

Children, Culture and Communities Scrutiny Committee 14 January 2025

Report of the Corporate Director of Children and Education

Sufficiency Strategy – Children’s Services

Summary

1. This report sets out proposals to introduce a new fostering fee framework, which will aim to supersede the existing one. This has been widely consulted on with both foster carers and fostering staff. The outcome of these consultations resulted in these proposed changes.
2. The proposed fee framework increases the weekly skills fee paid to foster carers, introduces a further skills level and is fair and equitable across all foster carers. The overall framework sets out the expectations from foster carers, as well as how foster carers will be supported, trained, and supervised by the City of York Council.
3. The proposed fee framework will also ensure the long-term financial sustainability of our fostering provision, by ensuring there is a more balanced range of foster carers at different levels that can meet a range of different needs.
4. Members are asked to consider and support this proposal, as we set out to deliver on our ambitious recruitment strategy, reduce the need to commission foster care arrangements from Independent Fostering Agencies, develop capacity to look after children closer to their families and wider networks and achieve positive outcomes for children in our care.
5. This proposal is being presented to Council Executive Meeting on 13 February 2025 for decision.

Background

6. The fostering service has experienced a turbulent time in recent years, with a number of changes within the management oversight of the service, high use of agency staff and managers and uncertainty of where it 'sits' within the overall children's services team.
7. In early 2024, following the appointment of a Head of Children's Resources; Fostering, Short Breaks and Residential Children's Homes came together under one overall Children's Resources Team. The Service recruited an experienced fostering service manager and has managed to fully staff the service with a permanent team.
8. The newly formed team launched a review of the fostering service. The theme of this review was '***Making things better for everyone***' and has been initiated to improve performance, recruitment of new carers, the support and training provided, systems and processes as well as the current skill and fee matrix.
9. This was a consultative approach, working closely with staff and foster carers to identify areas of the service that required improvement or change to work more efficiently. A key area identified by staff and foster carers was the current skills and fee matrix and the need to improve the offer.
10. **Current Foster Care Provision and Weekly Fee**

The City of York Council has 65 local authority mainstream foster care households, which looks after 84 children and young people. There are an additional 40 children and young people living in arrangements that are commissioned from Independent Foster Care Agencies, with a further 74 children and young people living in kinship care arrangements (family and friends).

11. The City of York Council's current **average weekly spend** on foster care is shown below:

Type	Cost (pw)
City of York Council Mainstream + Kinship	£61,698
Commissioned via IFA	£37,184

12. The City of York foster carers receive two types of weekly payment for the children in their care; **Child Allowance** which covers the costs of food, clothing, activities etc and a **Skills Fee** which is remuneration paid to the foster carers for their services.
13. The **current weekly skills fees** paid to mainstream carers are:

Level	Weekly Skill Fee	Capacity fee per additional child
Level 1	£65.08	£32.54 (50% of weekly fee)
Level 2	£173.55	£43.39 (25% of weekly fee)
Level 3	£496.61	£99.32 (20% of weekly fee)

14. The **Capacity Fee** is paid to foster carers who look after an additional child and is calculated as a percentage of the weekly fee.
15. A **weekly child allowance** is also paid to foster carers in addition to their weekly fee and is a minimum amount recommended by central government. <https://www.gov.uk/support-for-foster-parents/help-with-the-cost-of-fostering>.

The weekly allowance is designed to cover the cost of caring for a child.

Age Range	Weekly Child Allowance		
	National Weekly Minimum	Delegated Authority payment	Total Weekly Payment
0-4	£170.03	N/A	£170.03
5-10	£187.04	£14.42	£201.46
11-15	£213.01	£16.35	£229.36
16+	£249.06	£17.31	£266.37

