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Cabinet Member for Children and Young People

3 March 2015

**Name of Cabinet Member:**

Cabinet Member for Children and Young People - Councillor E. Ruane

**Director Approving Submission of the report**

Executive Director of People

**Ward(s) affected:**

None

**Title:** Annual Statement of Payments to Coventry City Council Foster Carers

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**Is this a key decision?**

No

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**Executive Summary:**

This report seeks approval of the Cabinet Member for Children and Young People to the proposed changes to the skills fees and maintenance allowances to be paid to Coventry City Council foster carers in 2015/16.

The proposed changes to the skills fees paid and maintenance allowances to foster carers have also been considered by the Education and Childrens Services Scrutiny Board in February 2015.

As part of the Medium Term Financial Strategy there is a clear target to save £400k by increasing the number of in house foster households (per year and cumulatively) and reducing the number of more expensive external placements. The average number of internal placements up to 31/01/15 is 149 (as Protocol). The savings target assumes an increase of 32 internal placements by 31<sup>st</sup> March 2016, rising to a cumulative 58 new placements by 31<sup>st</sup> March 2017. This increase will be dependent upon ensuring our allowance and payment arrangements bring Coventry broadly in line with neighbouring local authorities and the number of independent fostering agencies located in or near Coventry.

The proposed changes to payments to foster carers outlined in this report is the final part of the plan that will bring Coventry's payment structure into line with other local authorities and will make the Service more competitive with the independent sector as it introduces a fee per child.

Following a period of consultation with carers, the changes will include introducing a skills fee per child and standardising discretionary payments to carers. There is also a proposal to introduce compulsory saving arrangements for children looked after for more than 12 months. This will bring us into line with the independent sector arrangements.

In summary, by increasing the number of internal placements and introducing a fee per child, costs will increase by an expected £1.1m in 2015/16 (see section 5.1 for details).

**Recommendations:**

The Cabinet Member for Children and Young People is requested to:-

1. Agree an uplift of 1.8% of the weekly maintenance allowance for foster carers from 2015/16.
2. Agree on the adoption of a fee per child payment in respect to the payment of the skill fee for foster carers from 2015/2016.
3. To note the introduction of saving for looked after children, the proposal to stream lining of payments and initiatives to engage and support the development of foster carers and the Coventry Foster Careers Association.

**List of Appendices included: Nil**

**Other useful background papers**

No

**Has it been or will it be considered by Scrutiny?**

The Education and Childrens Services Scrutiny Board meeting held on 12 February 2014 fully support the proposed changes recommending the adoption of a skills fee paid per child fee.

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

## **Report title: Annual Statement of Payments to Coventry City Council Foster Carers**

### **1. Context (or background)**

- 1.1 All foster carers approved by Coventry City Council receive a weekly 'maintenance allowance' for each of the children and/or young people in their care. This payment is intended to cover all the costs associated with caring for a 'Looked After Child'. The maintenance allowance is set with Government guidance on minimum payments allowed and the rates recommended by Fostering Network. These are reviewed annually.
- 1.2 In addition to the allowance, which should cover the costs of caring for the child/ children in placement, all Coventry foster carers also receive a 'skills fee' which is the remuneration for the foster carer for their role in caring for the children. The payment of this skill fee can either be calculated by a 'fee per household' or a 'fee per child'. In Coventry a 'fee per household' has been paid which means that the same fee is paid to foster caring households regardless of the number of children being cared for by the foster carer.
- 1.3 Foster carers can also seek reimbursement on expenditure for a range of activities and their mileage. However these have been at the discretion of the service.
- 1.4 From time to time, foster carers would also be paid for their contribution to service development activities. Historically this has been on an 'ad hoc' basis and has not involved an association or organisation as foster carers as a cohort.

