

## **Increases to the Fostering Allowances 2023 – 2024 and 2024 - 2025**

Report of Stuart Collins, Director of Children's Services

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Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

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### **1. Recommendations:**

Cabinet is asked to:

- a) Agree to increase the standard fostering allowance for 16–17-year-olds by 7.49% (in line with the DfE National Minimum Rates) and increase all other standard fostering allowances for children aged 0-15 years by 6.33% from 3<sup>rd</sup> April 2023.
- b) Agree a 5.92% increase in the foster carer fee (previously linked to attendance at support groups and training) from 3<sup>rd</sup> April 2023.
- c) Agree to increase the standard fostering allowance for 16–17-year-olds by 6.88% from (in line with the DfE National Minimum Rates) and increase the standard fostering allowances for children aged 0-15 by 3% from 1<sup>st</sup> April 2024.
- d) Agree a 3% increase to the foster carer fee from 1<sup>st</sup> April 2024.
- e) To note that the impact of these increases in the fostering allowances, backdated to April 2023, will increase the Children's Services Outturn by £690,000 compared to the month 10 forecast.

### **2. Summary**

- 2.1 For most children who are unable to live with their birth family, a local foster placement is the best alternative, enabling them to grow up in a family environment, close to family, friends, their school, and health services that know them. The availability of local foster placements is therefore key to the ability of the council to provide sufficient placements for the looked after children for whom it is responsible.
- 2.2 As the corporate parent for almost 900 looked after children, the council must ensure that its own internal fostering services is able to provide care for as many of these children as possible. The fostering service should provide foster carers with financial support that enables them to undertake the tasks required of them as part of a package of support that enables them to provide good quality care for the children placed with them. The fostering social work team has a key role in the recruitment and support of foster carers and encouraging high standards of practice. The work undertaken by foster carer, the support that they receive from the fostering service and the implementation of the care plans for looked after children are all dependent

on good relationships between all of those working with looked after children (and their families) and with each other.

- 2.3 The payment of fostering allowances is a key part of the support that the council provides to foster carers. However, it is only one aspect of the support provided: all foster carers have a supervising social worker; they are expected to attend regular training and support groups; and for an increasing number of foster carers, additional support is being provided through the Mockingbird project whereby they receive peer support.
- 2.4 Our ambition is to ensure that foster carers receive a competitive allowance as part of a comprehensive support package, provided by a high performing fostering service in partnership with foster carers. The changes proposed in this report are step towards improving the allowances provided for Devon foster carers. It is proposed to increase the payment made in respect of the cost of caring for the child (the “fostering allowance”) and to combine and increase the additional payments currently made for attendance at training and support groups into a single payment (the “fee”) as the first step towards simplifying the overall payments scheme. During the course of the next financial year, it is proposed to engage with foster carer in a discussion about how best to simplify the current payments scheme and introduce age related payments.

### **3 Background / Introduction**

- 3.1 As of March 2024, there were 888 children looked after by the council; Of those, 570 (64%) are in foster care, 377 (42.3% of the total number) reside within our own fostering provision and 185 (20.8% of the total) are placed with a foster carer provided by an Independent Fostering Agency (IFA). There has been an 18% rise in the number of Children in Care in Devon in the last three years but no net gain of in-house foster carers.
- 3.2 Reducing the overall numbers of children looked after, ensuring that children are in the right placement with the right support and recruiting and retaining high quality foster carers is an ethical, strategic and financial priority for the children’s service in Devon.
- 3.3 The allowances provided to foster carers is part of the package of support that enables them to look after children on behalf of the council. The Council has operated a standard fostering allowance structure that does not differentiate by the child’s age, and we have been too slow to respond to the recruitment crisis of foster carers and to recognise and respond to their support needs to retain the high quality carers we already have in place.
- 3.4 An assumed increase of 6.4% for fostering allowances was built into the 2023/24 budget. However, after the budget was set, the DfE published the National Minimum Allowances (NMA) for fostering allowances. The NMA is based upon age related bands and the recommended minimum allowance for foster carers looking after

16/17-year-olds increased by more than the 6.4% built into the budget. This resulted in an impact on what can now be afforded within the 23/24 and 24/25 budget.

