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**Executive Member for Children's Services and  
Advisory Panel**

**16 May 2006**

Joint Report of the Director of Learning, Culture and Children's Services and Director of Resources

**Standard charges for the use of Residential Homes and Foster Carers, Sharing Care, Adoption and Residence Order Weekly Allowances**

**1. Purpose of Report**

- 1.1 The purpose of this report is to seek approval for the level of charges to other local authorities for the use of services within the Children and Families portfolio for residential care homes. The report also considers proposed foster care, sharing care, adoption and residence order weekly allowances for 2006/07.
- 1.2 This report does not constitute an overall review of the level of allowances paid by the authority. Such a review was undertaken in 2004 with recommendations being implemented in 2005 in the context of anticipated national changes being introduced. National consultation is currently underway to establish a minimum level of such allowances as permissible through a section of the Children Act 2004. A further report and recommendations will be brought to Executive Member once any national minimum level of such payments have been set.

**2. Background**

**Standard weekly charges for Residential Care Homes as shown in Annex A:**

- 2.1 A source of income for Children & Families is derived from charges to other local authorities for purchasing services such as North Yorkshire Social Services Department who purchase residential and day care places for individuals who continue to be their responsibility. Many of this group of people are either resident in, or regular users of, residential and non-residential services.
- 2.2 There is a requirement for the department to set a standard charge for other authorities and to set a maximum charge payable by residents. The estimated number of other local authority service users and full charge payers is as follows:

<u>Service</u>	<u>Number of Users</u>
(i) Residential Homes for Children with Learning Disabilities (The Glen)	2
(ii) Residential Homes for Children (19 Wenlock Terrace and 51 Bismarck Street)	0

- 2.3 The power to raise charges is contained in Section 22(2) of the National Assistance Act 1948. The proposed charges are derived from a calculation set by national guidelines issued to local authorities. The calculation of the charge for an individual place is based on the estimated expenditure and occupancy throughout the year of the service concerned. The charges also include the increase for pay of 2.95% and other services of 2.3% where appropriate, local authority management and support to these services and a charge to represent the value of the property in which the service is based in the form of an asset rental.

### **Foster Carers Weekly Allowances and Skill Premiums as shown in Annex B:**

#### **Minimum payment for foster carers**

- 2.4 A basic allowance is paid for each child/young person in placement. Payments are calculated on a weekly basis, according to the age of the child. Each carer also has a skill level which is decided by the placement services manager by reference to the amount of experience or training they have. Due to budget constraints it is proposed that these allowances should only be inflated by 2.3%.
- 2.5 Foster carers are also paid a weekly carer's skill premium. These premiums are calculated with reference to an appraisal of the carer's skill level. It is also proposed to increase these premiums by 2.3%.
- 2.6 Following the agreement of the Placement Strategy for Looked After Children agreed by the Executive Member in October 2002, a specialist scheme was established which enhances the recruitment and retention of foster carers, who look after young people with exceptionally complex needs often arising from emotional and behavioural difficulties or severe physical disability. Foster carers are specifically selected for the new scheme to be matched with specific young people. It is also proposed that the weekly carer fee for the care of the young people on this scheme be increased by 2.3%. This is incorporated into the shaded area at the foot of the lower table in Annex B.

#### **Additional Foster Carers Weekly Allowances as shown in Annex C:**

- 2.7 In addition to the allowances detailed above and shown in Annex B further allowances are paid to foster carers. A further week's allowance is payable for birthdays and Christmas, and a further three week's allowance will be payable for holidays taken during the year. Additional allowances are shown in Annex C. Again it is proposed that the 2005/06 allowances are uplifted by 2.3%.

#### **Weekly Adoption Allowances and Residence Order Allowances as shown in Annex D:**

- 2.8 A weekly allowance to some adoptive carers is paid in recognition of their particular financial circumstances, or when a disabled child is adopted or possibly to encourage the adopter to take a sibling of a child already adopted. To determine whether an allowance should be paid to an adopter a financial assessment is carried out using the DfES suggested assessment model.

- 2.9 A small number of children in our care are subject to residence orders which replaced custodianship in 1991. A residency order means that the birth parents retain parental responsibility but the carer gains parental rights. As with adoption, a financial assessment of the carer is undertaken to determine whether an allowance should be provided.
- 2.10 There is now a new legal order, a Special Guardianship Order, that carers can apply for, by which they gain parental responsibility and are able to override the parental responsibility of others (such as the child's birth parent) in day to day matters. Under legislation, Special Guardians must be offered support services, including financial support, if requested, subject to the same financial assessment as adopters. It is proposed to increase adoption and residence order allowances by 2.3%. Annex D shows the revised allowances for 2006/07.

### **Sharing Care Allowances as shown in Annex E:**

- 2.11 Sharing care is provided for disabled children who attend a temporary carer on either a day care or overnight basis, in order to give the parent or regular carer a break. Again it is proposed to increase sharing care allowances by 2.3%. Annex E shows the revised allowances for 2006/07.

### **Rounding**

- 2.12 The figures shown for all weekly allowances contained in Annex's B to E inclusive have been rounded to the nearest figure in whole pence that can be divided exactly by 7. This is done so that the weekly allowances can easily be converted into daily amounts when processing payments.