16. As part of the ***'Making things better for everyone'*** review, we benchmarked our weekly payments against 12 other local and neighbouring authorities. This identified:
 - The existing entry fee (level 1) skill payment of £65 per week, was the second lowest being paid.
 - The skills fee (level 3) payment was highly competitive, ranking in the top 2.
 - The financial difference between each of the weekly skills payments was significant.
 - The additional **Delegated Authority** payment is totally unique to York.
 - The City of York Council pay 50% more in holiday allowance and an enhanced bicycle allowance.
17. The entry level (1) skills fee of just £65 does not recognise the dedication and commitment made by carers' in providing stable, loving homes for vulnerable children. The current entry weekly skills fee impacts on our ability to successfully attract and recruit new foster carers and has been cited by perspective carers withdrawing their interest.
18. Recruiting new foster carers is **essential** to our overall Sufficiency Strategy; how the service is able to manage attrition and how it is able to increase inhouse resources. This will reduce spending on Independent Fostering Agency care arrangements and ensure we place more children in York, close to their family and connected networks.
19. The level (3) skills fee, which is the highest weekly fee is very competitive. However, circa 90% of existing mainstream foster carers are placed on this level.
20. Level (3) carers (*which are considered as specialist carers*) were created to support children and young people who have experienced significant trauma and where their coping strategies, as experienced through their presentation, creates a number of significant challenges. This is the right approach and one replicated throughout the country in other local authorities and independent fostering agencies.

21. It was designed at the time to ensure there was enough ‘specialist’ carers to provide homes and wrap around care for the most vulnerable children. Whilst this was an appropriate and effective strategy at the beginning, the numbers of level 3 carers grew rapidly and disproportionately against the complexity of need. This was largely due to how foster carers were promoted internally through the different skills levels and the significant difference in payment levels.
22. The *‘Making things better for everyone’* review provided an opportunity to rebalance our fees and allowances, both to ensure that they are fair and proportionate as well as remaining competitive and attractive to new carers.
23. **Our Proposal**
 Firstly, it is important to acknowledge our enormous respect, appreciation, and admiration for foster carers in York. The contribution they make, every day, to the lives of some of our most vulnerable children and young people in York is remarkable.
24. This proposal is part of the overall fostering review that has been undertaken this year. It is important that foster carers are **paid well and paid fairly**, whilst acknowledging market competition, recruitment challenges and the rising cost of living.
25. This proposal is to introduce a fee structure comprising of 4 new paid levels, with **improved** weekly payments to all foster carers.

Level	Weekly Skill Fee	Capacity Fee per additional child
Accredited	£125.00	£67.50 (50%)
Advanced	£250.00	£100 (40%)
Advanced+	£375.00	£112.50 (30%)
Specialist	£500.00	£125 (25%)

26. Kinship carers, who have not yet been approved as foster carers through the fostering panel process will not receive a skills payment. These carers are referred to as **Pre-Accredited** and will only receive the child allowance payment to cover the costs of looking after the child(ren). Once approved at fostering panel, pre-accredited carers will then move to Accredited status and will be eligible to claim the weekly skills fee.
27. The aim, over time, is to reduce the number of our highest paid carers and have a more evenly balanced proportion of carers at each skills level. This would bring the City of York in line with all other local authorities by having better control on the number of carers required at each level, linked to our sufficiency strategy.
28. The number of mainstream foster care households in England has fallen by 10% over the past three years, despite a rising care population. Therefore, an improved offer is essential if we are going to retain, compete and recruit new foster carers to meet our Statutory Duties.
29. The proposal is to **increase** the weekly skills fees and introduce a new **Advanced+** level. This will provide a much more balanced incremental structure to fees as well as reducing the significant gap between the current level 2 and level 3, which has undoubtedly contributed to the significant number of carers placed on the highest fee level.
30. If there is to be a reduction in the number of specialist carers, a fee structure that is designed to accommodate a broader range of skilled foster carers needs to be in place.
31. There is an urgent need to develop the fostering service so that it has sufficient capacity to meet the needs of children and young people in York, without the need to commission these homes through high cost, independent fostering agencies.