- 3.5 The council’s challenge in recruiting and retaining foster carers is similar to that faced nationally. Recruitment has declined at the same time as the number of children looked after has increased. Although it is not always possible to make a “like for like” comparison, our neighbouring authorities and Independent Fostering Agencies offer competitive packages of financial support to foster carers, which alongside the lower levels of support to maintain placement stability in Devon has meant that other Local Authorities in the South West fare better in their recruitment and retention of Foster carers.

<b>Weekly Payments (current)</b>	<b>Structure</b>	<b>Allowance</b>	<b>Fee</b>	<b>Total</b>
<b>Devon</b>	Standard allowance and fee	£216.79	£118.16	£334.95
<b>Somerset</b>	Age related allowance and fee	£154 - £266	£80 - £236	£234-£462
<b>Plymouth</b>	Age related allowance and fee	£150-£258	£100-£150	£250-£408
<b>Torbay</b>	Age related allowance	£270-£639	Not known	£270-£639
<b>Dorset</b>	Age related allowance	£269-£708	Not known	£269-£708
<b>Gloucester</b>	Age related allowance	£180-£247	Not known	£180-£247
<b>Cornwall</b>	Not published	N/K	N/K	
<b>IFA’s</b>		Circa £350-£440	Not known	£350-£440

The current DCC basic weekly fostering rate is £216.79. Fostering allowances can increase to a total of £334.95 for mainstream carers where the training and support group requirements are met. The average weekly cost to the council for a child to live with an Independent Fostering Agency (IFA) foster carer is £977. It is estimated that most IFA carers receive around 40 to 45% of that charge, around £350 to £440 a week.

- 3.6 Most local authorities pay foster carers an allowance (intended to cover the costs of looking after a child) together with additional payments which may relate to the needs

of the child, their level of experience or expertise, or attendance at training / support groups. Devon foster carers are paid allowances to meet the needs of the children they care for, additional fee payments for attending training and support groups and enhanced payments where the needs of a child necessitates a higher level of care than usually expected. There are also separate payment structures for specialist foster carers such as child and parent as well as PACE beds relating to criminal remands.

- 3.7 Allowances are also paid to some Special Guardians, those caring for children subject to a Child Arrangement Order or Adopters. These payments are based on the basic fostering rate so any alterations to the basic fostering allowance will also apply to kinship and adoption allowances. 638 full year equivalent payments have been budgeted for SGO, CAO and adoption allowances for 2023/24 and 651 for 2024/25.
- 3.8 Fostering allowances were increased by 1.75% in October 2022 for 2022/23. An increase of 6.4% was built into the 2023/24 budget. After the 2023/24 budget was set, the national minimum fostering rates were published. Allowances for 16/17-year-olds increased by 7.48% to keep up with the NMA. Currently, the councils fostering allowances do not differentiate payments rates according to the age of the child. Most of our neighbouring LA's provide age related allowances. A review of the payment structure is planned for 2024/25. The budget for 2024/25 allows for a 3% increase in allowances.
- 3.9 The NMA is based on age related payments, and while most of our neighbouring LA's provide age related allowances, the criteria and extent of additional payments vary per local authority. There have been representations made by foster carers over the last year about the level of payment received and financial support offered with an implied threat of them leaving to work as carers elsewhere.
- 3.10 During the coming financial year, the children's service is proposing to consult with carers to review the payment structure and support needs of carers and to agree and develop a 'carers contract of support and placement expectation,' to help increase placement stability and reduce placement breakdown and improve transitions into adulthood.