## **3. Consultation**

- 3.1 As indicated at the outset of this report the DfES is currently conducting a consultation about establishing a national minimum rate of payment for foster carers. This consultation runs until the end of April, with a government response expected by July. The proposed 2.3% increase in the council's fostering payments for 2006/7 has been discussed with the York Area Foster Carers' Association (YAFCA). The Association is unhappy with the proposal and continue to seek levels of allowances as recommended by the Fostering Network. These are significantly higher than the governments current draft proposed rates or the % year on year increase proposed in this report. The Association has been advised that the year on year increase proposed in this report is an interim response by the authority and the matter will be considered again but only when national consultation is completed and nationally required levels of allowances are finally announced.

## **4. Options**

- 4.1 There are no alternative options regarding the standard weekly charges for residential care homes as shown in Annex A. There is a legislative requirement that the charges are calculated following national guidelines provided to all local authorities. In arriving at the figures quoted the guidelines have strictly been followed.
- 4.2 There are a number of options for setting the foster care, sharing care and adoption allowances as shown in Annex's B to E inclusive as the authority has

the discretion currently to set the rates at whatever level it deems appropriate and affordable. These could include:

- Option A would be to increase the foster care, sharing care and adoption allowances to the amounts proposed within this report.
- Option B would be not to increase the foster care, sharing care and adoption allowances but leave them at the 2005/06 rates or to increase them by less than the amounts proposed within this report.
- Option C would be to increase the foster care, sharing care and adoption allowances by more than the amounts quoted within this report.

## 5. Analysis

5.1 The following tables provides further analysis of the available options:

### 5.2 Foster Care, Sharing Care and Adoption Allowances

	<b>OPTION A</b>	<b>OPTION B</b>	<b>OPTION C</b>
<b>Options</b>	Increase allowances to the amounts quoted in this report.	Leave allowances at 2005/06 rates or increase them by less than the amounts quoted in this report.	Increase allowances by more than the amounts quoted within this report.
<b>Pros and Cons</b>	Foster carers and those people involved in adoption and sharing care schemes would expect a minimum increase in allowances in line with inflation.	By leaving the allowances at 2005/06 levels or by increasing them by less than the proposed amounts the council's expenditure will be reduced. We also risk losing foster carers who may be dissatisfied with no increase or a very small increase to their allowances.	By increasing the allowances by more than the amounts proposed we may improve the retention of foster carers and could also attract new people into these schemes. However, the increased expenditure would not be in line with budgetary constraints.

## 6. Financial Implications

### Foster Care, Sharing Care and Adoption Allowances

- 6.1 If option A is chosen there will be minor impact to the council's budgetary constraints. As a guide the proposed 2.3% increase in allowances would mean increased expenditure of approximately £30k during 2006/07.
- 6.2 If option B is taken instead of option A the council would reduce its expenditure in terms of allowances given but this could lead to the possibility of losing foster carers.

6.3 If option C is decided upon there would be financial implications as the allowances would be over and above the budget available for these services.

## **7. Legal Implications**

7.1 The standard weekly charges for residential care homes as shown in Annex A must be amended in line with the National Assistance Act 1948. The Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Information Service book shows that “residents in accommodation managed by the local authority are expected to pay at the maximum, the ‘standard’ charge fixed by the local authority (section 22(2) of the 1948 Act), or where the resident satisfies the authority that he/she is unable to pay the standard fixed rate, a lower rate based upon the resident’s ability to pay.”

7.2 The relevant items of legislation regarding the allowances paid to carers as shown in Annex’s B to E inclusive are The Foster Placement (Children) Regulations 1991 and The Adoption Support Services Regulations 2005. However, as shown in the CIPFA Financial Information Service book, “there is no nationally recommended local authority scale of allowances payable.”

## **8. Human Resources (HR) and Other Implications**

8.1 This report does not make any recommendations in respect of staffing and changes in structure or job plans so there are no HR implications.

## **9. Recommendations**

9.1 The Executive Member is recommended to approve the following changes with effect from 2 April 2006:

- (a) the standard weekly charges for residential care homes as shown in Annex A.
- (b)
  - the foster carers weekly allowances and skill premiums shown in Annex B.
  - the additional foster carers weekly allowances as shown in Annex C.
  - the weekly adoption allowances and residence order allowances as shown in Annex D.
  - the sharing care allowances as shown in Annex E.

### **Contact Details**

**Authors:**  
Richard Hartle Finance Manager  
Peter Dwyer Asst Director

**Chief Officer Responsible for the report:**  
Patrick Scott Director  
Learning, Culture and Children’s Services

**For further information please contact the authors of the report**

Legal	✓
Financial	✓
Human Resources	✓
Crime and Disorder	n/a
Sustainability	n/a
Equalities	n/a
Other	✓

### **Background Papers**

The National Assistance Act 1948

The Foster Placement (Children) Regulations 1991

The Adoption Support Services Regulations 2005

The Special Guardianship Regulations 2005

Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Information Service Book, Volume 22

**Annex A:** Standard Charges for Residential Care Homes

**Annex B:** Allowances for Foster Carers

**Annex C:** Additional Foster Carer Allowances

**Annex D:** Adoption Allowances and Residence Order Allowances

**Annex E:** Sharing Care Allowances