

## CABINET

22 March 2022

<b>Title:</b> Foster Carer Rate and Benefits Uplift	
<b>Report of the Cabinet Member for Social Care and Health Integration</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
<b>Report Author:</b> Ilirjeta Buzoku, National Management Trainee – Children’s Care and Support, Commissioning	<b>Contact Details:</b> Tel: 020 39117242 E-mail: ilirjeta.buzoku@lbbd.gov.uk
<b>Accountable Director:</b> April Bald; Operational Director for Children’s Care and Support	
<b>Accountable Strategic Leadership Director:</b> Elaine Allegretti, Strategic Director, Children and Adults	
<b>Summary</b>	
<p>The Council has a duty to make payments in respect to Looked After children through the supplementation of a weekly allowance that cultivates high-quality foster care for some of our most vulnerable children.</p> <p>At the time of the last rate uplift in 2008, Barking and Dagenham were in the top cohort of fostering allowance rates amongst neighbouring boroughs. Over the last 14 years, neighbouring boroughs have slowly matched our rates and, recently, exceeded them. The surpassing uplifts in fostering rates and benefits of neighbouring boroughs mean that we risk no longer being financially competitive. Despite having not yet lost significant numbers of foster carers, our ability to retain in-house foster carers, and indeed attract new foster carers, is threatened by a growing disparity in the rates that we pay.</p> <p>The loss of high-quality in-house carers would be financially detrimental for the council as it would leave little other alternative but to place children through higher-priced Independent Fostering Agencies (IFAs) or in residential homes. Placing children in external safeguarding provisions will not only be at a minimum three times more costly for the council, but it would also take foster children out of our most trusted, family-centred environments.</p> <p>Moreover, the ongoing rising rates of inflation and increased costs of living also makes the current rate increasing unviable. All these factors, exacerbated by the effects of the Covid-19 pandemic, have highlighted how our rates and benefits need to be reviewed with immediate effect.</p> <p>This report proposes to uplift our fostering rates and benefits in line with our neighbouring boroughs, in addition to implementing an annual review that aligns the fostering allowance with inflation rates.</p>	

## **Recommendation(s)**

The Cabinet is recommended to:

- (i) Agree the increase of foster carer rates for Children's Care and Support as detailed in Appendix 4 to the report, effective from 1 April 2022;
- (ii) Agree the increase of foster children's holiday, birthday and festival allowances for Children's Care and Support as detailed in Appendix 5 to the report, effective from 1 April 2022;
- (iii) Agree that complimentary access to the Borough's leisure centres be given for in-house carers, effective from 1 April 2022; and
- (iv) Delegate authority to the Operational Director, Children's Care and Support, in consultation with the Cabinet Member for Social Care and Health Integration, to approve the fostering rates on an annual basis, which shall be published via the Council's annual 'Provider Uplift Policy' prior to the start of each fiscal year.

## **Reason(s)**

To assist the Council to achieve its priority of 'Prevention, Independence and Resilience' by improving outcomes for children in care and recognising the contributions of our foster carers by creating a model that compensates carers' skills and commitment to our children.

## **1. Introduction and Background**

- 1.1 This paper forms one pillar of our strategies for ensuring sufficiency in supply of care and support for our looked after children; whilst not for this paper, it is important to also keep in mind ongoing work on the sufficiency strategy, fostering recruitment campaigns, residential care frameworks and quality assurance. This paper, however, addresses the urgent issue of foster carer rates. The role of a foster carer is instrumental within the local authority safeguarding network, as it enables the corporate parent to entrust vulnerable children to a nurturing family. Providing a safe environment for children in care can stabilise lives and provide the opportunities we would all want for our own children. Foster carers are compensated with a weekly allowance per child that covers general household expenses and the costs of raising a child. This weekly allowance varies with age range and additional complex behavioural or medical needs of a child, although the latter is not currently defined in policy.
- 1.2 The concept of corporate parenting under section 22(3) of The Children's Act 1989 outlines the duty of the local authority to safeguard and promote the welfare of a child looked after by them.
- 1.3 Local government has a duty to make payments in respect of children in need under section 17(6) of The Children's Act 1989. The National Minimum Standards of the Fostering Service, section (28)1, stipulate foster carers should receive the national minimum allowance for a child, in addition to necessary supplementary

expenses for the care, education, reasonable leisure, holidays, birthdays, school trips, and religious festivals for a placed child.