3.11 Devon's Current Basic Allowance for 2023/24:

<b>Weekly £</b>	<b>Age 0 to 2</b>	<b>Age 3 to 4</b>	<b>Age 5 to 10</b>	<b>Age 11 to 15</b>	<b>Age 16 to 17</b>
<b>Devon Allowances</b>	£216.79	£216.79	£216.79	£216.79	£216.79
<b>NMA</b>	£154.00	£159.00	£175.00	£199.00	£233.00
<b>Difference</b>	£62.79	£57.79	£41.79	£17.79	-£16.21
<b>Difference %</b>	40.77%	36.35%	23.88%	8.94%	-6.96%

- 3.12 In considering how best to allocate the budgeted funds available for foster carers, the following factors have been considered:

- The increase must be financially sustainable and within the agreed budget.
- The weekly allowance payment for 16/17-year-olds must be increased to £233 to meet the NMA from 3<sup>rd</sup> April 2023 and £249 from 1<sup>st</sup> April 2024.
- The standard fostering rate should be increased for internal fostering, CPAT, PACE, Staying put, SGO, CAO and adoption to ensure the maximum number of carers benefit from any uplift.
- The suite of fees paid in relation to attendance at support groups and training should be combined and paid as one enhancement linked to the carers' annual review / re-approval.
- It is not proposed to increase the birthday / festival allowances, hospitality, childminding, transport, and training expenses.
- The proposed increase should be equitable across all carers unless there is a good reason to differentiate (e.g. to ensure that our rates are at least the same as the NMA).

3.11 The table below compares the National Minimum Allowances to the proposed rates recommended in this report:

Weekly	Age 0-2	Age 3-4	Age 5-10	Age 11-15	Age 16-17
<b>2023/24</b>					
Devon Current Allowances	£216.79	£216.79	£216.79	£216.79	£216.79
NMA	£154.00	£159.00	£175.00	£199.00	£233.00
Recommended (option 4 below)	£230.51	£230.51	£230.51	£230.51	£233.03
<b>2024/25</b>					
NMA	£165.00	£170.00	£187.00	£213.00	£249.00
Recommended (option 4)	£237.44	£237.44	£237.44	£237.44	£249.06

#### 4 Options / Alternatives for 2023/24

4.1 Options considered range from the minimum required (only increasing age 16/17 to the NMA) to uplifting all rates by the same so that Devon maintains one rate regardless of age.

Budget Available £999		Option Description	Uplift Cost £000
Option 1	Minimum Required	Uplift the minimum rate for 16+ to the national minimum rate (equivalent of 7.49%)	122
Option 2	Differential increases to standard rates for 16+ and other age groups	Uplift standard rates by budgeted 6.33%. Uplift 16+ to the NMA (equivalent of 7.49%)	766

Option 3	Apply same % increase to all standard rates	Uplift standard rates by budgeted 7.49% regardless of age	939
Option 4	Differential increases to standard rates for 16+ and other age groups and increase to fee payment	Uplift standard rates by budgeted 6.33% Uplift 16+ to the NMA (equivalent to 7.49%) Uplift fee payment by 5.92%	883

4.2 Option 1- Increase the standard allowance for 16/17 year olds only by 7.49% with no other increases to the standard allowance for other age groups

Pro:

- A potential in- year saving of £877,000 for 2023/24 related to uplifts.
- Impact on 2024/25 budget is minimised.

Cons:

- Foster carers looking after children aged 0-15 will not get an increase in the standard fostering allowance.
- Given that the increase in 2022/23 was less than 2%, the failure to increase the standard allowance for all foster carers could lead to many of them ceasing to foster for Devon.
- There is no uplift for any additional payments.
- A small proportion of foster carers would benefit from an uplift, detrimentally impacting on foster carer morale.

Option 1 would save DCC a substantial amount in this year's budget. However, it is not being recommended because it is likely to have a significant impact on both recruitment and retention.

4.3 Option 2 - Increase the allowance for 16/17-year-olds by 7.49% and all other standard allowances by 6.33%. There would be no increases to any other allowances or fee payments.

Pros:

- A potential in-year saving of £233,000 for 2023/24 related to uplifts.
- This option does provide some recognition of inflation for all foster carers.
- All carers would benefit in part from the uplift.