32. It is important to note that the average weekly cost of an Independent Fostering Agency care arrangement is **£920 per week**, which equates to approximately **£48k per year, per child**. This fee is significantly more than the cost of our own inhouse level 3 (specialist) foster care arrangement.
33. To put this into context; 10 x children, aged between 11-16 years old placed in an Independent Fostering Care arrangement would equate to: 20 x children living in one of our Advanced Foster Carer homes or 16 x children living in an Advanced+ care arrangement.
34. Adopting these proposals will incur initial costs in the short term, until these measures are fully realised. The main cost increases will be as a result of the entry level fee rising from £65.08 per week to £125 per week. This is essential in attracting and recruiting new foster carers. Based on the current number of carers at this level, the additional cost would be circa **£62k**
35. Second to this would be an increase in costs for those carers currently at level 2 and moving into the Advanced level. That is currently 22 carers moving from a weekly skills fee of £173.55 to £250, which is annual increase of **£87.5k**. This brings an overall initial cost increase of **£149.5k**.
36. It is extremely important that the City of York remains competitive, being a small city surrounded by North Yorkshire, East Riding and Leeds, all of which are prioritising the recruitment of new foster carers and continuously reviewing their offer to remain competitive.
37. These proposed new fees have been benchmarked and will be highly competitive across the region. Once implemented April 2025, we will move to an annual increase of fees from April 2026, in line with the CPI (Consumer Price Index). This will be automatically applied where CPI falls under 4% and considered for approval by the Director of Children's Services and Chief Finance Officer where CPI is greater than 4%, ensuring any short-term spikes are fully appreciated.

38. **Mitigating Costs**

The current fostering allowance includes an additional ‘delegated authority’ weekly payment for foster carers. This is unique to the City of York.

39. The Fostering Network defines ‘Delegated Authority’ as *“The process that enables foster carers to make common sense, everyday decisions about the children and young people they care for, such as allowing them to go to friends’ houses for sleepovers, signing consent forms for school trips and even arranging haircuts”*.

40. The current and the proposed weekly child allowances are set out in the table below. The weekly child allowances are designed to cover the cost in looking after the child and are recommended amounts by Central Government.

	Current Weekly Child Allowance			Proposed
Age Range	Weekly Minimum	Delegated Authority payment	Total Weekly Payment	Weekly Minimum
0-4	£170.03	N/A	£170.03	£170.03
5-10	£187.04	£14.42	£201.46	£187.04
11-15	£213.01	£16.35	£229.36	£213.01
16+	£249.06	£17.31	£266.37	£249.06

41. There is no regulation, requirement or valid reason why delegated authority should be considered as a weekly payment. The proposal is to stop these payments and ensure our offer is in line with the principles of delegated authority as a decision-making tool. Based on our calculations, this would create an annual **saving of circa £100k**.

42. The proposal also includes reducing the annual holiday allowance from the current offer of 3 weeks to 2 weeks, which is commensurate with other local authorities. This would **save a further £31k per annum**.

43. Therefore, the predicted costs of accepting this proposal would be **£149.5k** with savings to mitigate this of **£131k**, reducing the total cost to **£18.5k**, which will be funded through growth.
44. **Further Immediate and Longer - Term Savings**
- As well as rewarding carers fairly, the other primary aim is to increase the number of in-house foster carers in York. The City of York Council is committed to children and young people growing up close to their families, friends, and wider connected networks and this will only be achieved fully, if there are sufficient resources.
45. The Fostering Recruitment Strategy sets out ambitious plans to recruit 50 new foster carers over the next 5 years. We are on track for launching the new website and digital marketing platform at the beginning of 2025. Whilst we are seeing an increase in the numbers of new carers being assessed due to local recruitment initiatives, the fostering recruitment landscape is challenging, and there is a need to use social media, technology, and digital platforms to carry our message further and to new audiences.
46. Increasing the number of in-house carers, will significantly reduce our reliance on commissioning homes from costly Independent Foster Care Agencies, which can cost twice as much of what is paid to our own specialist foster carers. As well as being more expensive, they are often outside of York, further away from the child's family, friends, and connected networks.
47. Therefore, whilst the majority of the initial costs are mitigated, there will also be continued savings in the long term as a number of level 3 foster carers convert from one fee level to another.

48. **Transition to new fee framework**

It is important that we **support** carers through this necessary transition, learning the lessons from other authorities who have undertaken a similar path.

49. Therefore, the proposal includes **pay protection** for the skills fee (*excluding delegated authority*) to all foster carers for the **duration** of care for each child or young person **currently** placed with them.

50. This is important as it would provide more certainty in the short-medium term for foster carers and provide more stability for the children and young people in their care. Over time, foster carers will naturally transition onto their new fee level following a reassessment against our new fostering skills framework. Our priority is not to lose any foster carers as a result of this process.

51. **Implementation**

All foster carers will be reassessed, using the newly developed skills and competency framework that sets out clearly the requirements for each skills level. This framework has been modified from existing local authorities who already have this in place. It is a tried and tested framework. Whilst the City of York previously had a framework, this was not robust enough or used appropriately to manage our sufficiency needs.

