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**FINANCIAL COST OF PLACEMENTS FOR LOOKED AFTER CHILDREN**

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**Responsible Cabinet Member – Councillor Cyndi Hughes,  
Children and Young People Portfolio  
Responsible Director – Murray Rose, Director of Children's Services**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To inform Cabinet of the current position relating to external placements for Looked After Children following the Laming Review (2009) and to ask Cabinet to consider the proposal to increase the level of foster carers' fees in line with other Local Authorities.

**Summary**

2. Since October 2008 (the subject of previous Council reports) and the Laming Review there has been a significant increase in the number of referrals. Requests for children to become Looked After, have also increased and put significant pressure on the Children's External Placements budget. Some of these have been for capacity reasons and could have been avoided if there was sufficient provision of in-house foster carers. The current professional fee paid to Darlington foster carers is one of the lowest in the North East, which is a significant factor in the recruitment.
3. An increase in fees for foster carers will, over the longer term, represent a saving for the local authority for placement costs for looked after children.

**Recommendation**

4. It is recommended that Cabinet :-
  - (a) Approve the proposed increases in fees for foster carers as detailed in paragraph 13.
  - (b) Note the projected overspend and the actions being taken to reduce costs.

**Reasons**

5. The recommendations are supported by the following reasons :-
  - (a) The cost of placing a child with a Darlington Borough Council foster carer is significantly less than placing them in an external placement
  - (b) Darlington currently has difficulty recruiting a sufficient range of foster carers

- (c) To ensure that Darlington's professional fee for foster carers, which is currently one of the lowest in the North East, compares well with neighbouring Local Authorities.
- (d) To enhance the opportunities for recruitment and retention of in house foster carers.

**Murray Rose**  
**Director of Children Services**

## **Background Papers**

Andrew Collishaw: Extension 2327

S17 Crime and Disorder	There are no specific implications for Crime and Disorder
Health and Well Being	Has a positive effect on Health and Well being of Darlington Borough Council's Looked after Children.
Sustainability	There are no specific implications for Sustainability
Diversity	Has a positive effect in making fostering a more attractive to a wider variety of families
Wards Affected	All wards
Groups Affected	Darlington Borough Council's Looked after Children and Darlington Borough Council's Foster Carers.
Budget and Policy Framework	The report does not change the budget or policy framework
Key Decision	No
Urgent Decision	No
One Darlington: Perfectly Placed	This report is linked the Safer theme of the Sustainability Strategy as fostering placements provide a protected and safe environment for Looked after Children living in the local community.
Efficiency	Positive effect on the efficiency. It avoids reduction in contract negotiations and additional payments. It also reduces associated costs e.g. travel, social work time etc.

## MAIN REPORT

### Information and Analysis

6. During 2009/10 there has been a significant increase in the number of placements of externally provided placements for Looked After children resulting in a pressure on the budget. This position has been experienced throughout the country due to increased number of referrals following the Laming Review, carried out after the death of Baby Peter and additional requirements on other agencies to refer cases to social care. Within Darlington Borough Council, the 2009/10 overspend on social care external placements is as detailed in the table below.

Budget 2009/10	Outturn 2009/10	Over spend	Budget 2010/11
£860k	£1,774k	£914k	£1,160k

7. The total spend of £1,774k is summarised in the table below:-

	(£000s)
Commissioning of Auton House (planned 3 beds)	249
Residential Placements (spot purchase)	177
Social care contribution towards education costs in residential schools	257
Long Term Fostering Placements	675
Short Term Fostering Placements	416
Total	1,774

8. The description of each specific area is as detailed below:-
- (a) The commissioning of Auton House, consists of the purchase of 3 beds within Auton House, which is a provision run by St. Cuthberts Care. This provision has been commissioned following the closure of Salters Lane Children's Home (internal provision).
  - (b) Residential Placements consist of children placed in secure units and residential establishments.
  - (c) Social care contribution towards education costs in residential schools relate to the non-term time and care costs at the residential school.
  - (d) The majority of long term fostering placements relate to children with specialist and complex needs. It is anticipated that there will always be the requirement for some such placements due to the needs of some children and young people.
  - (e) The short term fostering placements consist of children placed with external providers. The majority of those placements have been for capacity reasons – ie lack of 'in-house' foster carers.

9. A significant placement overspend has been experienced by most other Local Authorities - the demand for external placements has been much higher than anticipated. In February 2009 the number of children placed with external fostering agencies was 16. This number had remained consistent for a number of years, by May 2010, the number of external placements had increased to 30.
10. If there is sufficient provision available with internal foster carers and the placement is appropriate, a child would be placed with the internal foster carers. The table below shows the cost of placing a child is significantly cheaper via DBC foster carers. When the demand for placements for Looked After Children exceeds the number of internal placements available, the purchase of placements from external agencies becomes necessary to ensure that children stay safe and their needs are met.

