structure to Lancashire County Council Foster Carers as set out in the report.

Detail

Current payments to Foster Carers are made up of two elements – the 'Boarding Out' payment which is intended to reflect the direct care costs and is nationally reviewed and updated each year, and the 'Skills Fee' (referred to in this report as the 'fee') element which is paid to carers based on their experience and contribution to the service. The overall amount of the Skill Fee payments (based on three skill Tiers in Lancashire, with an additional Tier 3+ payment level specific to children with significant health / disability needs) has not changed since 2011, and Lancashire has therefore fallen significantly behind other local authorities.

The Fostering Services National Minimum Standards 2011 relating to foster carer fees are as follows:

Standard 28 - Each foster carer receives at least the national minimum allowance for the child, plus any necessary agreed expenses for the care, education, and reasonable leisure interests of the child, including insurance, holidays, birthday, school trips, religious festivals, etc, which cover the full cost of caring for each child placed with her/him.

Standard 30 - Financial and other support is provided to all foster carers according to an objective criteria that does not discriminate against foster carers that have a pre-existing relationship with the child. Family and friend foster carers may require some services to be delivered in a different way, but there should be equity of provision and entitlement.

The ongoing national Independent Review of Children's Social Care highlights a national picture of fostering services that is reflected in Lancashire as follows:

- the overall size of the fostering sector has grown in recent years, but a significant proportion of this growth is kinship fostering (those with an existing relationship to a named child and caring for that child under fostering regulations).
- Demand for foster placements exceeds availability with the lack of sufficiency most apparent for older children with more complex needs and sibling groups. This means that children within this profile are more likely to be placed with Independent Fostering Agency carers, or in a residential care home, despite the initial request for a fostering placement.
- Fostering can be challenging and high rates of drop out are seen, requiring significant recruitment to maintain provision levels.
- Recruitment of foster carers is challenging, with a projected national shortfall of 25,000 carers over the next 5 years. In 2021, the mainstream (non-kinship) Independent Fostering Agency sector grew by 525 households, whilst the local authority fostering sector shrunk by 35 households, with 79% of new enquiries being directed towards Independent Fostering Agencies.
- Independent Fostering Agency placements cost an average of £790 a week. In Lancashire, this means that although the proportion of children in mainstream county council foster placements and Independent Fostering Agency placements are broadly comparable, the costs are not. £165,000 per week is spent on in house placements versus £352,000 per week spent on Independent Fostering Agency placements, based on analysis from June 2021.

As at the end of December 2021, Lancashire had 551 fostering households, of which 366 offered matches to non-connected children. The county council has a statutory duty to ensure sufficient foster care placements providing the appropriate skills and location are available for children who require them. In line with the national picture, fostering provides placements for approaching two thirds of all looked after children in Lancashire. Whilst this is likely to remain a mixed economy of delivery there are strong financial and quality of care rationale to support the delivery of in-house fostering services.

The county council's recruitment service aims to recruit 75 new mainstream foster carers per year. Social and financial factors in the last year have contributed to a significant reduction in enquiries to foster, with a projected approval rate for the current year of approximately 50 carers. There is a further concern that 21% of non-connected fostering households are currently within the age group 60+ which, over the coming years, will lead to natural retirement from their fostering roles. Whilst it is acknowledged that the COVID-19 pandemic has affected the performance of delivering against this recruitment target, there is further concern as to how Lancashire's current payment model may be impacting on the recruitment and retention of foster carers.

As highlighted above dropout rates are nationally high for fostering and recent economic and social trends are likely to have exacerbated this, with a significant number of foster carers at or beyond typical retirement ages. In Lancashire, there were 64 resignations (for many reasons) during the financial year 2020-21, and this number was exceeded during April to December 2021, which saw 71 resignations. This highlights the need to retain existing foster carers and to attract new carers to Lancashire, above the current levels.