52. Foster carers would then be categorised according to the outcome of the assessment. However, the existing level 3 skills payment would be **protected** for the period that their existing child was placed with them.

53. Any new child placed in their care would be in accordance with the fee level following the outcome of that assessment, to enable a gradual transition, over time, to the new fee framework.

54. Where a child joins a fostering household and the assessment has yet to be completed, the existing fee level arrangements will be honoured, but on the understanding that this may be subject to change, for that specific child only, following the outcome of the reassessment.

Consultation

55. This proposal is being presented to members of the Childrens, Culture and Communities Scrutiny Committee, as part of a wider consultation process. Members are considered an important part of this consultation as the proposal progresses to Council Executive Meeting on 13th February 2025 for decision.
56. A review of the fostering service was initiated in early 2024 and remains ongoing. This review '***Making things better for everyone***' has been a consultative approach to looking at ways to improve our fostering offer, as well as how we support, train, and retain carers.
57. There has been extensive consultation with foster carers and the fostering team in relation to the fostering fee and skills matrix, training, support and additional payments and this work is continuing. Young people, as part of the '*Show me that I matter*' care experienced participation group are also actively working with managers in refining some of this work.
58. The consultation process was launched on 24th April and since then a number of meetings have taken place with the wider fostering team and foster carers regularly through to November 2024, where we agreed on the final proposal. These consultations have all been face to face sessions and additional early evening sessions for foster carers were arranged to support them with their childcare arrangements. A dedicated email address was also provided to encourage feedback for those carers who were unable to attend, to ensure they had a voice and could contribute.

59. Foster carers have played a pivotal role in the development of the fee and skills framework and their contribution is evident in the finished proposal in relation to the fee structure, additional payments, and the need to have a ringfenced number of carers at different skill levels. We have received no objections from foster carers and they are supportive of these proposals.

Options and Analysis

60. Members are invited to consider the report. The key options to consider.

Option (1)

61. We continue with our current fee and skills structure, whilst actively pursuing to reduce the number of carers paid at the highest skills fee level.
62. This would eventually lead to a reduction in the highest paid level 3 carers (specialist). However, this carries significant risk of losing carers altogether by them leaving fostering for York, due to the significant reduction in their paid fee from £496 to £173 per week, based on the existing framework.
63. We would continue to be challenged by the entry fostering fee of just £65 per week, which has already been identified as a barrier to recruiting new foster carers. This would result in recruiting less than we were losing.

Option (2)

64. Improving the entry level fee from £65 to £125 per week and continue to pursue reducing our level 3 carers over time.
65. Whilst we would hope to see an increase in new foster carers, there would continue to be the risk of losing carers at level 3 as they leave foster for York, due to the significant reduction in their paid fee from £496 to £173 per week.

66. There would also continue to be a significant financial gap between level 2 and level 3 payment (difference of £323 per week), which would make retention and progression of carers impossible.
67. Our attrition would most likely remain 'static' as a result, recruiting as many new carers as those leaving the service, if not less, not to mention losing fostering skills and experience.

Option (3)

68. It is agreed to implement the plan as outlined in this proposal. This would see an increase to fees across the board, improving the fostering offer for all carers.
69. The new fostering fees would be attractive to those wishing to pursue fostering as a positive choice, increasing opportunities to recruit more carers in York.
70. There would be a fairer fee and skills framework that would enable us to carefully manage progression, as well as paying carers well and paying them fairly.
71. Level 3 carers would still be reduced over time, through a protected process and those carers who move to Advanced+ or Advanced would not experience such a significant financial reduction.
72. Costs increases would be mitigated through the cost savings as outlined in this report.

Council Plan

73. The City of York Council is **required**, under Section 22G Children's Act 1989, to ensure that it has plans in place to meet its sufficiency needs.
74. There is a **Sufficiency Strategy** in place, and this outlines how we will ensure that there are sufficient accommodation for children that meets their needs and is within the local authority area.
75. The Council Plan 2023-2027, **One City, For All**, sets a strong ambition to increase opportunities for everyone living in York to live healthy and fulfilling lives.

This proposal will develop and strengthen our resources to ensure children and young people, continue to live in homes close to their families, friends, and wider connected networks.