	Internal	External
	(£000s)	(£000s)
Payment to Foster Carers	2.2	
Boarding out allowance paid in relation to the children's costs	7.1	0
Cost per placement of Family Placement Team	1.8	0.7
External Placement Cost	0	45.0
<b>Total</b>	<b>11.1</b>	<b>45.7</b>

11. The foster carers approved by Darlington Borough Council consist of 60 households, including five sets of 'kinship carers'. At any point of time there a number of foster carers on hold due to the personal circumstances of the foster carers. The total number of foster carers varies only to a small extent, as new approvals are balanced with de-registrations. Foster carers are de-registered for a variety of reasons including becoming adopters; a child in placement reaching 18 years; retirement or when concerns have been raised about carers' practice.
12. The number of children Looked After by Darlington Borough Council can change daily. On 26<sup>th</sup> May 2010 the total number of Looked After Children was 155, the previous range was 130-144. An audit has been completed to ensure appropriate threshold is being applied. The results show all the admissions to Looked After are appropriate.
13. Darlington currently has difficulty recruiting a sufficient range of foster carers. Adults who choose to foster do so on a short-term, respite basis rather than long-term and full time, thereby retaining the option for other employment. In Darlington it is usually possible to place babies and young children with internal carers. The areas of shortage are:-
- Sibling Groups
  - Long term placements for 9-13 year olds
  - Mother and baby
  - Children with complex, challenging needs
  - Infants

14. In comparison to other Local Authorities in the region, Darlington's professional fee for carers is one of the lowest (see **Appendix 1**). The professional fee is payment to carers for their skills and experience, in addition to the 'boarding-out allowances' to cover children's costs. Darlington's 'boarding-out allowances' compare well and are in accordance with national guidelines.
15. The traditional market of fostering prior to 2005 consisted of internal Darlington Borough Council services and third sector providers, but in the past 5 years the market has changed, seeing an increase in Independent Fostering Agencies dominating the market share. This can be viewed as positive in that the increase in competition has seen provision increase in quality to compete, offering better training and rates for potential foster carers on their books. However, this has also seen the market unit cost of foster care soar leaving the Council in a difficult financial position.
16. The professional fee paid by Independent Fostering Agencies is significantly higher than Local Authorities. Their terms and conditions in relation to holidays and choice in accepting children are much tighter than Local Authorities. Currently Independent Fostering Agencies also have limited placements available due to a national shortage of foster carers.
17. Darlington Family Placement Service are focusing on increasing the capacity of internal provision by concentrating on the marketing and recruitment of carers, and supporting existing carers both out-of-hours and with their development and training needs. Increasing the internal foster carers and diminishing the localised market domination by the Independent Fostering Agencies, should lead to reduced budgetary over-spends due to capacity and provision of greater choice of placement focused on the needs of the child.
18. To ensure Darlington is in a favourable 'market position' to recruit carers the rate of Foster Carer Payments needs to be increased as proposed in the table below. The proposed rates will also bring us nearer to the allowances paid across the Tees Valley and thereby reduce cross authority competition and promote increased collaborative working (currently subject of a REIP proposal).

	<b>Scheme Fee</b>
<i>Current position</i> Payment dependent on experience and qualifications	£30-70 (not per child)
<i>Proposed position</i> <i>Band A</i>	£75
<i>Band B</i>	£100
<i>Band C</i>	£150

19. Band A would consist of newly recruited foster carers going through their first year of fostering and completing their initial training programme followed by an induction training programme and the completion of the Support and Development Standards for Foster Carers (Children's Workforce Development Council). In order to move the Band B foster carers would be required to complete an Intermediate Training programme to further develop their skills and knowledge. Experienced foster carers who have attended training at a more advanced level and who have achieved Health and Social Care – Children NVQ Level 3 will move to Band C.

20. In addition to mainstream foster carer provision the Family Placement Service are developing the provision of Mother and Baby placements to ensure assessments can be community based; Skilled Emergency Carers to give immediate access to placements out of hours and at very short notice and Support Care where foster carers work closely with families in the community in order to prevent children becoming looked after, where safe and possible to do so.
21. It is anticipated this proposal will enhance recruitment strategies and as numbers of carers increase will reduce the level of overspend currently being experienced. This proposal will bring carers in line with the banding system in operation in neighbouring Local Authorities. It is projected that the proposed increase in fees will initially increase the overall cost of foster placements for the first two years. As internal capacity increases, the number and cost of external placements should reduce. Assuming one independent placement is replaced by internal provision each year, it is projected that the proposed increase in fees will marginally reduce costs from 2013-14. The overall cost of foster placements is, of course, dependent on demand and a variety of factors that influence the supply of foster placements, not only the level of fees.

