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**Decision Maker:** Care Services Policy Development and Scrutiny Committee

**Date:** 19 June 2012

**Decision Maker:** Executive

**Date:** 20 June 2012

**Decision Type:** Non-Urgent Executive Key

**Title:** **REVISED PAYMENT STRUCTURE FOR FOSTER CARER ALLOWANCES**

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**Chief Officer:** Kay Weiss, Assistant Director (Safeguarding and Social Care)

**Ward:** N/A

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1. Reason for report

- 1.1 This paper sets out a revised payment structure for foster carer allowances to include a phased two year introduction for existing foster carers.

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2. **RECOMMENDATION(S)**

- 2.1 **The Care Services Policy Development and Scrutiny Committee is asked to consider and comment on:**

- (I) the revised payment structure for foster carers;
- (ii) a two year phased introduction for existing foster carers as outlined in the main body of the report

- 2.2 **The Executive is requested to:**

- (i) approve the revised payment structure to be implemented from the 1 August 2012;
- (ii) agree to a two year phased introduction for existing foster carers as outlined in the main body of the report.

### Corporate Policy

1. Policy Status: Existing Policy
  2. BBB Priority: Children and Young People
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### Financial

1. Cost of proposal: Estimated Cost: £51,563 (2012/13)
  2. Ongoing costs: Reducing in 2013/14 & 2014/15
  3. Budget head/performance centre: Fostering Budget
  4. Total current budget for this head: £5.3m
  5. Source of funding: Base Budget
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### Staff

1. Number of staff (current and additional): 20 FTE, Fostering Team
  2. If from existing staff resources, number of staff hours:
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### Legal

1. Legal Requirement: Statutory Requirement:
  2. Call-in: Applicable:
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

### **3. COMMENTARY**

#### **Introduction**

- 3.1 During 2011/12 a review of Bromley's fostering service was undertaken to address increasing cost pressures and a decline in the number of new foster carers being recruited and approved during the preceding few years when at the same time the number of looked after children (LAC) had increased from a figure of 240 children and young people in 2008/2009 to 300 at its highest point in 2010/11. The number of looked after children and young people declined slightly in 2011/12 to 270 where it has remained static with no indication of further reductions in the foreseeable future.
- 3.2 The dramatic rise of looked after children (LAC) led to an increase in the number of foster placements that needed to be secured via independent providers which, on average, costs the Council 50% more, £20,000 per child per year, than an in-house placement.
- 3.3 Analysis of our in care population and in particular the cohort of children and young people placed in IFA fostering placements highlighted a lack of available in-house foster carers who were able and willing to offer placements to predominantly, adolescents and disabled children.
- 3.4 Conscious of our need to ensure that any measures taken to increase the number of in-house foster carers who could provide placements for adolescents and disabled children needed to be contained within the overall placement budget it was concluded that a review of our current complicated foster carer allowance scheme should be undertaken as part of a number of management actions to address the issues of increasing costs and insufficient numbers of in-house carers.
- 3.5 With the support of the Corporate Parenting Executive Working Party, a number of alternative allowance schemes were examined, compared to neighbouring authorities and costed, with our preferred scheme being subject to a full and formal consultation with our current foster carers before being endorsed by the Corporate Parenting Executive Working Party on the 24 April 2012 and a recommendation that the allowance scheme be presented to the Executive for comment and, if agreed, approval.

#### **Current Scheme**

- 3.6 Bromley's current foster carer allowance scheme was introduced in 2002.
- 3.7 The scheme consists of three distinct elements which make up the total weekly allowance paid to foster carers, which are:
- (a) a three tiered retainer element paid to each fostering household (irrespective of the number of children in placement). This tiered payment was designed to recognise longevity of service and additional skills with the premise being that our more experienced and skilled carers would receive a higher rate of retainer than our less experienced carers as they would be better equipped to offer placements to our more challenging and complex children;
  - (b) a age banded weekly maintenance payment per child to meet the costs of food, clothing, social activities etc; and
  - (c) a set weekly reward payment per child which together with the retainer payment constitutes a professional fee to the foster carer.