Cons:

- This option fundamentally changes the payment structure for foster carers which could be considered as pre-empting the outcome of the payment structure review.
- There is no uplift for any additional payments.
- The foster carer fee would not receive an uplift, likely impacting on foster carer morale.

Whilst this option would ensure that all child related allowances and therefore all foster carers benefit from an uplift, it does not give recognition to the professional service provided by foster carers through an uplift to the foster carer fee payment. This will likely have a detrimental impact on foster carer morale.

#### 4.3 Option 3 - Increase the standard fostering allowance by 7.49% for all allowances.

Pros:

- A potential in-year saving of £60,000 for 2023/24 related to uplifts.
- There would be an inflation recognition for all foster carers.
- All carers would benefit in part from the uplift.
- There would be no step change and associated administration when a child reaches 16.

Cons:

- This option changes the payment structure for foster carers which could be considered as pre-empting the outcome of the payment structure review. This is likely to negatively impact on recruitment and retention.
- There is no uplift for any additional payments.
- The foster carer fee would not receive an uplift, likely impacting on foster carer morale.

Option 3 would offer a small saving in this year's budget. However, it is not being recommended as a viable option due to the significant and likely impact on fostering recruitment and retention. This will likely have a detrimental impact on foster carer morale.

#### 4.4 Option 4 - Increase the standard fostering allowance by 7.49% for 16-17 year olds and 6.33% for all other child related allowances. Increase the training and support group fee by 5.92%.

Pros:

- All carers would benefit from an uplift.
- There would be recognition of the professional service provided by foster carers through an uplift to the foster carer fee payment.
- There would be an inflation recognition for all carers.

Cons:

- There would be no uplift to any additional payments.

This is the preferred option. It allows for inflation recognition across both the child related allowance and the foster carer fee payments. Whilst there are no uplifts to additional payments, this option allows for all foster carers to benefit from the uplift.

Type	Current Allowance per week	Revised 2023/24 (backdated to 1 April 2023)	Rate for 2024/25 with effect from 1 April 2024
Basic Fostering Rate 0-15yr olds	216.79	230.51 (6.33% increase)	237.44 (3% increase)
Basic Fostering Rate 16/17yr olds – increased to Govt mandated National Minimum Allowance	216.79	233.03 (7.49% increase)	249.06 (6.88% increase)
Foster Carer Support	59.08	62.58 (5.92% increase)	64.47 (3% increase)
Foster Carer Training	59.08	62.58 (5.92% increase)	64.47 (3% increase)
Post 18's – Staying Put	275.52	292.95 (6.33% increase)	301.77 (3% increase)
PACE – per placement	497.63	529.13 (6.33% increase)	545.02 (3% increase)
PACE – per retainer	305.27	324.59 (6.33% increase)	334.32 (3% increase)

Type Child and parent	Current Allowance per week	Revised 2023/24 (backdated to 1 April 2023) – 6.33% increase	Rate for 2024/25 with effect from 1 April 2024 – 3% increase
1 parent and child	976.36	1,038.17	1,069.32
1 parent and 2 children	1,130.43	1,202.04	1,238.09
2 parents and 1 child	1,181.88	1,256.71	1,294.44
2 parents and 2 children	1,336.02	1,420.65	1,463.28
CPAT retainer	366.31	389.48	401.17

## **5 Consultations / Representations / Technical Data**

- 5.1 A consultation has taken place on the proposed uplifts for 23/24 and 24/25, subject to senior leadership and cabinet approval.
- 51 responses were received.
  - 33 (65%) were generally in agreement with the proposals set out in this report
  - 14 (27%) were unhappy with the proposal:
    - Concerns were expressed that enhanced payments (based on the needs of the children) were not being increased;
    - Concern was raised about the timeliness of the payment and potential impact on tax returns. Due to system complexities, it will not be possible to implement the backdated 2023/24 payments before the end of the financial year.
    - Several people pointed out the differential between national minimum wage and fostering rates and allowances.
  - 4 (8%) were happy with the proposal for 23/24 but dissatisfied with the proposal for 24/25.
  - The remainder were generally accepting of the proposal.
  - Some foster carers said that they would like to receive council tax relief which some other local authorities offer to their foster carers.