### **2. Options considered and recommended proposal**

- 2.1 It is proposed that the Cabinet Member for Children and Young People considers and approves the recommended payments to Coventry City Council Foster Carers, set out in this report. This includes new initiatives and existing financial support:

#### **New initiatives**

- The adoption of a 'fee per child' fee structure.
- An uplift of 1.8% for foster carer maintenance allowances
- Introduction of savings for LAC children in long term foster placements, deducted at source and managed by the service

#### **Existing**

- Standardised payment structure to replace current adhoc discretionary payments.
- Engagement and Development Grant to Coventry Foster Carers' Association (CFCA) which includes funding of foster carers' peer support meetings and LAC Children's Youth Club.
- The KEEP program
- Financial incentive for the involvement of foster carers in recruitment and service developments.
- Further review of specialist fostering scheme and skills fees and allowances to be undertaken and concluded by June 2015

### **3. Proposals for Changes to Payments to Foster Carers**

- 3.1 **Fee per child:** The current payment of a fee per household is based only on the skills, experience and training of the carer and means the challenges in caring for more than one child are not recognised. It also means that there is no incentive to care for siblings groups. By paying a per household basis Coventry is not in line with either our neighbouring authorities or the independent fostering agencies based in or near Coventry.

- 3.2 These agencies / authorities remunerate foster carers on a fee per child basis. Confidence in more detailed benchmarking within the West Midlands has been difficult to achieve because of the complexities of the various skill payments. However, based on the information we have in respect to the 2014/15 skills fees paid by other West Midlands authorities the adoption of this fee structure will bring us broadly into line by introducing a skills fee per child and will be more competitive with the independent sector. It must be noted, however, it can be difficult to compare the skills fees on a detailed level due to different fee structures. However, comparisons can be made on a general basis.
- 3.3 In Coventry based on 2014/15 rates a child's weekly amount would range from £280 - £596 dependent on age of child and level of skills fee. This excludes additional payments for holidays, birthdays, festivals and excessive mileage. An analysis of independent foster agencies from the internet suggests that weekly rates range from £330 - £700 per week, and as far as we are aware this is inclusive of all fees.
- 3.4 Coventry increased the weekly maintenance allowance rates by over 6% for 2014/15 to ensure we were in line with the Fostering Network recommended rates, and neighbouring Local Authorities. Prior to this a benchmarking exercise was undertaken to ensure amounts benchmarked favourably with neighbouring Local Authorities (Warwickshire and Solihull). The conclusion was that on a per child basis Coventry rates were comparable. However, this is not the case when there is more than one child in a placement as we do not currently pay a fee per child whereas Warwickshire and Solihull do. This means therefore, that by moving to a fee per child we are comparable.
- 3.5 **Weekly maintenance payments:** The proposal is to increase the foster carer maintenance payments by 1.8% for 2015/16. This is in line with the recommendations by the Fostering Network. In addition to the weekly allowance carers will be paid a birthday, festival and holiday payments which equates to an additional four weeks per year.
- 3.6 **Savings:** From April 1<sup>st</sup> 2015 it is intended to introduce savings for children placed with in house foster carers. The scheme will be for children who have been looked after for a continuous period of 12 months and will involve a deduction at source from the weekly fee. This will be £5.00 per week across all age bands, to increase every year by the uplift for allowances and to be reviewed on an annual basis. The savings will be made annually into each child's Junior ISA which becomes available to them at aged 18
- 3.7 During the consultation undertaken in January 2015 a range of views were expressed regarding how best to manage savings for looked after children. The situation with independent fostering agencies in which savings from minimum of £3 per week to a maximum of £15 per week are taken at source was discussed. The majority of carers preferred this method and suggested a flat rate to be managed by the service as opposed to a percentage of the maintenance allowance. This will be reviewed annually.
- 3.8 **Foster carers development grant payments:** There are a number of capacity building, development and engagement activities planned for this year. These activities enhance the quality of the service provided to foster carers, through peer support, involvement in service development and decision making as well as recruiting foster carers to the service. The proposed financial support enables the Association's engagement and encourages foster carers to become more involved in the Coventry Foster Carers Association and with the Service.

