

## **CABINET**

**3 AUGUST 2021**

### **PROPOSAL TO AMEND THE CURRENT PAYMENT SCHEME FOR MEDWAY LOCAL AUTHORITY FOSTER CARERS**

Portfolio Holder: Councillor Mrs Josie Iles, Portfolio Holder for Children's Services  
(Lead Member)

Report from: Dr Lee-Anne Farach, Director of People –  
Children and Adults Services

Author: Paul Startup, Head of Corporate Parenting

#### **Summary**

The Outline Sufficiency Report and the associated Medway Council Fostering Review Report issued in October 2020 set out the challenges affecting placement sufficiency and recommended the need for investment in the in-house Fostering Service in Medway.

Growing the Local Authority foster care placement provision is central to closing gaps in the provision of sufficient local placement accommodation, increasing the number of looked after children in a family setting and is an important element of the financial sustainability of the Directorate.

This report seeks approval to proposed changes to the current Foster Care Fees and Allowance Policy. The implementation of a revised scheme is crucial to improving the 'offer' to attract and retain Local Authority Foster Carers in Medway.

#### **1. Budget and policy framework**

- 1.1 Cabinet is responsible for ensuring that income and expenditure remain within the budget approved by the Council. Investment in the Medway foster care 'offer' and the increase in foster care allowances to facilitate attracting additional in-house placements was included in the Capital and Revenue Budgets 2020/21 Report to Council on 18 February 2021. Also included was a permanent increase in the Fostering Service establishment on a phased basis to underpin the 'offer', to enable the improvement of the service and to grow a therapeutic approach over time.

1.2 The proposal set out in this paper is intended to improve the care experience for children and young people in Medway by ensuring that wherever possible they are looked after in Medway in a foster family environment. It also addresses the concerns and improvements required by Ofsted and the Children's Commissioner.

## 2. Background

2.1 Medway Council's Fostering Service (MCF) operates in a competitive market against neighbouring Local Authorities and registered independent fostering agencies (IFAs) who heavily dominate in the area to recruit foster carers from the same pool of people. From the recent research undertaken, it was found that there were 81 national and regional IFAs who recruit carers from the Medway area.

2.2 The disadvantage of being in competition with IFAs who work at scale both regionally and nationally, is that they are better commercially focused, work solely from a fostering perspective and in most cases offer a more attractive financial and support package.

2.3 MCF is not competitive and needs to improve. Foster care allowance rates that are lower than IFAs and MCF do not provide sufficient incentive for a prospective foster carer to apply. Research and consultation with prospective foster carers and approved foster carers tells us that in most cases, it is the enhanced package of support that will attract a prospective carer to a foster agency.

2.4 A Foster Care Review by Essex County Council (Partners in Practice) in May 2020 concluded two areas for improvement:

- The financial offer to carers, which is currently low compared to neighbouring local authorities and independent fostering agencies, and a lack of therapeutic support to enable them to confidently accept children and young people who present with more challenging behaviour because of early trauma.
- The structure of the Fostering Service including roles and responsibilities, which does not support focused recruitment with a clear Medway brand, to attract new carers to Medway; nor does it support intensive and rigorous therapeutic support to carers to skill them to be able to care for children who have suffered trauma.

2.5 An improved foster care 'offer' was proposed as part of the investment and savings to facilitate attracting additional in-house placements and retaining existing carers. The proposal included:

- an increase in foster care allowances and amendment to the scheme to ensure it aligns with the recruitment priorities and intentions.
- concessions to enhance the package of support
- investment in web and social media
- a permanent increase in the staffing establishment to underpin the 'offer', on a phased basis, to enable the improvement of the service and growing a therapeutic approach over time.

- 2.6 This £553,000 investment will enable the number of In-House foster care placements to grow and lead to cost reductions within the placement budget as the cost of in-house placements will be less than those of IFAs. The costs of the investment and expected savings of £421,000 in year one have been built into the Medium-Term Financial Strategy. The investment and the changes to the scheme are expected to deliver net savings of £1.1m by 2023/24.
- 2.7 When a prospective Connected Person has been identified as being in a position to care for a child who is in the care of Medway Council, they must be approved as a foster carer for that child. The investment will also revise the scheme in relation to connected carers.

