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llais gofal maeth

the fostering network

the voice of foster care



The Fostering Network Wales response to the WAG consultation document on national minimum fostering allowances

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Introductory remarks

It is vital that foster care is acknowledged as an increasingly professional activity where foster carers are working in a regulated environment, to a set of standards. They are subject to pre approval assessment and preparation, post approval ongoing development and review; they work in a multi-disciplinary team to implement the care plan for each child they look after. Their full costs need to be covered in just the same way as the office costs of the supervising social worker are covered by their employer.

In order to improve outcomes for children who are looked after in public care, it is essential that fostering services in Wales are able to recruit and retain good quality foster carers. There is currently an estimated shortage of 750 fostering households in the public sector in Wales. The allowance rates for consultation in this document are lower than the allowances currently paid in the majority of local authorities in Wales. Setting national rates at such a low level would miss the opportunity to ensure that foster carers full costs are covered and would give foster carers and those who work with them the message that their contribution and costs are not valued and recognised.

The Fostering Network urges the Welsh Assembly Government to base the national allowances on those recommended by the Fostering Network, as the best currently available figures.

Setting the level of the national minimum allowance

1. Do you agree that the national minimum allowance should be based on actual expenditure?

The Fostering Network recommends that a proper study is carried out that establishes the full costs of caring for a fostered child. Without such a study, the true costs will not be known.

There are a number of steps which must be taken to ensure that the calculated allowances represent the true costs of looking after a fostered child:

- The methodology needs to capture all items of expenditure
- Research must be based on a sample of families who have an acceptable standard of living.

We have concerns about basing a national minimum allowance on the research in the Small Fortunes study, as this is over 10 years old and the nature and pattern of expenditure on children will have changed since 1995.

In particular an explosion in the sales of items such as mobile phones, home computers, games consoles and audio visual equipment has occurred in the last 10 years and the Small Fortunes study does not take account of this.

The Small Fortunes survey did not calculate the worth of the stock of possessions which most children have, but fostered children may not have (clothes, toys, books,

music, etc). There will be considerable cost to foster carers in building up such a stock for children they look after.

Small Fortunes makes no apportionment of the capital costs of owning and maintaining a car or home. These are a central expense of fostering.

We also have some concerns that the sample of parents in the Small Fortunes study may be unduly weighted to poor parents.

In conclusion, we think that more research is required in order to satisfactorily establish what the actual expenditure of foster carers is. We do not think that the Small Fortunes study is suitable as a basis for the calculation of actual expenditure of foster carers.

2. Do you think that our methodology captures the key categories of expenditure involved in caring for a fostered child?

No, the Small Fortunes study fails to capture a number of key categories of expenditure. It is vital that these categories are covered by the national minimum fostering allowance. The key categories which have been omitted completely or captured inadequately are as follows:

1. Housing and capital costs
2. Equipment, furniture and clothing stocks
3. Clothing
4. School meals and cost of travel to school

a) Housing and capital costs

Housing and capital costs are excluded by the Small Fortunes study. However, an analysis of these costs has previously been carried out by the Department of Health and this paper¹ on allowances and taxation thresholds states:

“In order to provide safety for children carers are increasingly required to have separate rooms for fostered children. Sharing with carers’ own children or other fostered children, is discouraged. To identify the cost of a room within a house the difference between a 3 and 4 bedroom house spread over 25 years is suggested as the portion of capital costs that carers incur. The figures that have been used in the examples below do not take into account mortgage interest – simply the selling/buying prices of houses currently.

“Larger homes bring increased costs in relation to Council Tax, house insurance, and water and sewage rates. Some of these costs will be particularly significant in areas where property prices are high.”