It is proposed that that the financial assistance of up to £3000 continues. This includes a £1000 grant to the Association.

### 3.9 **Proposals to Streamline Payments:**

Foster carers have told us clearly through the consultation that discretionary payments and the processing of them is currently problematic. They can result in feelings of inequality between carers and are labour intensive for both foster carers and for Coventry City Council. Foster carers have suggested that some payments could be standardised which will result in a more efficient, streamlined process whilst other payments require clarification.

A small number of payments are currently being made but require the carer and manager to seek and authorise reimbursement. It is proposed that the following become standard.

1. Introduce an annual clothing allowance equivalent to the weekly maintenance allowance to cover clothing requirements upon the child entering the care system as well as any specified uniform for changes of school (including transition to secondary school or college). Carers currently receive an additional 5 weeks maintenance fee for birthdays, holidays and festivals. This will be reduced to 4 weeks, to cover this payment.
2. The expectation is that school trips under £20 will be covered by the maintenance allowance. In respect to trips over £20, foster carers are clear that they do not wish children and young people to miss out. We will work alongside carers to encourage them to decide which trips are suitable for a child/ young person to take part in – and to then discuss arrangements around payments of overnight trips with their supervising social worker. We will ask foster carers to come to the service with a proposal of a way forward which would include a contribution from the foster carer/ young person if of a suitable age. This will increase decision making skills in foster carers and young people and will address concerns raised by some carers regarding children and young people in care have a greater understanding of budgeting, saving and making financial decisions which should assist in planning for independence
3. Enrichment activities: £20 per week per activity or under to be covered by the maintenance allowance, over £20 per activity per week we will follow the principals as above and will discuss with the carers and follow an agreed timescale and process for decision making.
4. Foster carers were also consulted on the possible streamlining of payments. This includes 3 weeks additional holiday allowance, 1 week birthday and 1 week for festival payments being divided by the 52 weeks and incorporated into the weekly allowance. With the exception of a very small minority of long term foster carers, the carers reported that this wasn't an option they felt would work. This was due to the possibility of children moving to a placement just prior to holiday, birthday or festivals.
5. A review of foster carer transport costs undertaken in 2013, implemented on the 1<sup>st</sup> November 2014, clarified the mileage that can be claimed in respect to child related journeys. The new scheme now is clear that mileage in excess of 60 miles per week can be claimed by the foster carer. Although this brought clarity to a variable process and provided the foster carers with timescales which we would process the claims, the feedback from a number of carers was that this bar did not take into account the costs associated with meeting the needs of children in their care in particular the journeys to and from school and contact.

In summary, standardising and clarifying payments will not require additional funding, but will provide savings in officer time.

- 3.10 It is critical that the fostering households recruited are able to meet the needs of children. Work on profiling the number of children who were placed in independent sector provision confirmed that there is a shortfall of in house carers who are able to meet the needs of older children with complex needs and sibling groups.

3.11 The introduction of the fee per child should assist in the recruitment of foster carers for sibling groups. It is proposed a review including further consultations with carers will be undertaken in respect to the payment of solo and dual specialist fees for children with complex and challenging behaviours. This will be concluded in July 2015.

3.12 **Financial incentives:** foster cares will also be remunerated for engaging in recruitment and service developments, specifically this will include a financial reward

- engaging in recruitment and assessment activity
- referring prospective foster carers
- co-delivering training and preparation groups
- engaging in recruitment of staff and service development

3.13 **KEEP** is a 16 week programme targeted at foster carers which aims to increase the parenting skills of carers and reduce decrease placement disruptions. In 2011, Coventry City Council was successful in bidding for financial support from the Care Innovations Programme to implement the KEEP group programme. Since the launch in November 2012, the programme has successfully demonstrated the impact and positive outcomes to children, young people and their families promised by the Innovations Programme. Specifically, the 16 week KEEP programme has provided in house foster carers with new skills and coping strategies which has seen a significant increase in the Carers resilience and decreased Carer stress levels. The majority of Carers trained in KEEP have seen improvements in children's behaviour and Carers are more equipped in managing difficult challenging behaviours to help stabilise placements and reduce the likelihood of disruption and breakdown. Based on the qualitative impact and measurable outcomes demonstrated by KEEP, the local authority has approved the decision in August 2014 to sustain the program once the Care Interventions funding ceases to exist from April 2015. Core funding of £72k has therefore been provided from 2015/16, as identified in the Budget Report for 2015/16.