- 1.4 Historically, there has not been a foster carer rate uplift in the London Borough of Barking and Dagenham (LBBD) since 2008 – almost 14 years. At the time of the last foster rate uplift, Barking and Dagenham was the most financially competitive local authority for in-house foster rates. Over time, neighbouring boroughs have matched and recently exceeded our rates, which has resulted in our in-house foster rates no longer being viewed as competitive amongst experienced carers. Whilst our foster carers have not yet left us, our current position is making us vulnerable to a mass exodus of foster carers.
- 1.5 Losing long-serving and experienced in-house foster carers would be financially detrimental to the council as well as very destabilising for children and young people. This would result in placing Looked After Children in high-cost IFA's or residential homes for children with additional behavioural and/or medical needs. Raising our fostering rates would be more cost-effective in both the short and long-term for the council.
- 1.6 Moreover, with the impact of the Covid-19 pandemic and recent rising inflation rates and increased costs of living, the 2008 allowance has decreased in value and is no longer sustainable to maintain a household for vulnerable children to live in, as well as accommodating the costs of raising a child.
- 1.7 There are wider risks generated because of not having updated the fostering package for quite some time. As 60% of our in-house carers are approaching retirement age, the lack of competitiveness in fostering rates has meant that LBBD is being considered as an unattractive borough to foster for by younger prospective carers. Furthermore, 95% of our three-bedroom foster homes lie in our neighbouring boroughs. The risk of sibling placement breakdown is reinforced if LBBD carers decide to leave, which may mean siblings may have to be split up. These risks cannot be mitigated completely by a rate increase (further mitigations are shown in the risks section of this report) but it will help significantly.
- 1.8 This report proposes to increase the foster carers rate in line with our most competitive neighbouring borough and implement an annual review of the fostering allowance as a part of our Provider Uplift Policy that aligns with inflation.

## **2. Proposal and Issues**

- 2.1 Our current model of the standard fostering allowance incrementally increases based on the following age brackets: (0-4), (5-10) and (11+) (**Appendix 1**). The enhanced allowance is assessed and assigned to carers based on the unique medical and/or behavioural challenges of the child they are caring for. This enhanced rate can range between a 20-50% increase on top of the standard rate and is decided on a spot basis by the fostering team.
  - 2.1.1 As of January 2022, there are 178 children placed with in-house foster carers - 129 fostering households in total. This is incurring an estimated spend of **£3.78m** per annum based on the cost of standard fostering rates (**Appendix 1**), in addition to, holiday, birthday and festival allowances (**Appendix 2**).

2.1.2 After consultation with LBBD carers, the fundamental issues raised lay with the competitive fostering rates and benefits in neighbouring boroughs, the rise of inflation and increasing cost of living. Equally, the Council wishes to retain and attract high-quality in-house foster carers to avoid placing foster children in high-cost IFAs or residential homes. We also prefer to keep children who are looked after in-house as we can more easily provide support and keep children near the area for family contact. Therefore, a review of the foster carer rates and benefits is timely.

### Neighbouring borough rates

2.2 A benchmarking exercise was conducted to establish how LBBD's weekly foster carer rates compare to neighbouring and wider London boroughs (**Appendix 3, 3.1**). This was important to ascertain the recent rate uplifts in neighbouring boroughs, (where the majority of LBBD carers reside) and how this has led to an increasingly competitive market. A comparison of six neighbouring boroughs' standard rates at a base level (Tier 1) follows below:

**Table 2.2: Foster carer rate (tier 1) benchmarking (2021):**

	Weekly allowance: 0 – 4	Weekly allowance: 5 – 10	Weekly allowance: 11 – 15	Weekly allowance: 16+
<b>LBBD</b>	£295.00	£364.50	£444.50	£444.50
<b>Borough A (Tier 1)</b>	£354.00	£354.00	£462.00	£477.00
<b>Borough B</b>	£299.13	£310.18	£404.41	£457.48
<b>Borough C (Tier 1)</b>	£338.00	£357.00	£381.00	£415.00
<b>Borough D (Tier 1)</b>	£300.00	£304.00	£395.00	£406.00
<b>Borough E</b>	£158.00	£180.00	£249.00	£271.00
<b>Borough F</b>	£156.50	£177.00	£201.00	£235.00