Proposed changes

The proposed changes are recommended to ensure Lancashire County Council recognises and values the current foster carers by offering a competitive payment scheme that supports the recruitment and retention of in-house foster carers. Some Lancashire foster carers have transferred to Independent Fostering Agency providers that offer the same level of payment as they currently receive (Tier 3), but without the need to demonstrate any additional contribution to the service, as is the requirement for Tier 3 in Lancashire. The loss of such carers results in significantly increased placements costs for the children already in their care, as well as loss of future placement options.

The proposed payment structure is intended to:

- reflect the increasing complexities of children entering the care system;
- separate the functionality of contribution to the service and peer mentoring out from caring for the child;
- simplify the payment process, by linking fees to the ages of children;
- be competitive in the rates that are paid, in line with increased living costs;
- reflect the need to deliver sufficiency of good quality placements with a healthy balance of in house and external Independent Fostering Agency provision;

make the payment of the fees clearer, fairer, more transparent, and accessible.

The current payment structure is as follows:

Foster carers are paid in 4 levels (Tiers 1 – 3 and then Tier 3+):

- Tier 1 and 2 are based on the standard role of being a foster carer.
- Tier 3 is based on being able to care for children with more complex needs, as well as contributing to the Fostering Service.
- Tier 3+ is paid to those carers who care for children presenting with significantly more complex needs.
- Allowances and fees are calculated per week per child.

Consultations

A combination of consultations took place via Zoom workshops, an online survey and email exchanges. The feedback from these sessions has been incorporated into the proposals developed. Consultation took place with:

- Foster carers;
- Foster carer Forum representatives; and
- Social workers, Managers, and support staff in the Support to Permanence and the Recruitment and Assessment teams.
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The following points were strongly represented:

- The level of fees paid should not be directly linked to the contribution to the service. This was strongly expressed during the Zoom consultations, although less strongly represented in the survey.
- The combined payments of the allowance and fee elements are not meeting the full costs of caring for a child.
- Fees should be determined by the skill or experience of the carers and/or the needs of the child, with age or need of the child being strongly represented, and with particular reference to children presenting with complex needs.
- Achieving Tier 3 can be complex and difficult to achieve, and the annual review of this status creates financial insecurity for foster carers.
- There should be a reward or incentive for experienced carers.

Proposed changes:

1. Renaming:

The Skill fee allowance to be renamed the Foster Carer Fee, therefore the overall financial support paid to foster carers will be inclusive of a) the nationally defined 'Boarding Out' allowance, and b) the Lancashire Foster Carer Fee, where applicable. This is a shift from the current tier system of payments, to a payment allocated to the foster carer based mainly on the age of the child.

2. Fees to foster carers:

For all foster carers from the point of approval of fostering status at Panel, payments will be based on the following age-banded groups:

Age 0 -10	£200 per week
Age 11-17	£240 per week

This structure is consistent with the fee structures being developed by other local authorities, and provides a simple and fair basis of payment linked to the needs and demands of children being placed.

3. Contribution to the service:

Instead of service contribution being reflected within the skills fee/Tier payment, those carers who wish to, and are able to provide additional support functions, will be recompensed for doing so as shown below (some of which are already paid roles, marked with an #):

Role	Rate payable
Designated lead - marketing lead, wellbeing lead etc	£10 per hour
Communities Coordinator*#	£200 per month
Trainer (Skills to foster#, lead on support groups)	£10 per hour
Mentor as part of Mentoring academy	£10 per hour
Interview panel	£100 per panel for a full day or pro rata for less

*Fostering Communities are based on the principles of the Mockingbird project whereby the Communities Coordinator - as an experienced foster carer - supports 4 others fostering families through peer support and an extended family model, with an emphasis on respite and inter household support.

All foster carers are encouraged to contribute to the service and take on voluntary roles for their personal development, as follows:

- Contribution to the development of the service for example being part of a task and finish group).
- Becoming a Fostering Forum representative.
- Becoming a Corporate Parenting Board representative.
- Attending a marketing event or contribution to a marketing campaign.
- Becoming a buddy to another foster carer.
- Support group/information evening/marketing surgery presentations.