The paper (enclosed with this response) sets out the capital costs as follows:

¹ Taxation of Foster Care Allowances, Department of Health, January 2002

Capital costs of carers per year (2001 prices)

Difference between average detached house and average terraced house spread over 25 years. UK Average detached = £140,000 - terraced £72,000 (These figures exclude mortgage interest).	2,720
Increased Council Tax/Water Rates/Insurance	200
Re-decoration/wear & tear (£400 x 2 rooms)	800
Car - £3,000 extra over 3 years	1,000
Washing machine - £500 over 5 years	100
Small electrical equipment – annual replacement	200
Fridge freezer	100
Computer £900 over three years	300
Furniture/carpet replacement	500
Additional TV/Sound System/Play Station	200
Annual total	6,120

In 2002 the Government recognised that foster carers incurred housing and capital costs. It would be a retrograde step if the national minimum allowance now excluded these costs. The Fostering Network recommends that the national minimum allowances should include an element for housing and capital costs and that this element should be paid to foster carers who are holding a placement vacant for their fostering service.

The Fostering Network recommends that foster carers should receive the capital costs, on top of the allowances proposed in the consultation paper, 52 weeks of the year. This equates to £117.69 per week at 2001 prices. This would need to be uprated to 2006 levels.

b) Equipment, furniture and clothing stocks

Due to the nature of the Small Fortunes research, one-off items of expenditure such as furniture, bedding and equipment were not included. Furthermore the children's stocks of clothing and possessions are not included within the final figures.

Some allowance for the *replacement* of furniture and carpets has been included within capital costs in the Department of Health paper, but this does not include bedding, equipment, clothing and possessions.

Equipment, furniture and clothing stocks are not included in the calculations for the proposed allowances. The Fostering Network recommends that either the weekly allowance is uprated to take account of this, or the accompanying guidance makes clear that foster carers are entitled to an additional grant for these items in order that the full costs are covered.

c) Clothing

The Small Fortunes study commented that clothing costs were surprisingly low, but they attribute this to the fact that most clothing tends to be purchased in bulk during school holidays. Because the expenditure diaries were kept for one week during term time, the costs of purchasing children's clothes are likely to have been underestimated.

The Fostering Network believes that the national minimum fostering allowance needs to be increased to take account of the extra clothing costs not covered by the Small Fortunes research.

An additional grant to cover the cost of school uniforms should be paid to the foster carer at the start of each school year and with each school move.

d) School meals and cost of travel to school

The Small Fortunes study excludes the cost of school meals and the cost of travel to and from school. Both these items are likely to be significant and the allowance will need to be updated to take account of this.

3. Do you think that the national minimum allowance should include an element to compensate for the fact that fostered children are less likely to have money spent on them by grandparents or other family members or family friends?

Yes. The allowance proposed in the consultation paper only includes actual expenditure by parents. Small Fortunes also states that parents receive significant help from their own parents, relatives and friends. As much as 26 per cent of the costs of secondary school aged children comes from people other than the child's parents. Across the age groups, this amounts to 10 per cent on average. The report also makes the point that 'fostered children are less likely to receive additional spending from other people'.

For fostering allowances to reflect true costs, they should be based on the *total* spending on children. The national minimum allowance needs to be increased by 10 per cent to compensate for the lack of spending by other people.

4. Do you agree that it is reasonable to increase the cost of caring for a non-fostered child by 50 per cent to take account of extra costs associated with fostering children?

Yes, the figure of 50 per cent is confirmed by research carried out by the Fostering Network and Nina Oldfield at the University of York. However, this work is now open to the same criticism as *Small Fortunes*, of being a decade old. New research would establish whether or not this figure has changed.

5. Do you agree that the estimate of costs should be linked with average income, as a means of uprating the allowance each year?

We believe it would be simpler and more transparent to link allowances to average earnings growth.

Average household income is estimated from the Family Resources Survey and some years it can change in odd ways. For example mean household income fell between 2002-03 and 2003-04 because the group with the highest income fell slightly. There are also occasional changes in methodology. This would mean that there could be times when the national minimum allowance would fall at a time when costs increased.

The Fostering Network recommends using the average earnings index (AEI) because it is a much more robust approach. The AEI is currently used to uprate the pension credit and some of the child tax credit; in the long term it is likely that using AEI would give similar results to using average household income.

Wear and Tear

The national allowance contains an amount to recognise the weekly costs of household wear and tear taken from Nina Oldfield's research. However, an amount is not included for babies despite foster carers having to do washing, drying, ironing and so on. Nina Oldfield lists an amount for wear and tear for the 0-4 age group and this needs to be reflected in the allowance for babies.