**Table 1 – Current Fostering Allowance Scheme**

Age	Maintenance		Reward	Retainer	
				£86.03 (low rate)*	
0 – 4	£211.26	Plus	£73.85	or	
5 – 10	£221.69	Plus	£73.85	Plus	£104.51 (mid rate)*
11 - 16	£275.94	Plus	£73.85	or	
16+	£357.35	Plus	£73.85		£122.99 (max rate)*
*Only 1 payment per fostering household					

- 3.8 Although the current scheme has served us well over the past ten years, there are some issues that mean that it no longer meets the business needs of the service.
- 3.9 Firstly, the maintenance element is far in excess of the weekly amount paid by most local authorities and recommended by the Fostering Network, as follows:

**Table 2 – Comparison of LBB and Fostering Network Maintenance (FNM) Rates 2012/13**

Age	LBB Maintenance	FNM Maintenance
0 – 4	£211.26	£157.85
5 – 10	£221.69	£179.95
11 – 15	£275.94	£224.09
16+	£357.35	£266.01

Maintenance rates are the amount which Government and the National Fostering Network estimate it costs to provide food, clothing, social activities, etc per child per week.

- 3.10 This is significant as there is now a statutory requirement on local authorities to base other maintenance allowances, such as our Kinship Care allowance and residence order allowances etc on our fostering maintenance payment rate. In effect therefore Bromley are paying kinship carers, residence order carers more than they need to.
- 3.11 Secondly, the retainer payment, designed to reward carers for length of service and skills which in turn was thought would encourage our more experienced carers to offer placements to our challenging children and young people has, generally, not been the case.
- 3.12 Finally, it could be argued that our current scheme is designed to meet the needs of carers rather than the needs of the children and young people who are placed with them and provides little incentive to encourage carers to offer placements to our more challenging children and young people.

### **Proposed Scheme**

- 3.13 The proposed scheme is based on the Fostering Network maintenance rate and a professional fee of £200 per week and is paid per child. The professional fee is the sum paid for the work undertaken by the carer for providing parenting/care to a range of children identified by London Borough of Bromley, attendance at reviews, conferences, health appointments, and undertaking training as required, etc.
- 3.14 An enhanced fee of £250 can be paid to meet the individual needs of children with complex needs or to meet the current shortage of particular placement types i.e. adolescents.

- 3.15 The proposed allowance structure is set out in the following table. The highlighted figures indicate the professional fee being proposed in the new scheme.

Table 3

Age	Maintenance		Standard Fee		Enhanced Fee
0 – 4	£157.85	plus	<b>£200.00</b>		£250.00
5 – 10	£179.95	plus	<b>£200.00</b>	or	£250.00
11 – 12	£224.09	plus	<b>£200.00</b>		£250.00
13 – 15	£224.09	plus	£200.00		<b>£250.00</b>
16+	£266.01	plus	£200.00		<b>£250.00</b>

- 3.16 Current business needs assume that carers for children under the age of 13 will attract the age banded maintenance rate and the standard fee of £200. Carers of young people over the age of 13 will attract the enhanced fee of £250 as currently this cohort of young people are difficult to place with in-house carers and these carers are difficult to recruit.
- 3.17 The proposed scheme, which is designed to align payments to the identified needs of the child or young person, should assist in reducing our reliance on more expensive IFA provision.
- 3.18 There may be occasion to prevent placements in more costly IFA provision that the needs of the child under the age of 13 could be met with in-house carers with an enhanced fee being paid. Officers have considered broad criteria that could be adopted when determining whether an enhanced fee should be paid, as follows:

‘There are exceptional occasions when a mainstream foster carer may be approached for a placement of a child who has more complex or significant needs than expected of most other mainstream placements. In these circumstances it may be appropriate to pay an enhanced fostering rate to compensate for the extra time, demands and challenges of the placement.

