

# Recommendation to increase levels of Fee and Maintenance payments to Leeds Foster Carers and implement revised finance policy arrangements.

Date: 19/10/2022

Report of: The Director of Children & Families

Report to: Executive Board

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief summary

Our Corporate Parenting Strategy for Leeds sets out our vision that Leeds children will be supported to live within families when they require local authority care and that we will provide a range of fostering placements to meet our children's needs. Our ambition is to provide a family setting for all children in our care where this is identified as in the child's best interest. To achieve this, it is essential that we maintain and extend our Fostering4Leeds community.

The last reported National data (2019/20) confirms that Leeds had the highest number of approved foster carers and households when compared against all other local authorities. We know that our success is due to our ongoing commitment to provide an overall package of support, enrichment and remuneration to both maintain and attract more carers to join our fostering community.

The strength and success of our Fostering Services and the quality of our carers was highlighted in our last Ofsted Inspection which rated our services for Looked After Children as Outstanding stating "*Children live with skilled foster carers who have been thoroughly assessed and well trained. Foster carers provide consistent nurturing care which supports children to make progress.*"

This report sets out recommendations for providing an uplift in the weekly fees and maintenance allowances paid to Leeds foster carers to ensure that the cost-of-living increases do not disadvantage and impact negatively on Leeds foster carers.

The report also sets out the proposed amendments and revisions to the foster carers finance policy which has been refreshed to address inequities in payment arrangements, establish better certainty of payments in different circumstances and clarify expectations of use of Maintenance.

The last significant review of the finance arrangements for foster carers was in 2014 when the current Payment for Skills model was implemented. Whilst there have been minor increases in levels of funding related to specific elements this review represents a substantive update of our policies.

Leeds has always benchmarked well with other Local Authorities in respect of its offer of support to Foster Carers including financial support. The Leeds offer has been one of the best if not the best, this has enabled the Local Authority to continue to recruit Foster Carers when other Local

Authorities have struggled. It is imperative that Leeds maintains a clear competitive edge in this area of work to sustain positive outcomes for children, the avoidance of more costly external foster care and or residential placements and an explicit appreciation and recognition for the crucial role that Foster Carers play in the lives of the most vulnerable.

## Recommendations

- a) That the Executive Board approve the recommendation and associated funding for 7% increase of maintenance allowances paid to Leeds foster carers. That the Executive Board approve the recommendation that the uplift is implemented retrospectively from the 1<sup>st</sup> April 2022.
- b) That the Executive Board approve the recommendation and associated funding for 5% increase for the fee element paid to Leeds foster carers, to be implemented retrospectively from the 1st April 2022.
- c) That the Executive Board approve the costs associated with the implementation of updated finance policies regarding costs associated with caring for Children Looked After by Leeds City Council and the support arrangements for Leeds foster carers.
- d) That the Executive Board note the costs of the proposals are greater than budgeted and Children and Families will draw up action plans to identify other savings to offset this. However there is a risk that reserves may need to be used if other savings cannot be identified.

## What is this report about?

- 1 This report seeks approval from the Executive Board of Leeds City Council to implement revised financial arrangements for Leeds Foster Carers and Connected/Kinship carers.
- 2 Our capacity to care for children looked after by the local authority in Leeds is underpinned by the success of our fostering community in and around the city. Our fostering services supporting Leeds Carers ensure that we are best placed to meet the needs of most children who are required to live away from their birth parents and be cared for in loving family settings. In order to ensure that we can sustain and build on our capacity to meet the increasing demand of children requiring foster care our services must remain competitive against often very high cost private and independent fostering agencies.
- 3 Our finance arrangements for Leeds foster carers, combined with our wider support set out in our Fostering Finance Policy (previously referred to as FN16), have ensured that Leeds remained amongst the best services in the region when matched against authorities and private agencies since 2014. Our Payment for Skills model of remuneration has ensured that we are able to support carers to advance, where they choose, within a framework that recognises the skills they develop and the often-increasing complexities they have to manage.
- 4 The increase in the cost-of-living pressures have of course had a significant impact on all households and has provided a significant strain across our fostering and Connected/Kinship carer communities. In their newly published report 'Cost of Living Report 2022' following a national survey of foster carers FosterTalk highlighted the extent to which foster carers are anticipated to leave fostering without further financial support. 56% of carers responding stated that they had not received an uplift in maintenance payments in the past 12 months. the full report is available and can be found at the [FosterTalk website](#)