4. Fee Plus

'Tier 3+' is currently paid to those foster carers who look after children with significant additional needs, often associated with complex health and/or disability needs. The

foster carer receives an additional weekly amount of £115 on top of their Tier fee and Boarding Out allowance (i.e. a Tier 3 carer currently receives £345 per week plus Boarding Out allowance under Tier 3+). The proposal is to create a wider structure of additional carer fees that apply to:

Category 1) being children who –

- have complex needs (including but not limited to health/disability);
- are placed on remand under the Police and Criminal Evidence Act or matched and placed via an out of hours emergency (paid for the first 4 weeks of placement); or
- have moderate to severe disability and are open to our Children with Disabilities Social Work Team.

Category 2) being children who -

- are stepping down from a residential placement;
- have experienced multiple fostering breakdowns;
- are assessed as requiring a solo fostering placement; or
- are placed on a 28-day task centred basis with a carer who has been assessed as being able to deliver time limited assessment-based placements for children with complex placement needs.

This will be based on a Carer Fee of £345 per week for children in the 1st category, and a Carer Fee of £400 per week for children in the 2nd category. This will support the identification of placements within our own resources and locality for children who have significant additional needs, and/or children who are likely to be placed in more expensive placement settings (including residential placements from £2,500 per week upwards). Given the savings that would be achieved from a step-down placement, or cost avoidance for prevention of escalation into high-cost placements, these payments will not be time-limited or subject to review within the duration of the placement, other than:

- where the child has been assessed as requiring a solo placement; or
- where the placement is linked to a time limited health need (for example, a baby who is withdrawing after maternal drug use during pregnancy).

Experience and research show that linking payments to review periods undermines the effectiveness of such schemes and inadvertently rewards negative outcomes for children in placements.

5. Payment for sibling group placements:

When a sibling group of 3 or more children are matched and placed at the same time and have been fostered for a period of 2 months, foster carers will receive an additional incentive of a one off £1,000 payment.

6. Festival, birthday, and holiday allowances:

These additional allowances will be set at rates linked to the age-related boarding out payment of the child. The following multipliers are proposed, with rates set out in the table below:

Birthday and Religious Festival: Each 1 x boarding out allowance.
Holiday: 2.5 x the boarding out allowance

Age Group	Holiday	Birthday	Religious Festival
0 – 4	£345	£138	£138
5 – 10	£380	£152	£152
11 – 15	£432.50	£173	£173
16 – 17	£505	£202	£202

7. All fees paid to foster carers (excluding allowances relevant to the child) are linked to the Consumer Price Index and uplifted annually accordingly:

This will provide Foster Carers with some financial stability and ensure that the Carer Fee keeps pace with the cost of living to enable fostering to remain affordable.

8. Foster carers transferring from another Local Authority or Independent Fostering Agency with Lancashire children in their care:

Foster carers will have the option to transfer into Lancashire, if appropriate, on a no detriment basis, meaning that they will receive the same fees from Lancashire as they had directly received in the previous agency, until the Lancashire child in their care leaves their care or turns 18. This can be a disincentive to carers seeking to become Lancashire foster carers but maintaining the current payment is at least cost-neutral (if coming from another local authority) or cost-saving (if transferring from an Independent Fostering Agency) when costs to the agency placement budget are considered. This will only apply to the Lancashire child they have in their care at the point of transferring. Any subsequent placements made with a carer transferring to Lancashire will be paid at the standard fee.

9. Long service award:

For those foster carers that have fostered for Lancashire for a continuous period of 5 years or more, it is proposed that, from 1st April 2022, anniversary long service awards will be introduced. An award will be paid to carers at their next applicable long service date, at the rates set out below:

5 years	£500
10 years	£1000
15 years	£1500
20 + years at increments of 5 years	£2000

10. Payments to existing carers / placements:

The payment structure outlined in this report will apply to all fully approved registered in house foster carers of Lancashire County Council as set out below:

Fee	Applicable to	Applicable from	Length of payment
Age banded fee	All current and future placements	1/4/2022	Duration of fostering placement
Designated lead	Those foster carers selected to undertake this role	1/4/2022	Duration of task
Community coordinator	All coordinators undertaking this role	1/4/2022	Duration of task
Trainer	All foster carers selected to undertake this role	1/4/2022	Duration of task
Mentor	All mentors undertaking this role	1/4/2022	Duration of task
Interviewer	All foster carers selected to undertake this role	1/4/2022	Duration of task
Fee+ Complex needs	All current and future placements that are agreed by the Senior Manager as currently meeting this requirement	1/4/2022	Reviewable
Fee+ PACE	All current and future placements relating to Police & Criminal Evidence Act placements	1/4/2022	Duration of fostering placement and no longer than 4 weeks
Fee+ Out of Hours	All future children matched and placed by the Emergency Duty Team	1/4/2022	Duration of fostering placement and no longer than 4 weeks
Fee+ Step down from residential to foster care	All future placements applying to this category	1/4/2022	Duration of fostering placement
Fee+ Multiple fostering placement breakdowns	All children currently in placement and going forward, who has in the last year experienced, as agreed by the Senior Manager	1/4/2022	Duration of fostering placement
Fee+ Requirement for solo fostering placement	All current and future placements specifying this requirement	1/4/2022	Until the requirement for a solo placement no longer exists
Fee+ Moderate to severe disability	All current and future placements applying to this category	1/4/2022	Duration of fostering placement
Fee+ 28-day assessment placement	All future placements applying to this category	1/4/2022	Duration of fostering placement

Foster carers transferring in from another fostering agency	All foster carers transferring in from April 2022 with a Lancashire child in their care	1/4/2022	Duration of the fostering placement of the Lancashire child in their care at the time of the transfer
Long service award	All foster carers at the upcoming anniversaries as specified	1/4/2022	Once off at the point of the anniversary mark that is applicable
Sibling groups of 3 or more	All future foster placements made from April 2022 that apply to this category	1/4/2022	Once off payment after the children have been in the care of the foster carer for two months

Current Tier 3 or Fostering Focus carers will receive the same level of payment linked to their current placements where the transfer to the new fee arrangements would result in a lower level of payment.

Taken as a whole, these proposals will offer the following:

All approved foster carers after their full assessment will receive a good baseline fee.

Carers caring for children with significantly complex needs or being prepared to accept children that are generally more difficult to match, for example, step down from residential care, teenagers and large sibling groups, will receive additional fees that reflect the care needs they are meeting and the commitment required from them.

Lancashire's fees will be competitive with neighbouring local authorities and independent fostering agencies (the carer payment element).

The needs of the child often increase in line with their age, and this is reflected in the fees.

Experienced carers that are loyal and continue to choose to foster for Lancashire are rewarded with a long service fee.

Holiday, birthday, and festival allowances are linked to the age of the child.

All fees will be linked to an inflationary increase that will take account of the increase in costs in caring for a child.

Those foster carers that have the capacity and motivation to make a wider contribution to the service can be rewarded for doing so, without creating pressure and retention risks for those carers who care for children with significant needs but do not feel able to make a wider contribution to the service.

Implications for Staying Put and Special Guardianship arrangements

Staying Put is a scheme that enables a foster care placement to be extended as a "Staying Put" arrangement from the young person's 18 birthday, generally up to their

21st birthday. Under the current policy, Staying Put carers who were in receipt of a Skill Fee as a foster carer immediately prior to the Staying Put arrangement, receive a Staying Put Fee of £115.00 per week up to the young person's 19th birthday and a reduced fee of £57.50 from 19th to 21st birthday. The county council's Staying Put Policy makes a commitment to avoiding a significant reduction in payments to carers linked to the transition to 'Staying Put'. It is acknowledged that a separate review of Staying Put financial arrangements will be required as a result of these changes to foster payments, including consultation between the Leaving Care Service, carers, care-experienced adults, and Finance.