To qualify for an enhanced fostering rate the following criteria needs to be fulfilled:

- Evidence that there is an increased, significant and ongoing level of disruption to family life above and beyond that which is a normal part of fostering, or
- The ongoing costs of caring for the child are significantly greater than would normally be expected, or
- The child’s needs prevent any other placements being made, when in normal circumstances the foster carer would have additional placements.

All requests for enhanced allowances must be in writing from either the child’s social worker or the foster carer’s supervising social worker, for agreement from the Assistant Director or delegated Head of Service.

Payment of enhanced fostering rates will be reviewed as a minimum of every six months through a report prepared by either the child’s social worker or the foster carer’s supervising social worker in conjunction with the foster carer, which will be discussed at the Children’s Funding Panel. Any payments must reflect the need of the child and therefore will be subject to change depending upon the child/young person’s development in placement.’ A management report summarising enhanced placement costs for under 13 years will also be produced to monitor expenditure and gate keeping arrangements

- 3.19 It is important that the criteria applied is fair and transparent and is clearly based on the needs of the child.

### **Comparisons with other Local Authorities**

- 3.20 A comparison of Bromley's current fostering rate against those paid by other local authorities was considered and is attached as **Appendix 1**.
- 3.21 Members will see that Bromley is positioned as the highest payer among our neighbouring authorities (except for Bexley who pay, on a graduated scale, up to 60% on top of their basic allowance for very complex children), although as each authority operates their schemes in slightly different ways it is not possible to undertake like for like comparisons.
- 3.22 It has not been possible to compare LA allowances with those of IFA's as this information will not be shared with us with 'commercial sensitivity' being cited as the reason.

### **Impact and Risk**

- 3.23 The impact of the new proposed allowance scheme will mean that some in-house carers will receive less money than under the current scheme, between £1.61 per week and £50.25 per week, while others, who provide placements for disabled children or teenagers aged 13 years and over, will receive more.
- 3.24 Changes, which will see carers lose money is clearly a significant risk particularly as carers may decide to leave Bromley and join an IFA where they will receive a greater reward. We are aware at this juncture of three carers who are in the process of leaving Bromley and joining a local independent provider, although in two of the cases the decision to move to an IFA was made prior to the consultation on our new allowance scheme. One IFA is actively and aggressively recruiting locally with offers of an allowance to carers of up to £750 per week. IFA's (many of who are profit making) are able to pass this cost directly to commissioning authorities often with up to an additional mark up of 50% to cover their administration fees.
- 3.25 It is difficult to gauge whether more carers would seek to foster with other organisations, and it was not raised as an issue during the consultation period, other than in general terms in the response from the Bromley Foster Care Association (BFCA).

### **A Phased Approach to Implementation**

- 3.26 The Executive Working Party on 5 March 2012 considered the benefits of a phased approach to implementation to avoid the possibility of LBB foster carers, who will attract less money through the scheme, from leaving. The phased approach sets the standard fee at £200.00 and maintains our carers on their current level of pay until (i) the child leaves the placement, thereafter the carer would attract the new rate for any new child placed, or (ii) the child moves into a higher age band and attracts a higher rate which is greater than the fee that the carer is currently receiving, or (iii) the young person reaches the age of 18. This is seen as a temporary arrangement that would prevail until either the child reached a higher fee level under the revised payment structure or if the carer started caring for a new child or young person when the revised payments would be paid from day one.
- 3.27 The advantage to this scheme is a guarantee to carers that they will not financially lose out with their current placements when the new scheme is introduced. It will also provide an opportunity for carers to adjust to the revised payment structure, although there are still risks associated with this inasmuch that carers may decide to leave Bromley at the conclusion of their current placement.
- 3.28 Members are respectfully reminded that despite our proposals Bromley allowances are still greater than our neighbouring authorities and generally competitive with many IFA providers.