#### **4. Timetable for implementing this decision**

1<sup>st</sup> April 2015.

## 5. Comments from Executive Director of Resources

### 5.1 Financial implications

**(i) Summary financial position:** Table 1 below shows the projected cost of internal fostering for 2015/16. Overall, the cost is expected to increase by £1.1m, as explained below.

<b>Table 1: Internal Fostering - Summary of estimated expenditure 2014-15 to 2015-16</b>	<b>£'000</b>	
2014-15 estimated costs at quarter 3	3,201	
2015-16 estimated cost	4,322	
<b>Increase in costs</b>	<b>1,121</b>	
Analysed as:		
Cost of 1.8% increase in maintenance allowances - existing placements	35	Note 1
Cost of fee per child - existing placements	647	Note 2
Cost of maintenance allowances and fee per child - 32 additional mainstream placements by 31/03/16	439	Note 3
<b>Total increase in costs</b>	<b>1,121</b>	

Note 1: Inflation will be covered by the usual budget setting process

Note 2: The cost of the fee per child is within the additional Children's Services resource identified in the Budget Report for 2015/16 - Appendix 2, line 48 (24/02/15)

Note 3: The cost of the expected additional placements (£439k) is offset by an expected £839k saving from an equivalent reduction in external placements. This provides an overall net saving to the Council of £400k, as identified in the Budget Report 2015/16, line 23 (24/02/15).

It is considered that moving to a fee per child is key in continuing to recruit and retain internal foster carers. The unit cost of an external placement is £39k, compared with £18k for internal placements. Therefore increasing the number of internal foster carers and delivering ongoing savings continues to be a key priority for the Council.

**(ii) Skills fees and maintenance fees for carers** – as included in the financial analysis in part (i) above

Tables 2 and 3 below provide the new weekly rates for 2015/16

<b>Table 2: Skills fee</b>	<b>2014/15 Weekly fee per household £</b>	<b>2015/16 Weekly fee per child £</b>
Mainstream level 1	53.62	53.62
Mainstream level 2 (carer working towards the Training, Support & Development Standards)	139.37	139.37
Mainstream level 3 (Following successful completion of Training, Support & Development Standards and having fostered for Coventry for 5 years or more from the 1 <sup>st</sup> April 2013)	214.41	214.41
Specialist Dual Fee (Carers approved for more than one specialist placement)	283.85	283.85
Specialist Solo Fee (Solo placement requirement)	353.71	353.71

*Fees are paid to all foster carers and foster carers progress through the different levels dependent on training, skills and development. Fees are paid to reflect the level of training and skills achieved by at least one carer in the foster carer household, and the ability to care for a range of children. Carers can move between levels, dependent on achievement of the required skills and training for each of the levels.*

<b>Table 3: Maintenance fee</b>	<b>Weekly Maintenance Payment 2014/2015 £</b>	<b>Weekly Maintenance Payment 2015/2016 £</b>
<b>Childs age</b>		
<b>0 – 4</b>	140.35	142.87
<b>5 – 10</b>	159.88	162.82
<b>11-15</b>	199.01	202.58
<b>16 +</b>	242.06	246.40

*The child maintenance allowance is dependent upon the age of the child. It is designed to cover the full cost of looking after a fostered child and does not include any form of reward for carers. The child maintenance allowance is made up of a number of elements which include household, clothing, food, transport, mileage and personal/pocket money.*



## 5.2 Legal implications

Statutory guidance states that it is essential that all foster carers are given clear information about the criteria for making financial payments to them, including allowances, fees and other expenses. Allowances must be sufficient to cover the full cost of caring for each child placed with them, and must be reviewed annually.