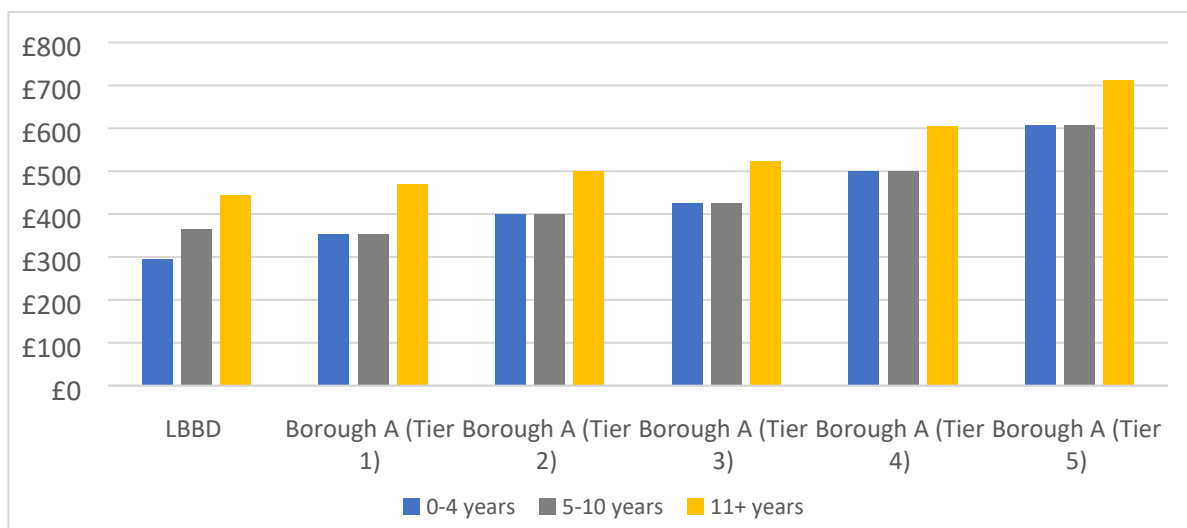
Most neighbouring boroughs have tiered allowances extending to a tier five allowance in Borough A's case (**Appendix 3, 3.1**). This means that the higher-tiered allowances of other boroughs far exceed LBBD's standard rate, thus, making us financially unappealing to experienced in-house and prospective foster carers.

2.2.1 The fostering rate is broken down into two parts, the carer's professional fee and the child's allowance. While LBBD pays the highest carers professional fee in comparison to neighbouring and wider London boroughs (**Appendix 3, 3.3**), this does not mean that LBBD carers are financially better off. The unequal proportioning of LBBD's fostering rates mean that the child's share of the allowance is the lowest amongst the London boroughs (**Appendix 3, 3.2**). For example, LBBD's youngest vulnerable children (0-4 years) receive £45 a week maintenance allowance, in comparison to Borough A compensating £186 weekly – a 122% difference. This means that carers have no choice but to subsidise the child's allowance with their portion of the rate to accommodate the costs of raising a child - creating a non-linear system. To combat this, the rate needs to be uplifted overall and more equally proportioned so that both carers and children see a rate increase.

2.3 In line with our recommendation to align fostering rates to London's most financially competitive borough for fostering rates, an extended rate comparison of Borough

A's 1–5-tiered system was completed to demonstrate how far LBBD's, and London rates fall behind. Again, the stark difference in rates is especially apparent for our children aged 0-4, whereby LBBD's rate stands at £295 in comparison to Borough A's Tier 5 allowance at £607 – a 69% difference. A detailed breakdown of these rates is presented in the figure below:

**Figure 1: LBBD and Borough A Foster Carer Rate Benchmarking (2021)**



*\*These figures have been averaged in accordance with LBBD's existing age range groups.*

- 2.3.1 The rate disparities shown in Table 2.2 and Figure 1 highlight why LBBD carers are compelled to transfer into neighbouring boroughs' in-house fostering for the higher rates. Due to 70% of LBBD foster carers residing outside of LBBD, foster carers are hyper-aware of the difference in fostering rates and benefits between the boroughs – again, increasing the risk of them leaving LBBD.
- 2.3.2 There are also wider risks of LBBD carers leaving us for neighbouring borough rates. The age profile of our in-house carers shows that 60% are imminently reaching retirement age, ranging from 50-65 years old. This means that if an uplifted foster carer package is not introduced, there is an increased risk of not being able to retain carers who are not yet entering retirement age, as well as failing to attract prospective carers during the recruitment phase. To attract new carers, LBBD must uplift the rates to be more competitive.
- 2.3.3 The consequence of in-house carers leaving will inevitably lead to a breakdown in placements, especially affecting sibling placements. For instance, Borough A has an average of 2.8 bedrooms, in comparison, to 2.3 bedrooms across all tenures in LBBD – Borough A making up 95% of our three-bedroom foster homes. As such, siblings transferred into care are more likely to be split up if a shortage of LBBD carers living in boroughs with larger housing is not available – affecting the health and wellbeing of our children.