- 5 The Fostering Service has engaged with foster carers over the past 18 months to review the current financial policies. These policies have not been refreshed since 2014 and have evolved to include inconsistencies. Whilst foster carers are not regarded as employees of the Local Authority, they do hold a unique relationship with the Authority which is provided for in national statutory guidance.
- 6 This report follows the fostering service's review of fees, maintenance and the financial policy and makes the recommendations as set out below

### **Drivers for the proposals**

- 7 The key drivers for these proposals are:
  - a) To meet the increased costs associated with providing care for a foster child in the current cost of living crisis.
  - b) To maintain a high position as a top paying authority for foster carers.
  - c) To maximise our potential to recruit, avoiding unnecessary high-cost externally commissioned provision
  - d) To deliver equity, clarity, and consistency in our finance policies for fostering.
  - e) To ensure that Leeds maintains and increases its capacity to provide care for Leeds children within our fostering community and avoid children being placed outside Leeds in high cost independent arrangements.

### **An uplift in Maintenance Allowance and the Fee Element.**

#### Maintenance Allowances:

- 8 Maintenance allowance is the weekly amount paid to all carers to meet costs associated with maintaining a child in the carer's family. The Maintenance Allowance is set to provide carers with the means to meet costs associated with accommodating the child/ren in the carer's homes including clothing, food, entertainment, and pocket money costs etc.

#### Fee Element:

- 9 The fee element is considered the 'reward' element of payment. This is paid weekly to some of our carers and is based on their assessed and agreed skill level following the Payment for Skills practice model, widely used across the sector.
- 10 Carers are assessed as being at Level 2, 3 and 4 skill levels. Payment is further differentiated depending on whether it is for the first, second and third child placed. This has been an extremely successful model for Leeds and has supported carers to maximise their capacity to accommodate children for the authority.
- 11 In reviewing and benchmarking our remuneration to carers for the fee element we understand that increasingly fees are in fact the primary source of income for many fostering households.

### **Draft Financial Support to Foster Carers Policy on Payments 2022-23**

- 12 Our existing fostering finance policy (FN16) has not been significantly updated since 2014 and is recognised to be out of date in respect of a number of finance arrangements relevant to foster carers. Through ongoing consultation and discussions with our foster carers, including the Leeds Foster Care Association, we have refreshed the policy to ensure it is in line with the

needs of foster carers and is benchmarked against other providers. We have updated the policy to:

- a) Clarify the items that the maintenance allowance is expected to cover and provide clear guidance.
- b) Update specific payment elements reflecting changes in parenting for children (e.g. payments for clothing for Proms, for mobile phones).
- c) Ensured that the Policy reads across to the reviewed children looked after Finance Policy.
- d) Introduced a 'top slice' to ensure that all children have a savings pot established and managed centrally.
- e) Implement a revised fee arrangement for all third and subsequent children placed with carers at an equal payment level for other children placed with carers.

13 The revised fee arrangement for a third and any subsequent children would increase the level of fee payment to the same fee for the other children placed in the home. Current arrangements pay a 50% fee element for third and subsequent children. Those carers caring for large sibling groups or who have provided for third children in their homes has raised this as an inequality and in some cases a disincentive to provide for a third or subsequent child despite having capacity to do so.

14 Both the existing finance policy (Referred to as FN16) and the draft Financial Support to Foster Carers Policy on Payments 2022-23 are attached as Appendix A and B respectively.

### **What impact will this proposal have?**

15 The recommendations set out in this report have been developed following ongoing consultation with our carers. They have been developed based on feedback from our carers, who have, for some time, been seeking revision to the fostering finance policy and in addition sought to have the elements of maintenance allowance and fee element reviewed and updated.

16 An Equalities Screening document has been undertaken as set out in the Appendix to this report. Whilst the recommendations for the Executive Board do not raise any existing or likely differential impact for the different equality characteristics stated in the screening tool, it should be noted that our ambition for children in Leeds cared for by the local authorities is to ensure that they are provided with the equal right to live in a family setting where it is assessed as appropriate for them to do so.

### **How does this proposal impact the three pillars of the Best City Ambition?**

Health and Wellbeing

Inclusive Growth

Zero Carbon

17 The proposals set out in this report support our children's service ambition to be the best city for children and young people to grow up in. We know that when children are supported to grow and thrive within their own communities their outcomes related to health and wellbeing are improved. By improving the capacity of the city to support its children looked after by the local authority within the city, and where possible within local authority support foster carers the authority is better able to maximise its resources.

### **What consultation and engagement has taken place?**

Wards affected: This is a city-wide policy.

Have ward members been consulted?