Under the county council's current Special Guardianship policy (*A Special Guardianship Order is a legal order that enables a child to live with a carer on a permanent basis outside of the looked after children system*), a special guardian caring for a child at the point that the Order is granted is entitled, for two years, to receive the skill fee (referred to as an enhancement) that was payable under the fostering arrangement. It is proposed from 1 April 2022, that the age-related Fee as outlined above will apply. The initial rate will be paid in accordance with the Fee, based on the age of the child at the date that the Order is granted, with subsequent inflationary uplift(s) and, where applicable, an increase in the Fee if the child moves into the older age band during the two-year enhancement period.

This item has the following implications, as indicated:

Risk management

No significant Risk Management implications have been identified; the estimated cost of this proposal will be met from within the Fostering Service Budget.

Financial Implications:

In 2020/21, the county council spent a total of £37.6m on fostering services, of which £17.9m (including £13.7m specifically for allowances and fees) was spent on the in-house service and £19.7m on placements commissioned via Independent Fostering Agencies. As outlined above, sufficiency of foster carers is not only a challenge for Lancashire but is a national issue that is placing significant financial pressure on local authority budgets. In addition to the Sufficiency Duty, a value for money duty is placed upon the county council. Whilst there will always been a mixed economy of in-house and Independent Fostering Agency provision, the county council is able to provide greater value for money due to economies of scale that can be achieved. In addition to the cost differential between in-house and Independent Fostering Agency provision, lack of foster carers for older children and young people is forcing the county council to commission residential children's home placements at a much higher fee than is paid for foster care. Growing the in-house service therefore continues to be a key objective to meet both our Sufficiency and value for money duties.

The basis of the proposals set out above is to provide a flexible payment structure that meet the needs of our children and value our foster carers, according to the needs and ages of the children. The proposals, and financial implications, can be summarised into three areas:

- Fees to foster carers (including Fee Plus) and Other allowances (Birthday, Festival, Holiday)
- Paid Contribution to the Fostering Service
- Long Service awards

Fees to foster carers and Other Allowances

The proposal to change from skill-related payment arrangements to an age-based - and in some instances, Fee Plus - payment model will have a financial impact for most of the county council's existing foster carers. The table below shows the impact on weekly fees for each tier of carer, depending upon the age of the child(ren) they care for:

Age	Proposed	Variance to current		
		v T2	v T3	v T3+
0-4	£338.00	£85.00	-£30.00	-£45.00
5-9	£352.00	£85.00	-£30.00	-£45.00
10	£352.00	£85.00	-£30.00	£15.00
11-15	£413.00	£125.00	£10.00	£15.00
16-17	£442.00	£125.00	£10.00	£15.00

A summary of the financial implications, per placement per annum, of implementing the changes to Other Allowances is presented below:

Age	Financial impact per YP/annum			
	Holiday	Birthday	Festival	Total
0-4	£58	£24	-£34	£48
5-10	£36	£38	-£20	£54
11-15	£19	£59	£1	£79
16-17	-£36	£88	£7	£59

Based on the representative cohort of foster placements on 31 December 2021, the proposals are expected to require additional recurrent funding of £3.070m for the fee element, an additional £0.047m for other allowances, and £0.012m for sibling group placements from the proposed implementation date of 1 April 2022.

Paid contribution to the Fostering Service

It is estimated that payments in relation to paid services will total approximately £0.105m. An annual uplift will be applied, and the rates will be subject to regular review in consultation with carers.

Long Service Awards

Current data indicates that over the next three years, on average 80 foster care households will be eligible for Long Service awards, at an estimated cost of £0.065m per annum.

In summary the proposals outlined would require additional funding, totalling £3.254m based on the financial modelling that has been undertaken. It is anticipated that the changes to the payment model will be a positive step in growing the foster care Service, and that savings will be achieved from a higher number and proportion of in-house placements compared to Independent Fostering Agency placements, and that higher residential fees can be avoided. There are, however, multiple factors that are impacting upon foster carer sufficiency, both regionally and nationally. It is therefore considered prudent at this stage to only reflect savings, once those savings have been evidenced. The impact of the changes will be subject to regular monitoring, and the impact reflected in the ongoing Medium Term Financial Strategy updates.

List of Background Papers

Paper	Date	Contact/Tel
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None		
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Reason for inclusion in Part II, if appropriate		
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