## Neighbouring borough holiday, birthday, and festival allowance

2.4 Annual allowances are provided to finance a foster child's holiday, birthday, and festival days. Below is a comparison of LBBB's allowances to other neighbouring boroughs:

**Table 2.4: Holiday, birthday, and festival allowance benchmarking (2021)**

	<b>Holiday</b>	<b>Birthday</b>	<b>Festivals</b>
<b>LBBB</b>	£200.00	£50.00	£50.00
<b>Borough A</b>	0-4: £213.00 5-10: £275.00 11-15: £300.00 16+: £325.00	£100.00	£100.00
<b>Borough B</b>	0-10: £252.43 11-15: £311.90 16+: £394.92	0-10: £125.65 11-15: £156.05 16+: £196.33	0-10: £125.65 11-15: £156.05 16+: £196.33
<b>Borough C</b>	£450.00	0-2: £75.00 3-10: £100.00 11+: £125.00	0-2: £50.00 3-10: £75.00 11+: £100.00
<b>Borough D</b>	£300.00	0-4: £50.00 5+: £100.00	0-2: £50.00 3+: £100.00

2.4.1 As stipulated, LBBB's payments for annual occasions remain the same value across all age groups. Contrarily, some neighbouring boroughs have incremental rate increases based on age group to accommodate age-appropriate gifts and holiday necessities. Overall, neighbouring boroughs are paying up to 77% more for holiday allowance and up to 119% more for birthdays and festivals. To become financially competitive, we plan to uplift these allowances, as well as implementing an incremental increase model based on age range.

### Costs of external safeguarding providers

2.5 Whilst the number of children in care has decreased and stabilised since its peak of 472 in June 2015, the projections of an increasing population in LBBB are clearly concerning in terms of the financial projections. According to GLA intelligence, projections show that by 2036 LBBB's population is set to rise by 42% - becoming the highest in London. This has the potential to lead to an increase of children in the social care system, and therefore increased spending for the social care workforce and resources such as foster carer, residential, and IFA payments.

2.5.1 Should a high number of in-house foster carers leave; the council will have to pay at minimum of three times more a week to place a child in an IFA and at least nine times more for residential home placements. The costs of placing a child in IFAs or residential homes can be mitigated by uplifting our fostering rates and benefits. This recommended action will likely incentivise in-house carers to not leave, therefore, reducing the number of children placed in external safeguarding provisions due to in-house placement breakdown.

## IFAs

2.5.2 LBBB has a large pool of foster carers in comparison to other neighbouring boroughs and therefore lower use of IFAs. IFA placements are commissioned in the instances that there is no in-house carer capacity, or a child and available foster carer are assessed to not be a good fit. In instances like this, a child is better placed in an IFA until a well-matched foster family dynamic is found to be suitable. The tables below outline a sample of five IFA providers' weekly costs to place a child and the budgetary impact on the council of using IFAs per child:

**Table 2.5.2: Sample of IFA weekly rates**

<b>Independent Fostering Agency Providers</b>	<b>Weekly Fostering Allowance per week</b>
Provider A	£1632.81
Provider B	£1343.00
Provider C	£1600.00
Provider D	£1427.00
Provider E	£1450.00

**Table 2.5.3: Annual comparison of tier three fostering and IFA Provider A costs:**

<b>Tier 3 in-house fostering rate (11+)</b>	<b>IFA – Provider A</b>
£523 a week	£1632.81 a week
<i>Annual total: £27,196</i>	<i>Annual total: £84,906.12</i>

In summary – for every foster carer LBBB loses, it will cost the Council **an additional £58k a year** to place a child in a high-fee IFA.