### 3. Current Position

- 3.1 The improvements to the service and 'offer' set out as part of the investment proposal have progressed. Phase 1 of the restructure has been implemented which has put in place clear responsibilities for recruitment, assessment and onboarding of new foster carers, separating this from the ongoing support, supervision and development of foster carers.
- 3.2 The role and remit of the Fostering Service is now extended to developing a trauma-informed, therapeutic approach across the Fostering Service. The vision is to have a team of well-trained Supervising Social Workers who understand trauma and therapeutic parenting and have caseloads that allow them to provide in-depth supervision with carers. In Phase 2 of the restructure this will include the establishment of therapeutic roles which are planned for April 2022 if additional funds are approved.
- 3.3 Website and Social Media improvements are underway in partnership with the Council's Digital and Communications Teams building a clear Medway brand and focused recruitment. Developments for a redesigned website will be in place in September 2021.
- 3.4 As part of the review of the 'offer' to Foster Carers, consideration has been given to all areas of the Foster Carer payment package. A full review of the Foster Carer fees and allowance scheme has been undertaken to ensure it aligns with the recruitment priorities and intentions to attract prospective carers, whilst retaining existing carers by listening to their voice on improving the scheme. This extends to further incentives to create a competitive package include proposing concessions to attract foster carers.

### 4. Options

- 4.1 All foster carers receive a weekly fostering maintenance allowance which is designed to cover the cost of caring for a fostered child. This includes food, clothes, toiletries, travel and all other expenses incurred. There is the national minimum rate which applies. Fee payments may be made on top of maintenance allowance to recognise and reward a foster carer's time, skills

and experience. While all foster carers receive an allowance, there is no requirement for fee payments to be made.

- 4.2 Every local authority and Independent Fostering Agency makes their own arrangements for the payment of foster carers. It is an increasingly competitive market to attract and retain carers, so the fee payments made on top of the maintenance allowance as well as other incentives and enhanced package are crucial to a competitive offer.
- 4.3 Payments and allowances should be separate and clearly identified so that foster carers know which portion of their fostering income should be spent on caring for the child in their care, and which is for the job that they do. However, some fostering services will make a lump sum which does not make the split clear and is not regarded as best practice.
- 4.4 With this in mind, the options include:
  - Option 1 – do nothing, continue with existing payment scheme.
  - Option 2 – implement revised payments scheme, an improved ‘offer’ and concessions
- 4.5 Option 1 continues with the existing payment scheme. Advantages of doing nothing are that the scheme would cost less, but this would leave the local authority foster care service in an uncompetitive position and unlikely to attract the number of new foster carers required to increase placement sufficiency. The payment scheme is based on an all-inclusive figure which is not clear to prospective carers. Research shows that we are falling well below the average payment for foster carers. The average Medway Foster Carer fee is £432 per week (or £885 per week if you include the fostering service management fee) against £1,032 per week for an IFA.
- 4.6 Option 2 amends the payment scheme and improves the ‘offer’ to foster carers. All-Inclusive fees will no longer feature in the payment structure. The scheme will be more expensive but is intended to attract and recruit new and retain existing foster carers.
- 4.7 The key changes to the scheme will be:
  - a defined Maintenance and separate Reward fee will be paid to all carers. All payments, payable weekly, will be made based on the child’s age and needs and will now be in the form of a Tiered structure. There will be defined criteria for both Tiers and an assessment made regarding the appropriate Tier for the child upon receipt of the referral to the Fostering Team.
  - an entitlement to 14 days paid respite for foster carers with children in long and short-term placements.
  - An annual Skills and Services payment based on length of service.
- 4.8 As part of the offer to attract and retain carers, it will also include:
  - An annual contribution to the Council Tax to a maximum of £310 per fostering household.

- A seasonal discount/ concession up to a value £500 per fostering household.