- 3.29 During the consultation exercise many carers, whilst unhappy about losing money, also cited that support to them in caring for a child or young person was equally important as the payment they received. This is an area that is currently underdeveloped in Bromley and subject to invest to save proposals to develop a more robust support package.

#### 4. POLICY IMPLICATIONS

- 4.1 In accordance with the Council's commitment in Building a Better Bromley to reduce our reliance on independent fostering provision and to deliver an in-house fostering service that represents better value for money.

#### 5. FINANCIAL IMPLICATIONS

- 5.1 Detailed financial analysis was undertaken as part of the review of the current foster carer allowance scheme and that is proposed in this paper.
- 5.2 The actual spend for in-house foster placements for 2011/12 is £3.18m compared to a budget of £2.62m. The shortfall of £0.56m has been managed through permanent virements of other budgets and continues to be a key pressure area.
- 5.3 The projected spend for 2012/13 based on the preferred allowance scheme with age banded adjustments and post 18 year old young people factored out but not including any phased introductions as outlined in para 3.15 will be similar to that in 2011/12. Whilst some children will come out of the system when they reach eighteen, it is predicted that other children will enter the system to replace them.
- 5.4 The proposal to introduce a new allowance scheme as outlined in table three would mean that approximately 28% of carers would be financially worse off between £1.61 per week and £50.25 per week. However, to provide stability and limit turbulence it is proposed to maintain those carers on their current payment **level using the phased implementation criteria outlined in 3.27 which will cost £51,563 in 2012/13** and would reduce significantly further in 2013/14. The £51,563 in 2012/13 will be funded from within existing resources
- 5.5 Should Members be minded to agree to a phased introduction of the new payment scheme officers are confident that the additional costs of around £51,563 in 2012/13 can be funded from within the current budget envelope of £30.6M in Children's Social Care.

#### 6. LEGAL IMPLICATIONS

- 6.1 The Local Authority has a statutory duty under the Children Act 1989 to provide accommodation for any child or young person who is found to be in need of such accommodation in their area.
- 6.2 The provision of in-house foster carers assists the Council in meeting this statutory obligation.

<b>Non-Applicable Sections:</b>	Personnel Implications
Background Documents: (Access via Contact Officer)	

Table Four – Comparisons with other Local Authorities

Age	Rate	Croydon	Lewisham	Lambeth	Greenwich	Bexley	Bromley
0 – 4	Standard	£322.00	£314.37	£354.96	£285.26 >£335.26	£286.70 <b>&gt;£440.57</b>	<b>£357.85</b>
	Enhanced	£363.03			(+£50 max)	(+60%)	<b>£407.85</b>
5 – 10	Standard	£322.00	£324.90	£354.96	£312.59 > £362.59	£298.16 <b>&gt;£458.04</b>	<b>£379.95</b>
	Enhanced	£389.68					<b>£429.95</b>
11 – 12	Standard	£322.00	£376.14	£376.14	£367.20 >£417.20	£361.92 >£458.04	<b>£424.09</b>
	Enhanced	£447.45					<b>£474.09</b>
13 – 15	Standard	£322.00	£376.14	£390.57	£367.20 >£417.20	£361.92 <b>&gt;£496.52</b>	<b>£424.09</b>
	Enhanced	£447.45					<b>£474.09</b>
16+	Standard	£394.78	£465.35	£390.57	£426.62 >£476.62	£379.58 <b>&gt;£553.50</b>	<b>£466.01</b>
	Enhanced	£479.87					<b>£522.13</b>

Note: Where a local authority offer a standard and enhanced rate this is shown, otherwise they operate one standard rate  
Both Greenwich and Bexley offer a graduated enhancement for complex cases to a maximum shown above.  
Figures highlighted in red show a payment (at the maximum enhancement) greater than our proposal