2.5.3 To contextualise these figures, if an in-house carer with two foster children decided to leave, it would cost the council an additional £115,420.24 a year to place them in IFA Provider A. As such, should a surge of LBBB in-house carers leave to work for other boroughs because of competing rates, the council will have to heavily rely on expensive IFA's once there is a breakdown of in-house placements.

## Residential homes

2.5.4 Residential placements are the absolute last resort for placing a child in care. Typically, residential homes offer crisis services and support children with the most challenging needs. To place a child in these services LBBB pays residential homes £7k-£10k a week. If LBBB's foster rates were aligned to the most financially competitive borough and averaged based on LBBB's existing age ranges, a tier five allowance for a very high-need child would be £712.50 a week. The table below displays a comparison of the annual cost between in-house care and residential home fees to place a child:

**Table 2.5.4: In-house fostering rate and residential home fee comparison:**

<b>Tier 5 In-house fostering rate</b>	<b>Residential home rate</b>
£712.50 per child	£10,000 per child
Annual Total: £37,050	Annual total: £520,000

2.5.5 As such, if a tier five assessed child were placed in a £10k a week residential home, it would cost the council **an additional £483k a year** per high-need child. To avoid this outcome, LBBB's fostering rates need to be uplifted to prevent highly skilled foster carers from leaving. In addition, we anticipate that the uplift will help us develop our foster carers to care for our neediest children. This is highly beneficial for the council as an increased capacity in carers trained to look after more children will provide better outcomes and save the council more money over time by keeping these high-need children out of high-cost residential homes.

### **Impacts of Inflation and cost of living**

2.6 Recent inflation has affected the cost of living dramatically. The current modelling of LBBB's allowances means that foster carers are subsidising the child's needs using their portion of the allowance, which is no longer feasible in these unprecedented financial times.

2.6.1 For our babies and toddlers aged 0 – 4, who receive the lowest fostering child's allowance in London (**Appendix 3, 3.2**) the costs of basic necessities have been propelled by inflation. To illustrate, the price of SMA baby milk at 900g in 2008 would have cost £6.87, in comparison to 800g at £11.35 today – a 65.2% increase and 0% increase in allowance. Should food payments be placed on the child's allowance as other boroughs do, the unsubstantial remaining budget will negatively affect the youngest of our vulnerable children in LBBB.

2.6.2 Moreover, travel allowances have become unfeasible for carers to facilitate contact and school runs with diesel and petrol-run cars. According to the Office of National Statistics 2021, the Retail Price Index (RPI) for petrol, oil and fuel oil in December 2020 stood at - 9.6% in comparison to the value of 28% in December 2021 – a 37.6% increase. The increased cost of fuel prices means that essential travel multiple times a week and parking costs are disproportionate to the current travel allowance of £15 a week (**Appendix 1**).

2.6.3 During a consultation with carers, the increasing cost of living was a high cause of anxiety. The soaring prices of utility bills have surged in the last year as seen in the table below:

<b>Utilities</b>	<b>December 2020 (RPI)</b>	<b>December 2021 (RPI)</b>	<b>RPI Percentage increase</b>
<b>Electricity</b>	- 3.1%	18.8%	21.9%
<b>Gas</b>	- 15.7%	28.8%	44.5%
<b>Water</b>	- 3.2%	1.7%	4.9%

\*Office of National Statistics 2021



2.6.4 As shown in the figures above, the change in RPI and the effects of the pandemic have further impeded the carer's professional fees and upkeep of household expenses. Ensuring LBBD's rates are in line with neighbouring boroughs and are aligned with inflation will surely ease financial pressures and make for thriving carers and children.

### 3. Options Appraisal

#### 3.1 Option 1: Do Nothing

3.1.1 This is not a recommended option as there has been no amendment to the foster carer package for 14 years. Whilst there has been no issue with the retention of foster carers as yet, the recent uplift in fostering rates and benefits of neighbouring boroughs has made retention untenable and caused foster carers to demand change. By doing nothing we risk carers leaving and causing placement breakdown will leave the council no choice but to place children in high-cost IFAs or residential homes.

3.1.2 Additionally, the increasing inflation rates, rising cost of living and stagnant fostering allowance have made it financially unfeasible to accommodate the costs of looking after a child and maintaining a household. Moreover, many of our valued, long standing foster carers are approaching retirement age. To incentivise prospective foster carers, an updated foster carer package needs to be implemented. There is no advantage to keeping the foster care package the same for either the council, LBBD foster carers or our children in care.

