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**Report To:** Community Health & Care  
Partnership Sub Committee

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**Subject:** FAMILY PLACEMENT STRATEGY – REVIEW OF  
ALLOWANCES AND FEES FOR FOSTER CARERS

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**Date:** 27<sup>th</sup> February 2014

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## 1.0 PURPOSE

1.1 The purpose of the report is to propose an increase in allowances and fees paid to foster carers.

## 2.0 SUMMARY

2.1 The rates of allowances and fees paid to foster carers were last reviewed in 2009 when a Payment for Skills scheme was recommended. The rates of allowances were set at those recommended by the Fostering Network. Fees were set following an extensive benchmarking exercise across Scottish local authorities. The rates were implemented on 1<sup>st</sup> April 2010.

2.2 Nearly four years on there is a need to review the financial elements of the strategy in light of increases to the cost of living and resultant increases to the costs of caring for a child.

## 3.0 RECOMMENDATION

3.1 It is recommended that the Sub Committee approve the proposed increase effective 1<sup>st</sup> April, 2014.

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Inverclyde Community Health & Care  
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## 4.0 BACKGROUND

- 4.1 The Integrated Family Placement Strategy was approved by Committee in September 2009 and fully implemented in April 2010. A key aspect of the review was a fundamental evaluation of fostering finance which led to the introduction of a Payment for Skills Scheme which pays foster carers an allowance to cover the cost of caring for a child and a fee which recognises the skills and resources of the foster carer. The allowance was set at the then current minimum rate recommended by The Fostering Network, the national organisation which provides support and advice for foster carers.
  - 4.2 The Payment for Skills scheme was introduced following a period of consultation and information sharing with foster carers, the Children and Families Teams and our colleagues in health and education. The changes were challenging for foster carers and these challenges were fully aired and addressed through a range of consultation initiatives including an implementation group of foster carers. Carers generally responded very positively. Carers state that they find the new scheme to be fairer, easier to understand and allow them the opportunity to budget and make decisions in a way that recognises their skills and responsibilities. An independent evaluation of the new scheme took place in 2011 and confirmed these views.
  - 4.3 One of the major achievements of the revised scheme was the agreement that foster carers would be paid at the minimum rate recommended by The Fostering Network. This had been one of the recommendations made in the 2007 report *Getting It Right for Every Child in Kinship and Foster Care*. When the proposed changes to the allowance and fees scheme were made in 2009 it was the intention that Inverclyde would increase the age banded allowances annually in line with the recommendations of the Fostering Network.
  - 4.4 In 2010 the recommendation from the Fostering Network was a nil increase but since then The Fostering Network have recommended increases which most local authorities have viewed as unrealistic in the prevailing economic climate. The total recommended increases since 2010 amount to 10.34%. This increase has been discussed by the Association of Directors of Social Work and concerns have been expressed about the method used to calculate the level of the increase. Local authorities throughout Scotland have struggled to implement the increase as recommended and very few local authorities have been able to pay it in full. Some have paid minimal increases to try and keep up with inflation but this not been based on any research as to how much it costs to care for a looked after child. There remains considerable variation throughout the country in terms of how foster carers are paid and at what rate.
  - 4.5 In 2011-12 Scottish local authorities spent over £172 million on foster care and family placement services (including respite placements but excluding 'related services' and 'other service to support carers').<sup>1</sup> Between 2006-07 and 2011-12 local government spending on 'foster care and family placements' grew from 13.7% to 21.6% as a proportion of total spending on children and families.
  - 4.6 The matter of foster care finance was referred to the Scottish Government which has included the issue of a national minimum allowance in the remit for the Review of Foster Care. The final report was published in December 2013. With regards to financial matters the National Foster Care Review made two recommendations.
  - 4.7 Allowances: In order that the relevant National Care Standard (Allowances and Expenses) is met research should be undertaken to identify the generic costs associated with fostering placements and how these relate to current allowance rates. Local and National government should consider the findings of this research, and then consider how changes could be introduced over time.
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- 4.8 Fees: Local Authorities with the assistance from their Community Planning Partners should initiate a discussion about the future of fostering fees in Scotland across all provider settings as part of a more strategic approach to the commissioning of children's services.
- 4.9 There is therefore little guidance or practice which offers immediate assistance as to what level of increase would support foster carers to maintain the children in their care at the present time. However the Scottish Government working group has commissioned research regarding the cost of fostering. At the point that this reports and dependent on the cost, it would be the intention to link Inverclyde Fostering rates to any revised national protocol.

## 5.0 PROPOSALS

### Options

5.1	Proposed increases	Current Annual Budget	Annual Budget Including Proposed Increase	Annual Budget Increase
	Increase in fostering allowance of 3%	£701,000	£715,020	£14,020
	Increase in fostering allowance of 2% and increase of 1% in fees.	£701,950	£713,650	£11,700
	Increase in fostering allowance of 2% and increase of £5 in level 2 and 3 fees and increase of £10 in level 4 fees.	£701,950	£720,920	£18,970
	Increase in fostering allowance of 2% and increase of £5 in level 2, 3 and 4 fees.	£701,950	£719,880	£17,930

- 5.2 It is recommended that Inverclyde adopt the last proposal. The 2% increase in allowance recognises in a small way the rise in the cost of living and therefore the costs of caring for a child while the £5 offers an increase in the reward element of fostering.

## 6.0 IMPLICATIONS

### Legal

- 6.1 None at present, however it is likely that there will be secondary legislation forthcoming associated with the national review of foster care.

### Finance

- 6.2

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
00063	Fostering	2014/15	£17,930	Inflation contingency	Intention to develop framework to review future price increases.

### Human Resources

- 6.3 None

**Equalities:**

- 6.4 All fostering allowances fees should be paid according to the criteria set out in the Integrated Family Placement Strategy thereby ensuring an equitable approach

**Repopulation:**

- 6.5 None

**7.0 CONSULTATION**

- 7.1 Foster Carers were consulted following the implementation of the Family Placement Strategy and report a high level of satisfaction with the structured scheme and have an expectation that allowance rates are regularly reviewed in line with the cost of living.

**8.0 LIST OF BACKGROUND PAPERS**

National Foster Care Review 2013

<http://www.celcis.org/media/resources/publications/Foster-Care-Review-Final-Report.pdf>