- **Equalities and Human Rights** – Equality of opportunity
- **Affordability** - Tackling the cost-of-living crisis
- **Climate** - Environment and the climate emergency
- **Health** - Improve health and wellbeing and reduce health inequalities, taking a Health in All Policies approach.

76. Implications

- **Financial**

The initial funding required for this proposal is £18.5k (£149.5k for the increase in carer rates less the reduction in holiday payments and the removal of the delegated authority payments), This will be funded from growth.

This proposal will reduce our IFA requirements going forward (current spend is predicted to be £2m in 24/25) as we increase our local foster carers.

- **Human Resources (HR)**

There are no HR implications as Foster Carers are not employees but considered self-employed.

- **Legal N/A**

- **Procurement N/A**

- **Health and Wellbeing**

The importance of foster carers and the contribution they make to families and our most vulnerable children cannot be overstated. Attracting new foster carers in the local area is essential so that children can grow up close to family, friends and their social networks is crucial, so increasing foster carers locally is of huge importance to the health and wellbeing of our children.

Evidence put forward by the NSPCC suggested that living with foster parents/carers reduces disparities in mental and physical outcomes and improves the wellbeing of the young people involved.

- **Environment and Climate action N/A**

- **Affordability N/A**

- **Equalities and Human Rights N/A**

- **Data Protection and Privacy**

The data protection impact assessment (DPIAs) screening questions were completed for the recommendations and options in this report and as there is no personal, special categories or criminal offence data being processed to set these out, there is no requirement to complete a DPIA at this time. However, this will be reviewed following the approved recommendations and options from this report and a DPIA completed if required.

- **Communications**

Communications supports the detail outlined in this report. We will support the proposed changes with proactive communications and make this part of our wider messaging around fostering moving forward.

- **Economy** N/A

Risk Management

77. The City of York Council is required, Section 22G Children Act 1989, to have a **Sufficiency Strategy** in place, which outlines plans to ensure that there are sufficient resources (homes) to meet the needs of children in our care.
78. The City of York Council has a sufficiency strategy in place and this is supported by a **Fostering Recruitment Strategy** and an overall **Fostering Strategy**, which details our plans and ambitious target of recruiting 50 new foster carers over the next 5 years.
79. Across the UK there's currently a shortage of around 6,500 foster carers. The numbers lay bare the recruitment crisis currently facing the fostering community as the number of children in care continues to rise.
80. Urgent action needs to be taken to recruit more foster carers while ensuring existing carers feel sufficiently supported to continue to foster. Since 2021 more foster carers are leaving than joining across the UK, as the number of fostering households decreased by 2,154, while the number of children increased by 2,855.
81. The situation is particularly stark in England. Since 2019 the number of fostering households decreased by 1,045 while the number of children in care has increased by 5,690. The Fostering Network reported (2024) that a lack of support, feeling undervalued and not respected by social work teams and **inadequate financial support** are some of the key reasons why foster carers have decided to stop fostering.

82. The fostering landscape is challenging, with many local authorities and independent fostering agencies increasing and improving their offer to attract new carers. This, together with the challenges of retention against a backdrop of these improved offers significantly increases the risk of not recruiting sufficient numbers of new carers, losing them to competitors or leaving the sector altogether.
83. The City of York Council's current offer, in comparison with a wide range of local and neighbouring authorities is neither competitive or attractive for potential carers wishing to pursue fostering as a viable option.
84. It is necessary to change and improve our fostering offer if we are going to be successful in attracting new and retaining existing foster carers. There are significant financial risks associated with not progressing with this proposal as our spend on Independent Fostering Care arrangements will continue to increase. Also, children will continue to live in homes further away from their families and wider connected networks if we don't have sufficient resources.

Recommendations

85. Members are asked to consider this report and proposals to introduce a new fostering fee framework.

Reason: To ensure we are competitive and attractive to potential new carers which will support our approach to meeting our sufficiency needs.

Contact Details

Author:

Michael Cavan
Head of Children's Resources
e. Michael.cavan@york.gov.uk

Chief Officer Responsible for the report:

Martin Kelly
Corporate Director of Children and Education
Children's Services
e: martin.kelly@york.gov.uk

**Report
Approved**

Date 6 January 2025

Specialist Implications Officer(s) *N/A*

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers:

None.

Annexes

None.