## 5. Advice and analysis

- 5.1 Research and consultation with prospective foster carers and approved foster carers tells us that in most cases, it is the enhanced package of support that will attract a prospective carer to a foster agency.
- 5.2 Whilst the Council cannot match the IFA level of fees, it can provide a proposal which aligns with neighbouring local authorities, and which is enhanced by offering Council related concessions as part of the package which cannot be matched by IFAs.
- 5.3 All payments, payable weekly, will be made based on the child's age and needs and will now be in the form of a Tiered structure for both the Maintenance Allowance and Reward elements (Appendix 1).
- 5.4 The tiered approach allows the scheme to recognise the care of children that exceed the expected level of need, considered to be 'Exceptional' needs. Carers will provide commitment to specialised placements of children / young people with the most complex needs such as profound disability or step down from Residential care. Children open to the 0-25 Team and subject to Care Proceedings or a Care Order will be assessed under these criteria, with the associated fostering fee awarded from the Children with Disabilities payment structure".
- 5.5 There has been a change in approach to the ages of children. The bands for children aged 5-8 and 9-15 years have been changed under the new payment structure. We believe the existing age band of 9-15 years is too broad as the needs of a 9-year-old are very different to those of a 15-year-old. Having an age band of 5-10 years is categorised by the primary age, with the expected needs of a child being more stable compared to the secondary age.
- 5.6 We have recognised that as children prepare to enter secondary age, their needs become greater and the financial demands increase. Therefore, establishing age bands to mirror these developmental milestones and the financial impacts, will support the needs of our children more consistently.
- 5.7 The new payment scheme will be more transparent and more easily comprehensible to current and especially potential carers (the full scheme is at Appendix 2). The added incentive to care for older children should result in the increased availability of placements for children in the older age ranges. This is an age group highlighted as a gap in placement sufficiency in the Outline Sufficiency Strategy in October 2020.
- 5.8 There was no 'holiday entitlement' in the form of Respite under Medway Council Fostering's previous payment structure (see Appendix 2). The introduction of this Respite will delete all current Loyalty payments. These payments should be seen as a reward of the Foster Carer's commitment to

provide stable and consistent care to our children. All Medway Council approved Foster Carers with children in short-term and long-term placements will be entitled to 14 days paid respite per annum, for the period April-March. The entitlement will be pro-rata based on the approval date during the first year as Foster Carers.

- 5.9 The 0-25 Team and the Fostering Team have worked together to establish a specialised fostering package for Children with Disabilities. Children open to the 0-25 Team with a need for Respite or a foster placement will be matched with assessed, trained and approved Foster Carers specifically for this fostering specialism.
- 5.10 This provision of fostering will be available for children with disabilities, who may be living at home with birth parents or family members and therefore not subject of a Care Order or Looked After Child status, but in need of respite due to their complex needs. We aim to be able to offer respite of this kind within a family setting rather than a residential unit.
- 5.11 Concessions for Foster carers will be an attractive part of the package. Medway Council Fostering will be offering all Medway Council approved Foster Carers as follows:
- A contribution towards their annual Council Tax payments. This figure is based on the average Council Tax cost for Medway households. An annual payment of £310 will be made following Foster Carers' first year of approval and every subsequent year, following their annual review. This will be paid weekly as an additional fee. It is being paid in this way because not all Medway Council Foster Carers are resident in Medway, some are out of Borough. The contribution is designed to attract carers to Medway Council Fostering, so will not be paid to IFA placements.
  - A seasonal discount up to a value of £500 per fostering household per year, will be available to each member of the fostering family (resident within the fostering household). The concession will vary from year to year but the value will stay the same. The first of these will be a 20% discount on all Medway Council Adult Education courses available 2-years post approval, and applied to one chosen course per family member throughout the duration of the Foster Carers' approval.
- 5.12 Foster Carers for Medway Council Fostering are eligible for a Skills and Services annual payment in recognition of their valuable role and contributions to our children. (See Appendix 2). This annual payment will replace the previous Training reward made to approved Foster Carers. A Competency Framework will be completed annually in conjunction with annual reviews and considered alongside the Foster Carers' length of service to the Fostering Team. This is for the fostering household, rather than per carer. The maximum Competency Framework requirements will need to be achieved in order to receive this payment annually. If a Foster Carer has been subject of an action plan or Standards of Care during the 12-month period they will not receive the Skills and Services payment.