The Government has put in place a National Minimum Fostering Allowance (adjusted annually) which is the very minimum that should be provided to a foster carer for each child placed. Criteria for calculating allowances must apply equally to all foster carers, whether or not they are related to the child or the placement is long or short term (standard 28).

## 6. Other implications.

### 6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)

One of the Council's key objectives is to make significant savings in public expenditure. The council's spending on looked after children is particularly high; this is primarily due to the high numbers of children and young people placed in foster and residential provision in the private sector, these costs are significantly higher than Local Authority provision. A key saving is the recruitment and retention of Local Authority foster carers.

### 6.2 How is risk being managed?

Failure to increase *and restructure* the fees will impact upon the council's ability to retain and recruit foster carers. Foster carers will feel undervalued and this may affect their good will.

Foster carers will not feel supported and will not promote the recruitment and retention of Coventry City Council Foster Carers

Coventry City Council must recruit as many in-house foster carers as it is able *to meet the needs of the children who are looked after by the authority* and make itself as competitive as possible in a very difficult market place. To not do so means the council will be disadvantaging children and incurring further high expenditure by having to secure 'out of city' placements.

Whilst there is an impact on the predicted financial savings for the year 2015/16 the overall savings made by retaining carers and encouraging them to promote Coventry as a supportive Local Authority with whom to foster will outweigh the additional cost and ultimately produce significant savings in the coming years by increasing numbers of 'in house carers' as per agreed targets.

### 6.3 What is the impact on the organisation?

Payment levels to foster carers are one factor that influences recruitment and retention, but as important is the support and respect that carers receive. A number of foster carers have felt unsupported by the City Council in recent years and alongside the improvements to fees we are working closely with the FCA to implement a communication protocol, an engagement strategy and a clear escalation policy. Once finalised these documents and the roles, responsibilities, standards and practices contained within them will form our standards of support and will enable challenge and escalation to be more transparent for foster carers.

Following consultation with foster carers it is clear what else needs to be implemented to address these concerns such as clear and timely decision making on issues affecting foster carers and young people in their care. Communication and opportunities for engagement with the service will be key, alongside recognising the crucial role of foster carers as part of the team around the child and working together to strengthen this team (which is the theme

of this year's conference in March 2015 ). Changes are being made so that the impact of the relatively low financial increase coupled with the general improved practice and support will result in increased numbers of new carers and the retention of existing carers.

Standardising and clarifying payments will provide savings in officer time.

**6.4 Equalities / EIA**

Maintenance and fees have been set in line with National guidance. Payments and support to foster carers have been set to ensure that there is no disadvantage.

**6.5 Implications for (or impact on) the environment**

None

**6.6 Implications for partner organisations?**

None

**Report author(s):**

Liz Gosling, Interim Service Manager,  
Family Placement Service,  
People Directorate.  
024 7683 3063

Enquiries should be directed to the above person.

<b>Contributor/approver name</b>	<b>Title</b>	<b>Directorate or organisation</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Liz Gosling	Interim Service Manager Family Placements	People	17.02.15	18.02.15
Rachael Sugars Eileen West	Finance Manager Lead Accountant	Resources	17.02.15	23.02.15
Jivan Sembi	Head of Service	People	13.02.15	18.02.15
<b>Names of approvers: (officers and members)</b>				
Brian Walsh	Executive Director of People Directorate	People	16.02.15	
Yolanda Corden	Assistant Director of People Directorate	People	16.02.15	18.02.15
Sara Roach	Deputy Director of People Directorate	People	16.02.15	23.02.15
Rachael Sugars Eileen West	Finance Manager Lead Accountant	Resources	16.02.15 16.02.15	23.02.15 18.02.05
Julie Newman	Legal Services	Resources	16.02.15	17.02.15
Marion O'Brien	Human Resources	Resources	16.02.15	23.02.15

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