#### 3.2 Option 2: Align foster rates and benefits to neighbouring boroughs'

3.2.1 The recommended option is to remodel LBBD's standard allowance (**Appendix 1**) into a 1–5-tiered system. LBBD's fostering team will be responsible for assessing what tiered allowance a child is allocated, and their carers will receive, which will be continuously assessed based on the need of the child. Tier one is for brand new carers who have had no prior experience in foster caring. Tier 2 – 3 will be considered for carers looking after children with needs ranging from mainstream to advanced. Children with serious medical and/or behavioural complexities will fall into tier 4-5 allowances and will be placed with experienced carers who are equipped to manage these challenges. The allowance assigned to foster carers will be determined by the need of the child in placement. This will be carefully determined during the matching process of children and carers and monitored continuously to ensure carers are receiving the appropriate allowance.

3.2.2 Based on the 178 children in fostering placements and assessment of what tiers children fall into, this will require **an uplift of £878k** – resulting in **a new annual cost of £4.65m**. The current level of allowance and proposed increases can be found in **Appendix 4**.

3.2.3 However, should all fostering households without a current placement be allocated *at least one child* of their preferred age range, this would equate to 205 children in foster care. Therefore, the estimated uplift for the allowance can range from **£878k - £1.6m**. Thus, the projected annual spend could range from **£4.6m- £5.4m**. **This level of spend would in turn produce a significant reduction in spend on IFA and residential provision.**

## **Holiday, birthday, and festival allowance**

- 3.2.4 We recommend remodelling holiday, birthday, and festival allowances by uplifting and incrementally increasing payments based on the child's age to accommodate for age-appropriate gifts. The holiday, birthday and festival allowance up lift will result in an additional **£90k a year** based on 178 children in foster placements. A table of the current rate and proposed uplift for holiday, birthday and festival allowances can be found in **Appendix 5**.
- 3.2.5 Aligning foster rates to neighbouring boroughs in conjunction with the proposed uplift for holiday, birthday and festival allowances will total **an annual spend of £4.7m –a £970k uplift** overall.

## **Additional benefits**

- 3.2.6 Children in care already have free access to council-owned leisure centres. The fostering benefit of one complimentary leisure centre pass per fostering household will encourage family bonding between a carer and the child through leisure activity. This benefit will be especially useful for fostering families during the school holidays where children have more disposable time for leisure activities. For one Everyone Active adult leisure centre pass per fostering household (includes swimming and the gym), it will cost the Council **£62k a year**. This benefit will be commissioned so that foster carers will have access to Everyone Active Centre's in any location as many of our carers live outside LBBDD.
- 3.2.7 The parking benefits neighbouring boroughs have in place cannot be replicated in LBBDD as foster carers are not eligible for the LBBDD Carer Agency Permit nor a Key Worker Permit. Instead, it is proposed that carers who need to pay for parking within or outside the borough to facilitate contact or specifically to meet the needs of the foster child, this should be claimed as an expense. Historically, this benefit has not been used by carers often and is not expected to increase drastically.
- 3.2.8 Council tax reduction for foster carers is not being considered at this time due to the total uplift proposed in Option 2 being so substantial. A benchmarking exercise of council tax reduction fostering benefits amongst neighbouring boroughs found that the majority are not offering this now, but it is worth noting that one of our neighbouring boroughs does and this was specifically requested by foster carers during consultation.
- 3.2.9 As most of LBBDD's foster carers live outside the borough, the varying council tax payments from different boroughs make the execution of this benefit difficult to implement. Additionally, this benefit would not be applicable for all foster carers as some would not be eligible for council tax reductions due to being in receipt of other state benefits. Currently, it is not financially feasible for the council to pay for foster carers council tax.
- 3.2.10 If all recommendations are implemented, this would result in a **total increase in spend of £1.03m– an annual spend of £4.8m**.