- 5.13 The scheme for connected carers has been amended to reflect a maintenance allowance and reward. Connected Carers will receive the Birthday and Festival allowances at the same rate as Foster Carers for each of the children in their care. However, they generally will not receive respite entitlement or a skills and services payment.
- 5.14 Although not directly associated with the Foster Carer Allowances scheme, the Council has a Shared Lives scheme which offers support to people who need it. It gives people a chance to move in, or spend time with, an approved Shared Lives carer. Together they share a home, family and community life. A review of the Shared Lives 'offer' may be necessary to ensure that the Fostering Scheme does not detract from recruiting and retaining those people in our community who would step forward to care for vulnerable people and supporting independence. Indeed, some placements transition from fostering to Shared Lives.
- 5.15 Diversity Impact Assessment – A diversity impact assessment was undertaken in April 2021, the outcome concluded that there were adverse financial impacts with those caring for 9- and 10-year-old children being most affected by the proposed changes. As a result, transitional payments have been agreed for 12 months for those carers currently caring for these children. Some carers were financially adversely impacted by the change to Skills and Service payment, but the new payment is clearer and fairer in implementation and so improves equality of opportunity. Attached at Appendix 3.

## 6. Risk management

6.1 Significant risks and mitigations are set out in the following table:

Risk	Description	Action to avoid or mitigate risk	Risk rating
Recruitment Campaigns fail to attract candidates to Medway and therefore placements do not increase.	Reliance on more expensive independent foster care placements will remain. Cost pressures increase.	<ul style="list-style-type: none"> <li>- investment in the 'offer'</li> <li>- focused campaigns and national LA networking/ ideas exchange</li> <li>- Tracking of performance against target and early escalation</li> </ul>	B2 - Medium to high
Fostering service, carers will not develop the skills to parent children with more complex needs	become increasingly reliant on expensive IFA placements to meet complex needs at much higher cost.	<ul style="list-style-type: none"> <li>- investment in the 'offer'</li> <li>- ensure proposed scheme is aligned with recruitment priorities</li> <li>- targeted recruitment campaign</li> </ul>	C2 – Medium to low

## 7. Consultation

- 7.1 There have already been consultations on the draft scheme with foster carers and they have already made their views known. Carers were generally positive about the proposed scheme and their suggestions have been incorporated. Suggestions improved the scheme without additional cost. Proposals to include respite and concessions as part of the new scheme were well received.
- 7.2 As part of the consultation process, three consultation sessions were arranged over three days in April, held at different times to ensure as many carers as possible were able to attend. The draft scheme was shared with carers in advance of the meeting. Carers have also been given the opportunity to provide written responses.

## 8. Children and Young People Overview and Scrutiny Committee

- 8.1. The Children and Young People Overview and Scrutiny Committee will consider this report at its meeting on 29 July 2021 and its comments will be provided to the Cabinet via an addendum report.

## 9. Climate change implications

- 9.1. The Council declared a climate change emergency in April 2019 - item 1038D refers and has set a target for Medway to become carbon neutral by 2050.
- 9.2. As part of the review and transformation of the Foster Care service a paperless solution for fostering panels related to prospective foster carers assessment and approval processes. These have been streamlined and digitised to enable increased access to online services reducing printing and the need for travel.

## 10. Financial implications

- 10.1. The proposed scheme will be effective from 1 September 2021.
- 10.2. Modelling of the financial impact of the changes to the fee and allowance scheme on existing foster carers was undertaken and identified winners and losers. Retention of existing foster carers during the period of transition to the new scheme is essential. Based on the analysis the most adverse impacts were for carers currently matched with children aged 9 and 10 years. A one-off 12-month protected transition period costing £112,500 will be put in place, meaning payment at the current rate will be made for this duration.
- 10.3. The changes to foster carers' allowances will cost an additional £188,583 per year based on the current cohort and are one part of a range of interventions planned as part of the wider Looked after Children Sufficiency Strategy. The Strategy seeks to deliver better outcomes for children in care by reducing the number of children in more expensive care settings through an 'invest to save' approach.