## **6 Strategic Plan**

<https://www.devon.gov.uk/strategic-plan>

This proposal fits with the strategic priorities to:

- Be ambitious for children and young people
- Tackle poverty and inequality
- Improve health and wellbeing

## **7 Financial Considerations**

- 7.1. Should option 4 be agreed there would be a cost pressure associated with the elements backdated to 3rd April 2023. Whilst the budget for fostering allowances was increased by 6.4% in 2023/24 to allow for an increase in fostering allowances, this would increase the overall year end overspend within Childrens Social Care by a total of £690,000 for 2023/24 from that reported at month 10, being the difference between the current forecast and the proposed uplift.
- 7.2 The impact of the uplifts for 2024/25 total £932,000, this should be manageable within the budget dependent upon the following assumptions.
- The number of foster carers converting to Special Guardian status not reaching the numbers expected within the budget – the rate of conversions has been consistently lower than that expected, and this will offset £527,000 of the additional costs. The budget also includes sufficient funds to cover the costs of an additional 27 special guardianship allowances in 2024/25.

- The level of demographic growth not being at the levels assumed within the budget. The budget when for 2024/25 assumed that the number of looked after children would increase to approximately 960 over the course of the year; the number has actually decreased to round 882 (as of 25<sup>th</sup> March 2023, down from 902 at the beginning of 2024) and it is therefore not expected that the additional £371,000 allocated for demographic growth will be required.
- A planned reduction in costs associated with children placed with parents. Expenditure on children placed with parents in 2023/24 was over £230,000. A revision of the guidelines for payments for children in these circumstances should significantly reduce that level of expenditure in 2024/25 and therefore £10,000 of that budget will be offset against the costs of implementing the increases in the fostering allowances.

7.3 Improved social work practice and care planning for looked after children, the opening of internal children's homes, the development of relationships with external providers and improved management oversight will all contribute to better oversight and control of placement budgets in 2024/25.

## **8 Legal Considerations**

8.1 There are no specific legal considerations relating to this proposal.

## **9 Environmental Impact Considerations (Including Climate Change)**

9.1 This proposal is environmentally neutral.

9.2 There are no economic benefits beyond possible positive impact on economic spending due to increased allowances.

## **10 Equality Considerations**

10.1 No equality implications have been identified as part of these proposals. The fostering allowance is paid to all foster carers to cover the costs of caring for the child(ren) in their care. It is paid at a flat rate for all carers (with the exception of those looking after 16/17-year-olds who receive a higher rate in line with the NMA). Mainstream foster carers also receive a fee, again at a flat rate.

10.2 The characteristics of foster carers are taken into account during the course of their assessment process and form part of the matching considerations in respect of the placement of individual children.

10.3 Some foster carers also receive enhanced allowances according to the needs of the child. The criteria for these payments will be reviewed in consultation with foster carers during the course of 2024/25.

10.4 This proposal goes some way to bridge the gap of payments between foster carers irrespective of which Local Authority or IFA they work for. It enables most foster carers to benefit from an uplift as possible within the identified budget.

## **11 Risk Management Considerations**

11.1 The less favourable the uplift implemented, the increased likelihood of complaints from foster carers which may lead to a negative impact on recruitment and retention.

## **12 Summary / Conclusions / Reasons for Recommendations**

12.1 This proposal will ensure that the council is meeting the national minimum rates for 16/17-year-old carers and provides an increase in the allowances and fees paid to all carers within the fostering budget.

### **Stuart Collins**

Director of Children's Services

**Electoral Divisions:** All

Cabinet Member for Children's Services and Schools: Councillor Andrew Leadbetter

### **Local Government Act 1972: List of background papers**

Background Paper

Date

File Reference

None

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