### 3.3 Option 3: Align rates to inflation

- 3.3.1 Aligning fostering rates to inflation using the CPI and RPI rates would consider the current costs of living and costs of raising a child. When applying the December 2021 CPI (4.8%) and RPI (7.5%) rate across the foster rate breakdown, this will stand at an uplift of 5.15% on average. The proposed rate uplift using the December 2021 CPI and RPI 2021 rate increase can be found in **Appendix 6**. Whilst this meets the financial need of foster carers, it would not make us significantly more competitive than we are currently and therefore would have minimal impact on foster carer recruitment or retention.
- 3.3.2 Increasing the current allowance by 5.15% will incur **an uplift of £145k**. This will result in a new **annual spend of £3.9m**.
- 3.3.3 In addition to each of these options, an annual review of the fostering rate applying the CPI and RPI rate at the time will ensure that the rate is aligned to inflation and cost of living. This proposal will produce high-frequency small uplift events, rather than an infrequent mass uplift for the Council. As a result, this recommendation will ensure long-term retention of foster carers and smaller financial uplifts for the Council.

#### Summary of financial impacts:

- 3.4 Below is a table summarising all the presented options with the financial implications:

Option	Total uplift	Total annual spend
Do nothing	£0	£3.7m (current)
Align rates with inflation	£145k	£3.9m
Align rates with inflation, uplifting annual holiday, birthday, and festival allowance & additional benefits	£300k	£4.01m
Align with neighbouring borough rates	£878k	£4.65m
Align with neighbouring rates, uplifting annual holiday, birthday, and festival allowance & additional benefits	£1.03m	£4.8m

- 3.4.1 The recommendation is to implement **Option 2** which includes aligning fostering rates to the most competitive neighbouring borough, uplifting the holiday, birthday, and festival allowance, and providing complimentary access to Everyone Active leisure centres for foster carers. This will produce **a total uplift of £1.03m** based on the current number of foster children. This is the preferred option as aligning foster rates to neighbouring boroughs will decrease the likelihood of our in-house foster carers leaving for higher rates elsewhere. The mitigations of this uplift include not having to place LBBD's vulnerable children into high-cost IFAs or residential homes

that would only result from an exodus of LBBB carers and a breakdown of in-house placements.

- 3.4.2 To avoid the council facing an uplift of this magnitude in the future, an annual review of the foster rates will commence from this point on. All future rate reviews will be published as a part of our annual Provider Uplift Policy in March prior to the start of each fiscal year. This exercise will be completed in consultation with foster carers and will also uplift the foster care allowance based on the rate of inflation to keep in line with the cost of living.
- 3.4.3 In relation to reviewing the rates of connected persons/kindship carers, staying put carers and adoptive carers, this is currently in LBBB's forward-plan, and its early thoughts will be detailed in the Sufficiency Strategy which will be presented to Members this summer.

#### **4. Consultation**

- 4.1 Consultation between carers and the Council first began on 3 November 2021. Following this, a One Borough Voice survey was promptly sent out to gauge the preferences for the rate and benefit uplift by carers. The further analysis of survey responses led to the presentation of the options outlined in this report to carers on 31 January 2022. A second One Borough Voice survey revealed that LBBB foster carers would prefer Option 2 outlined in this paper. The reasoning behind why LBBB cannot align fostering rates to the national minimum wage and its unfeasibility for the Council has been explained to carers.

#### **5. Financial Implications**

Implications completed by: Florence Fadahunsi, Finance Business Partner

- 5.1 This paper sets out the rationale for increasing the rates paid to LBBB foster carers. The culmination of the cost of living and inflationary pressures and market forces, with other Boroughs increasing rates, means that LBBB is exposed both to losing existing experienced Foster Carers and failing to recruit new Foster Carers. The current rate has been in place and has remained unchanged since 2008. The rates do not compensate the carers for cost-of-living increases nor the impact of inflation. In addition, the current rate falls below the allowance paid out by neighbouring boroughs in particular Borough A as outlined in this report.
- 5.2 Approval is sought on the adoption of option 2. These modelled on the LBBB data would suggest an increase in spend of between £878k - £1.6m. The £1.6m assumes all the foster carers on our books having a child placed with them. The budget in corporate parenting is currently overspending and there is no scope to make this funding available within the current resources. A bid would need to be put forward to request additional growth funding to cover the additional cost.
- 5.3 The council runs the risk of losing current foster carers and not being in the best position to attract new ones as they will most likely prefer to work for other boroughs that pay more than LBBB. This will mean the council will rely more on agency foster carers and residential placements, the cost of which will outstrip the potential increase in foster care allowances.

5.4 This paper addresses the immediate risk to the Council from the loss and failure to recruit Foster Carers. It is in response to direct feedback from the Foster Carer network as referenced above. This paper does not seek to address wider risks such as the age profile or the profile of LBBB Foster Carers predominantly residing outside of the Borough. These will be addressed as part of the Sufficiency Strategy being developed.