- 10.4. This intervention will not directly reduce the numbers of Looked After Children, but the implementation of the allowances offer and the resulting rise in placements with in-house foster carers could lead to long term savings on the overall Looked after Children budget. Assuming overall LAC numbers remain broadly static, there would be a corresponding fall in the number of LAC being placed in more expensive settings.
- 10.5. The intention is to increase the number of Foster Carers in the local authority, but importantly, increasing this supply of capacity sufficiently to ensure more placement choice when matching children with fostering families.
- 10.6. The investment requirement payment of allowances and additional structure costs and the estimated savings can be seen in the table below. The gross savings have been calculated on the basis of a net recruitment target of 12 foster carers each year - the projected savings would be £10,370.85 per week (£421,000 per year).

	<b>2021/22 (£000's)</b>	<b>2022/23 (£000's)</b>	<b>2023/24 (£000's)</b>
<b>Additional costs</b>			
The new allowance rates.	188	188	188
Staffing Structure	277	543	543
Net other changes to the new offer and the current scheme.	88	82	82
<b>Total Investment</b>	<b>553</b>	<b>810</b>	<b>810</b>
Gross Saving	(421)	(1,057)	(1,918)
<b>Net Cost/(Saving) cum</b>	<b>132</b>	<b>(247)</b>	<b>(1,108)</b>

## 11. Legal implications

- 11.1. Under Standard 16 of the National Standards and Regulation 3 and 4 of the Regulations 2011 Medway Council are required to produce a statement of purpose detailing its aims and objectives and the services and facilities provided and keep this under review.
- 11.2. In particular, Fostering Services are regulated services which operate within the following regulation and guidance: -
- The Children Act 1989
  - The Care Standards Act 2000
  - The Fostering Service (England) regulations 2011
  - Fostering Services: national minimum Standard 2011 and Amendment to Care Planning Regulations July 2013
  - The Children Act 1989 Guidance and Regulations Volume 2: Care Planning, placement and Case Reviews 2010
  - The Children Act 1989 Guidance and Regulations Volume 4 – Fostering Services 2011 and its revision July 2013
  - Family and Friends Care – Statutory Guidance for Local authorities.

- 11.3. The report sets out Medway Council's implementation of its fair approach considering the recommended National Minimum Allowance for foster cares and taking into account the recent caselaw and legislation.
- 11.4. The National Minimum Allowance is guidance for establishing good practice. It would illustrate a consistency of approach if, as proposed, it is used as a benchmark. The proposed accords with legal requirements.

## 12. Recommendations

12.1. The Cabinet is recommended to:

- i) Note the comments of the Children and Young People Overview and Scrutiny Committee, as set out in the addendum report.
- ii) Note the progress against the investment in the 'offer' and improvements at Section 3 to the report.
- iii) Approve the proposed changes to the allowances scheme for Local Authority Foster Carers at Appendix 2 to the report, as summarised below:
  - A scheme based on a defined Maintenance element to meet the child's needs and a separate Reward fee based on a child's age and needs in the form of a tiered structure.
  - An entitlement to 14 days paid respite for foster carers with children in long and short-term placements, or up to 21 days respite for foster carers approved for children with disabilities.
  - An annual Skills and Services payment based on length of service

12.2. Approve the Medway concessions for Local Authority Foster Carers at Appendix 2 to the report, as part of the offer to attract and retain carers, as summarised below:

- An annual contribution to the Council Tax up to a maximum of £310 per fostering household.
- A seasonal discount up to a value of £500 per fostering household per year.

12.3. Approve the revised scheme for Connected Carers.

12.4. Note the revised financial profile based on an implementation date of 1 September 2021.

## 13. Suggested reasons for decisions

13.1. The implementation of a revised scheme is crucial to improving the 'offer' to attract and retain Local Authority Foster Carers in Medway and achieve necessary cost reductions.

## Lead officer contacts

Dr Lee-Anne Farach, Director of People – Children & Adults Services

T: 01634 331011

E: [leeanne.farach@medway.gov.uk](mailto:leeanne.farach@medway.gov.uk)

Paul Startup, Head of Corporate Parenting

T: 01634 334454,

E-mail: [Paul.Startup@medway.gov.uk](mailto:Paul.Startup@medway.gov.uk)

## Appendices

Appendix 1 – Payment scheme tables and explanatory narrative

Appendix 2 – Proposed Medway Foster Care payment and allowance policy

Appendix 3 – Diversity Impact Assessment

## Background papers

None