Yes

No

- 18 There has been and continues to be ongoing discussion with our fostering community and the Leeds Foster Carers Association regarding the local authority's response to the impact of the cost of living on fostering and the need to update our policy 'Financial Support to Foster Carers Policy on Payments 2022-23' formally FN16
- 19 The bi-monthly foster carers liaison Group, chaired by the Executive Member for Children's Services has provided a forum where representatives of all foster carers have been able to share their views and suggestions in relation to the revised policy

### What are the resource implications?

- 20 The cost of the proposals for 2022/23 is shown below:

Proposal	2022/23 cost (£000)
Increase maintenance allowances by 7%, backdated to 1 <sup>st</sup> April 2022	1,359
Increase the foster carer fee element by 5%, backdated to 1 <sup>st</sup> April 2022	374
Changes to foster carer policy, implemented from 1 <sup>st</sup> November 2022	322
<b>Total</b>	<b>2,055</b>
Cost if 2% budgeted inflation was applied instead	455
<b>Additional cost of the proposals compared to 2% inflation</b>	<b>1,600</b>

- 21 When the budget for 2022/23 was set it assumed all payments to foster carers, kinship carers and SGOs would increase by 2%, subject to consultation and a formal decision. This was a reasonable assumption based on placements and inflation at the time, however since then inflation has increased significantly.
- 22 If 2% inflation was applied to the 2022/23 projected costs for foster carers, kinship carers and SGOs then the additional cost would be £455k. The proposals in this report will cost £2,055k in 2022/23, so will exceed the 2% assumption by £1,600k.
- 23 Children and Families are already experiencing budget pressures, with an £11.9m overspend detailed in the Month 5 Financial Health report on this Executive Board agenda. The £11.9m projected overspend includes the £2,055k cost of this proposal, in order to demonstrate the impact on the council's financial position if mitigating savings cannot be identified
- 24 Although Children and Families are identifying how they can reduce the overspend, there is a risk it will not be addressed in full. If the remaining overspend cannot be offset elsewhere in the council, reserves would be required to fund it.
- 25 Although we are not currently requesting the use of reserves, there is a risk this may become necessary if other savings cannot be identified. As detailed in the budget report approved in February 2022, the release of general fund reserves will only be considered in exceptional circumstances. If reserves were needed to fund the proposals, this would be an Executive Board decision as the value is within the delegated authority range of £100k to £5m. Due to the risk that reserves may be required, Executive Board is being asked to approve these proposals, rather than the Director of Children and Families.

- 26 The proposals in this report do not impact on the reported budget gap for 23/24 onwards, as the gap includes the inflation proposed in this report. Children and Families will need to identify solutions to address their future budget gap.
- 27 If the proposals in this report are not implemented, there is a very real risk that foster carers will move to external providers with a significant cost to LCC. An Independent Fostering Agency (IFA) placement costs on average £385 more per week. If the council no longer had any in-house foster carers then a corresponding increase in IFA placements could cost £170k more per week, £8.9m on a full year basis. Further details are provided below about how each element of the proposals delivers value for money.

### **Maintenance Allowance**

- 28 The Fostering Service is currently forecasted to spend £17,929,957 (to March 2023) to cover maintenance payments to Foster carers and to support special guardianship orders (SGO). Following our benchmarking and assessment of the increased cost of living since April 1<sup>st</sup> 2022 we are recommending an increase of 7% which would add £1,359k to these projected costs.
- 29 These would equate to increases of £11.39 per week for a child aged 5-10 years and £17.25 per week for a young person aged 16-17.
- 30 This presumes that any uplift is applied in a standard % format across the different age ranges.
- 31 The current amounts paid remain amongst the best in the region with only one authority paying a slightly higher figure. Some other local authorities have chosen to link any increase to the Consumer Price Index (CPI) which as of December 2021 stood at 5.4% and by March 2022 was at 7%.
- 32 The monies paid for maintenance covers household utility costs and food hence the preferred linking to the CPI to reflect rapidly rising costs in those key areas. As the maintenance is paid to all those children placed with Level 1 carers (Connected Kinship Carers) and usually when children are made subject to a Special Guardianship Order, the cost to the budget of any small increase is significant due to the overall numbers involved.