## 6. Legal Implications

Implications completed by: Lindsey Marks, Deputy Head of Law

6.1 The legislative framework for fostering is:

- Children Act 1989 and 2004
- Children and Families Act 2014
- The Care Planning, Placement and Case Review and Fostering Services (Miscellaneous Amendments) Regulations 2010
- National Minimum Standards for Fostering Services 2011
- Fostering Services Regulations 2011
- The Care Planning, Placement and Case Review Regulations and Guidance 2015
- Fostering Regulations 2013.

6.2 The recent Fostering Network's State of the Nation's Foster Care 2021 report found that nationally there is a crisis in the retention and recruitment of high-quality foster carer's who can meet the needs of children in care. Over a third of foster carers said that the allowance they received did not meet the full cost of the child's care, which forces them to dip into their own pockets to provide for the children.

6.3 In order for Barking and Dagenham to retain their foster carers and attract new foster carers the foster care allowance and benefits to foster carers need to match those of neighbouring boroughs.

## 7. Other Implications

7.1 **Risk Management** – The immediate risk of LBBB's in house carers leaving to foster in neighbouring boroughs can be mitigated by making our rates the most financially competitive in London. However, there are some wider risks to consider as well:

Risk	Mitigating action
Being tied to other boroughs'	At present, providing a competitive offer means to align fostering rates to the most competitive borough. However, this will not always remain the case, as an annual review of the fostering package will seek to align fostering rates with inflation - unlike other neighbouring boroughs.
Movement in assessed tiered allowances resulting in an increased spend.	The foster rate is applied to the child not the carer, although, a child's needs will be met with the appropriate carers experience. The likelihood of carers receiving a higher tiered allowance is small. This risk would only come into fruition if more high-tiered children were

	transferred into in-house care or current in-house placements develop higher needs.
The tier system not being implemented by 1 <sup>st</sup> April 2022.	This risk has been mitigated by provisionally assessing the level of need of children into tiers. Once the proposal outlined in this report is approved, the provisional assessment will be conveyed to Brokerage to administrate the relevant foster allowances to each carer. If necessary, payments can be backdated.
Increased spending for foster carer training.	No more funding will be needed for training. However, Children's Social care is seeking to realign existing budgets to expand the Mockingbird scheme to develop our foster carers.

## 7.2 Corporate Policy and Equality Impact -

- **Access to services and inclusion** - Carers will have higher access to leisure facilities which can foster family bonding with the child in placement.
- **Fairness and equality** - This proposal will elevate fairness and equality by aligning rates and benefits to match competing boroughs and thus make our in-house foster carers feel valued.
- **Meeting needs and delivering outcomes** - By aligning our rates to neighbouring boroughs as well as an annual review of the inflation rates this will meet the economic needs of the cost to live.
- **Satisfaction and service-user experience** - The outcome of this proposal will increase the satisfaction of carer's experience in LBBB as there has not been a rate review in 14 years and the uplift will make them feel like a valued member of the workforce.

7.3 **Safeguarding Adults and Children** – The safeguarding of foster children's physical and mental wellbeing can be more closely monitored if retained in in-house placements as opposed to external safeguarding provisions. For adults, their welfare will also improve from a rate and benefit uplift as the financial strain fuelled by the increased cost of living can be subsidised- making happier carers and children.

7.4 **Health Issues** – The preservation and support of children in care's mental health will be sustained in in-house foster placements due to the family environment rather than residential homes.

## Public Background Papers Used in the Preparation of the Report:

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- Local Government Association. (2021) Private Equity Involvement in Care Placements Needs Reviewing Amid Concerning Profit and Debt Levels. Children's Social Care. Retrieved from: <https://www.local.gov.uk/about/news/private-equity-involvement-care-placements-needs-reviewing-amid-concerning-profit-and-debt-levels>
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- The Children's Act. (1989). Legislation.gov.uk. Section 22(3). Retrieved from: <https://www.legislation.gov.uk/ukpga/1989/41/section/22>

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- **Appendix 1:** Barking and Dagenham's current fostering allowance.
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- **Appendix 3:** London borough fostering rate benchmarking
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- **Appendix 4:** Current fostering allowance and proposed increase.
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- **Appendix 6:** Current fostering rate and proposed rates aligned to inflation.