6. In your experience, should the allowance rate vary according to the age of the child?

Yes, the allowance rate should vary according to the age of the child. This is because the costs of looking after a child vary significantly with age.

7. If so, should we use the age bands above (adding 17 year olds to the secondary school band)? If not, please comment.

Currently the vast majority of fostering services use the following age bands: 0-4, 5-10, 11-15 and 16+. However, the Fostering Network agrees that an additional age band should be added for 0-2. Foster carers tell us that babies are more expensive than 3-4 years olds, and this is certainly the message that came out of focus groups with foster carers (held in relation to the earlier DFES consultation on minimum allowances in England).

Although the proposed rates do not allow a higher rate for 0-2 years, if the correct amount was added for wear and tear, this would mean that allowances for 0-2 year olds would be slightly higher than 3-4 year olds.

8. Is there evidence to support a higher allowance rate for 16-17 year olds, in comparison with, say, 11-15 year olds?

The Small Fortunes study only sampled children aged up to 16. Therefore it does not give an idea of the costs involved for children over secondary school aged. However the McClements Equivalence Income Scale does show that children aged 16 and over have higher costs than 11-15 year olds.

The McClements Equivalence Income Scale, commonly used by the Office for National Statistics, assigns an equivalence value of 0.36 to a 16-18 year old and 0.27 to a 13-15 year old. This means that a household with a 16 year old child would require a higher income than a similar household with a 15 year old to achieve the same standard of living. Therefore a 16 year old has higher costs than a 15 year old. For example:

Household composition	Income required to achieve same standard of living
Married couple	£20,000
Married couple and a 15 year old	£25,400

Married couple and a 16 year old	£27,200
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The difference of costs between the two young people is £1,800. This is why it is important to have a higher rate for 16+.

Furthermore, foster carers in a consultation group in Wales all believed that young people of 16 are significantly more expensive to look after than young people of, for example 11 or 12 because of the need to develop increasing independence, leading to additional costs as these young people increasingly engage in separate activities apart from the family.

The Fostering Network recommends the addition of an age band for young people aged 16+ to cover these increased costs.

Good practice in payment systems

9. Do these qualities reflect the most important aspects of an effective pay system?

Yes, these qualities reflect the most important aspects of an effective payment system. The qualities reflect the sentiments of the foster carers who attended our focus groups on allowances (in England) and our consultation event in Wales.

10. Is there anything missing?

No.

11. What additional information should foster carers receive?

Some fostering services pay their foster carers a weekly sum which includes the allowance and payment. It must be made clear to the foster carer what amount constitutes the allowance and what amount the payment.

The Fostering Network recommends that fostering services are required to distinguish between the allowance and payment element.

Fostering services should be required to state what is and is not included in allowances. If a proportion of costs i.e. a certain amount of mileage is included in the allowance, this should also be clearly stated.

Guidance should be made available to foster carers which states which costs are covered by the weekly allowance.

The impact of allowances and payments on benefits, credits and grants is poorly understood by social workers and foster carers. There is information available published by a number of organisations, but this is not circulated widely enough.

The Fostering Network recommends guidance on the inter-relationship between allowances and government benefits, tax credits and grants is made available to everyone working within the fostering service.

12. What are the best ways to ensure that foster carers/others interested in fostering receive key information?

Information on all financial matters should be contained within the foster carer handbook and updated regularly.

13a). Should the expectation be that local authorities will link their payment systems for foster carers to the integrated Children's System?

13b). What might be a comparable expectation for independent fostering providers?

14. Are there other models of existing practice that have successfully reduced delay in this area?

15. Do you agree with the recommendations above?

Yes. The Fostering Network believes that all those involved in authorising payments for foster carers need to be equipped with a detailed understanding of the written policies of the fostering service.

Our foster carer focus groups in England and membership consultation in Wales said that agreements relating to the making of payments need to be recorded in writing and a copy passed to the foster carer. They also said that when a claim is turned down an explanation should be given.

Finally the Fostering Network agrees that all foster carers need to receive a clear and itemised remittance slip with each payment, so that they know that accurate payments have been made.