### **Fee Element**

- 33 The fee element payments made to our level 2,3 and 4 foster carers is more complex to benchmark against other agencies. As a local authority we would want to remain competitive alongside independent fostering agencies (IFA) in the region and neighbouring authorities. Fee payments to foster carers from IFA's are advertised at around £420-£435 per week, and a number of neighbouring authorities are competitive against this figure paying between £400-£490 as a weekly fee for the highest-level carers within their structure.
- 34 The fee paid needs to remain competitive to ensure that we can retain foster carers and continue to attract new carers. 352 of the total number of approved carers receive a fee element (which is not paid to Level 1 Carers); there are currently 171 Level 4 carers, 115 at Level 3 and 66 at Level 2.
- 35 Allowing for an increase of 5% to the Fee element would add c£374k to the projected costs per annum and would have the effect of revising the weekly level 4 carers fee to £235 per child per week.
- 36 Most carers take two or more placements, 315 of the cohort, which result in a revised weekly payment (Fee Element) of £470. This will ensure we remain competitive against comparator local authorities and recognises the significant cost of living rises.

## Proposed revised Financial Support to Foster Carers Policy on Payments 2022-23

37 The proposed amendments to our finance policy (FN16) for fostering are to:

- Provide clarity on the purpose of Maintenance Allowance and what it is paid to cover
- ensure that all carers access unclaimed entitlements such as Annual Leave.
- Simplify the policy that the service administers
- Confirm revised arrangements for third and subsequent children in placement

38 Although there are several changes to the policy, the areas with the largest cost implications are shown below:

Proposals	2022/23 cost from 1 <sup>st</sup> November 2022 (£000)	Full year equivalent cost (£000)
Introducing a payment for placements commencing on the same day	61	147
Revising annual leave entitlements for all foster carers	164	394
Paying fees for third and subsequent children at 100% rather than 50%	123	294
Other changes that standardise the policy	-26	-62
<b>Total cost</b>	<b>322</b>	<b>773</b>

### What are the key risks and how are they being managed?

39 Not responding to the increased cost of living pressures faced by foster carers is likely to lead to a reduction in the number of carers available to the service. It is also likely to reduce the material standard of living enjoyed by children looked after by Leeds.

40 Foster carers are in strong demand. If our financial policy is no longer attractive in the current context, we risk the authority losing carers to private agencies or neighbouring local authorities who have and are responding to the increase in costs to families. A loss of internal foster placements will drive our overall costs up as we source provision from the private sector and reduce the quality of placements for our children.

41 Historically Leeds has been a net importer of Foster Carers moving from Independent Fostering Agencies to join our Foster4Leeds pool of carers. This is recognised to be due to the overall package of support offered to Leeds carers including our strong position against regional agencies based on pay and preferable terms and conditions which support carers.

42 Our payment for skills model has been a particularly strong model for encouraging recruitment and enabling carers of varying experiences to join our pool of carers recognising skills and experience. The model encourages a high retention rate of carers with single figures recorded as leaving to join other fostering agencies over the past five years. There is active progression of carers moving through the levels.

43 By not increasing the fee allowances we risk fewer foster carers being attracted to Leeds at a time when we need to grow our fostering service to respond to the needs of children who need to be in a loving family arrangement when they are unable to live with their own families. We also need to grow the fostering service so we can deliver the invest to save proposals reported to Executive Board in September 2021.

### What are the legal implications?

44 The Local Authority holds a statutory duty to provide sufficient placements to meet the needs of children cared for by the local authority. The Leeds fostering service provides the majority of placements for children in local authority care and ensures that the authority meets its obligations.

## **Options, timescales and measuring success**

### **What other options were considered?**

45 In this scenario the alternative option, to not address the increase costs pressures on fostering households and to maintain a competitive package of support to carers, would place the authority in a vulnerable position with regards to its legal obligations to provide sufficient care and support for children in local authority care Not to implement these recommendations is likely to result in significant financial pressure on the local authority as it would be forced to commissioning alternative arrangements for children's placements in an increasingly high cost independent sector.

### **How will success be measured?**

46 The anticipated outcome of implementing these recommendations will be the retention of Leeds foster carers and the increase in successful recruitment of new carers.

47 There will be a reduction of the application for off policy decisions in relation to financial decisions associated with fostering.

48 There will be an increase in the capacity to place children with Leeds foster carers as more carers accept third and subsequent placements for children, thereby reducing the financial pressure on externally funded arrangements.

### **What is the timetable and who will be responsible for implementation?**

49 It is proposed that following the decision of the Executive Board the service will communicate the agreement to our fostering community and make arrangements to implement the new payment structure.

50 The service will hold a series of meetings with carers to communicate the new arrangements set out in the revised financial Support to Foster Carers Policy on payments including holding joint training events between carers and officers from the fostering services and finance teams to support consistent implementation.

### **Appendices**

Appendix A existing FN16 (Finance Policy)

Appendix B revised proposed 'Financial Support to Foster Carers Policy on Payments 2022-23'

Appendix C FosterTalk report on the cost of living 2022

Appendix D EDCI

### **Background papers**

None