	2010-11 £M	2011-12 £M	2012-13 £M	2013-14 £M
Projected increase in foster carers' fees	+0.077	+0.111	+0.140	+0.169
Projected reduction in external placement costs	-0.023	-0.091	-0.140	-0.188
Projected net effect of increasing fees	+0.054	+0.020	+0.000	-0.019

Without an increase in fees it is expected that the difficulties currently being experienced in recruiting and retaining foster carers will continue to get worse, which would further increase the overall costs.

22. **Appendix 2** portrays the financial effect of increasing the cost of foster carers' fees with one additional foster carer appointed per year over the medium term. This is the anticipated effect of increasing the foster carers' professional allowance. However, clearly there are many issues which will affect the Children's External Placements budget. This includes the number of referrals, the effect of early intervention and preventative services, and any future legislation or national policy changes.
23. The above provides a solution to part of the problem, and may result in reduced over spend in future years. The external placement budget for 2010/11, is significantly less than the projected outturn for 2009/10, therefore it would be unwise to assume that this additional cost could be accommodated within existing resources.
24. There are also further initiatives underway to address current issues as detailed below:-
- (a) An extensive recruitment drive for foster carers has continued by the Family Placement Service. This includes work during Fostering Fortnight, and regular advertisements in local publications, radio, press and attendance at local public events. The marketing has focused on the benefits that foster carers will provide to their local community. Research has shown that it takes 2 years from initially considering fostering to submitting an application.

- (b) A Tees Valley joint tendering agreement for the commissioning of external foster care providers has been implemented. This ensures that only providers who are on the framework agreement are approached to provide placements. This will have the benefit of reducing the cost of external foster providers.
- (c) One of the expected outcomes of integrated working with the Primary Care Trust is that there is additional support for families, with the aim of helping to prevent families breaking down and thus reducing the number of Looked after Children. The most preferred method for positive outcomes for children and families is that the family does not breakdown and thus reducing the need for expensive external placements. It is anticipated that providing family support at the earliest opportunity will reduce the need for LAC placements. This will take time for the anticipated benefits to come to fruition and so short term efficiencies are not anticipated.
- (d) The Regional Improvement and Efficiency Programme (RIEP) are in the process of recruiting a consultant to work with all five local authorities across the Tees Valley on recruitment, training and assessment of foster carers as a joint initiative.

### **Summary**

- 25. In summary, the External Placements budget is currently facing a significant pressure as a direct consequence of increased need and resulting requests for LAC placements. This is compounded by a lack of appropriate internal foster carers. Action has already taken place through participation in a Fostering Review with the Regional Improvement and Efficiency Programme and extensive recruitment drives for foster carers and a Tees Valley preferred provider framework. One of the benefits of early intervention strategies should be reduced numbers of Looked After Children which will relieve the pressure of those entering the LAC system.
- 26. To ensure that sufficient internal foster carers are recruited there is a requirement to increase the level of fostering professional fees in line with neighbouring Local Authorities.

### **Outcome of Consultation**

- 27. Consultation was carried out with groups of foster carers who suggested a three tier training and skills model which has been adopted.
- 28. The matter has also been discussed by the members of the Corporate Parenting Panel.

## Appendix 1

Local Authority	Scheme Fee
<b>Darlington</b>	
Payment dependent on experience and qualifications	£30-70 (not per child)
<b>Durham Payment for Skills</b>	
Band C	£73.29
Band D	£226.24
Band E	£378.56
<b>Gateshead</b>	
Contract Carers (max fees for 2 children)	£207.22
<b>Hartlepool</b>	
Band One	£0
Band Two	£76
Band Three	£151
Band Four	£226
Band Five	£378
<b>Middlesbrough</b>	
Band A	£50
Band B	£100
Band C	£200
<b>Newcastle</b>	
Standard Expenses Payment	£90.00
<b>Northumberland</b>	
Full time carers fee payment	£173.88
2nd bed fee	£61.74
New Start	£25,000 per year
<b>North Tyneside</b>	
Mainstream Carers Fee	£90
Specialist Weekly Fee	£125
<b>Redcar and Cleveland (Under review)</b>	
Band A	£0
Band B	£50
Band C	£100
Specialist	£500
Teenage Scheme	£300
<b>South Tyneside</b>	
All carers	£75.00
Young Futures	£274.00
<b>Stockton-on-Tees</b>	
Level 2 (After first year)	£125
Level 3	£350
<b>Sunderland</b>	
Level 2 (age related enhancement)	£9.98-28.25
Level 3 (plus age related enhancement)	£187.02



## Appendix 2