16. What else is needed to ensure clarity and consistency?

Foster carers have suggested to the Fostering Network that all finances should be discussed and agreed at pre-placement meetings.

17. Are these suggestions workable?

The Fostering Network agrees that there should be detailed forward planning based on in-depth discussion between the foster carer and the social worker to look at the needs of the fostered child in order to identify any extra costs that might arise.

We also agree that foster carers should be provided with a cash float. This will be especially helpful to those foster carers who take emergency placements.

Some foster carers have been provided with store cards or credit cards. This has been well received and allows a foster carer to buy one-off items of expenditure such as furniture.

A number of fostering services have provided interest-free loans for cars and home extensions. This has allowed some foster carers to take on extra children and therefore has been particularly beneficial to fostering services. It is vital that the terms and conditions of the loan are agreed by the fostering service and the foster carer beforehand, and confirmed in writing.

We welcome the suggestion that fostering services should provide insurance for foster carers. For many foster carers, insurance represents a significant cost and it is vital that the fostering service covers this type of expense. There are a whole range of insurance issues which can arise in relation to fostering and all of these should be covered, not just household damage.

18. What other innovative models have you found to be effective

19a) In your experience, are there categories of spending incurred by all foster carers, which are best paid separately rather than as a component of the weekly allowance?

Yes. There are a number of categories of spending incurred by all foster carers which are best paid separately.

19b). If so please state what these categories are.

We agree that start-up grants are needed at the start of each placement.

The Fostering Network recommends that an extra week's allowance is given to the foster carer for birthdays and a religious holiday and an extra two weeks' for holidays. Around two-thirds of fostered children return home within six months. Foster carers may have children for a couple of weeks in the school holidays or for a couple of months around Christmas. They do not necessarily have the opportunity to save up part of the allowance all year round to pay for birthdays, holidays and religious festivals. Small Fortunes shows that the average amount spent on a child at Christmas a decade ago, was over £250. Therefore it is important that foster carers receive additional grants at these times of year.

20. If you have experience of systems for handling these payments which you believe were particularly effective, please describe.

Children and young people's experiences of fostering allowances

21. What are the best ways for children and young people to be informed, reminded and updated about their entitlements?

The Fostering Network organised focus groups in England for children and young people in foster care about allowances. The young people told us that they would like to be informed about the allowances they are entitled to as soon as they enter foster care. This can be undertaken in a range of ways; verbally, as part of a written placement agreement and/or the provision of an entitlement book to young people in foster care.

It was also felt that for reasons of trust, social services staff should provide the information, at least to begin with, but the foster carer must be party to the information given.

Young people also said that they should be reminded and informed when allowances they are entitled to change for any reason.

Fostering services must take into account that giving young people information about allowances may appear to be empowering but it may also be undermining of the foster carer. It is essential that social workers and foster carers work together and agree how information is given about entitlements.

22. The allowance that a foster carer receives should be set at a level that takes account of the needs of the child or young person they are looking after. How should the child or young person feed into this process?

Allowances should be addressed as part of the six-monthly review process. How allowances are saved/spent must also take into account the comparison with the foster carer's own children to achieve parity/fairness within the fostering household.

23. Should our guidance reflect the need for young people to learn budgeting skills and gain independence?

Yes, the guidance should reflect the need for young people to learn budgeting skills and gain independence. It is part of normal life within any family and begins at day one - whether encouraging a five year old to spend pocket money on a Saturday or setting up a savings account with a teenager. Young people need to learn to budget, otherwise we are setting them up to fail when they leave public care.

However, it is important that allowances should not be given to young people all in one go as this does not help them to learn to budget. Foster carers have a responsibility to prepare young people for independence by helping them to learn how to budget.

24. Are there other issues that we need to cover in our guidance about children and young people's experience of fostering allowances?

There need to be clear statements to all social work staff and foster carers on payments which may be received from elsewhere in respect of a child - such as criminal injuries compensation and DLA allowances.

Original response written by Vicki Swain, Policy and Campaigns Manager, April 2006, in response to DFES consultation document.

Updated by Jane Butler, Director for Wales, February 2007