



PEOPLE OVERVIEW AND SCRUTINY SUB-COMMITTEE

Subject Heading:

Review of Foster Carer Allowances

ELT Lead:

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Policy context:

This decision reflects our statutory corporate parenting responsibility defined in the Children Act, to ensure our children in care have sufficient access to stable, loving homes in line with Havering's Sufficiency strategy.

SUMMARY

1. The council has a legal duty to recruit and keep enough foster carers to provide safe and supportive homes for children in care.
 - 1.1. It is important for children to stay near their local area, so they can keep attending their usual schools and maintain relationships with family and friends.
 - 1.2. There has been a national drop in the number of foster carers, with a 4% decrease in England last year and nearly 10% fewer carers since 2021. Many leave due to lack of support and financial pressures.
 - 1.3. Havering's foster carer payments have not kept up with rising living costs and are not competitive with those offered by neighbouring councils and below the national minimum allowance for foster carers recommended by central government.
 - 1.4. The proposal is to increase both the weekly fee for foster carers and the allowance for each child, making Havering's offer more competitive.
 - 1.5. Using in-house foster carers is much more cost-effective than relying on agencies, saving around £32,000 per child each year.

- 1.6.** By improving financial support and recruitment efforts, the council aims to recruit at least 17 more in-house foster carers each year.

RECOMMENDATIONS

To support recruitment and retention of our in-house foster carers, it is recommended that Cabinet agree to;

Increase the weekly foster carers' fee allowance and weekly allowance per child as set out in paragraph 2.5 of the Cabinet Report to ensure we are offering a fair and competitive rate when compared to neighbouring boroughs and the recommended national minimum allowance.

REPORT DETAIL

- 2.0** The Council is legally required to provide enough suitable foster homes for children in care, taking into account their diverse needs, such as education, siblings, and disabilities.
- 2.1** Keeping children close to their education setting and support networks is a key priority, so recruiting local foster carers is essential.
- 2.2** Current allowances for in-house foster carers are below the national minimum allowance guidance set by central government and slightly below the average paid by other East London councils, making recruitment more difficult.
- 2.3** The proposed changes are based on benchmarking with other councils and inflation since 2021, aiming to make Havering's offer more competitive.
- 2.4** The proposal increases payments for carers of older children, reflecting the greater challenges and costs involved in caring for this age group.
- 2.5** The proposal aligns Havering's rates with the government's National Minimum Allowance and recommends annual reviews in line with national updates.

- 2.6** Using in-house carers is much more cost-effective than agency placements, which can be significantly more expensive.
- 2.7** The council aims to recruit 17 more in-house foster carers in 2025–26, with several applicants already in the assessment process.
- 2.8** Increasing allowances is expected to help meet recruitment targets, reduce reliance on costly agency placements, and improve outcomes for children.
- 2.9** For full details, including the specific figures, benchmarking data, and the rationale behind the proposed changes, please refer to the full Cabinet report.

IMPLICATIONS AND RISKS

Please note that all information below is directly taken from the Cabinet report.

Financial Implications and Risks:

This report proposes a range of increases to the fostering allowances and fees paid to Havering's own foster carers. The costs of providing homes for children in care is a significant part of the Council's budget for Starting Well which is £21.9m in total in 25/26. Where possible a foster placement with a Havering foster carer or a connected (friends or family) carer is often the most cost effective choice – not only it is usually the lowest cost option but it also provides good quality care and allows children to stay in their local area.

As set out in this report the current direct cost of a placement varies from £354 to £750 a week with an average of around £465. The exact number of children in such placements does vary as children come into and out of Local Authority care but is in the region of 110 to 120 children (including connected carer placements.) We are forecasting to spend around £2.8m in direct placement costs.

In addition the authority also incurs the costs of recruitment, training, supervision and support of its carers. The fostering service budget for 25/26 is £2.2m which works out to around £385 a week on top of the fees and allowances making the full cost of a fostering placement in the region of £850. In comparison the cost of a placement with an independent fostering agency is £1,135 – with a small number being considerably higher (up to c£2,250 per week.). It should be noted however that the cost of the fostering service is partly fixed/stepped so as new carers are recruited the average cost will reduce.

These figures show that having and using in house carers is highly cost effective for the authority. However as the report sets out it is proving increasingly difficult to recruit and retain carers. The reasons for this are likely to be complex but the level of fees and allowances may be a contributory factor. Authorities and agencies tend to have different pay structures which makes direct comparison difficult but benchmarking data shows that Havering pays slightly better than some of its neighbours but not as well as some. It is also the case that our rates have not been uplifted for a number of years. In particular the allowance component has fallen below the minimum recommended rates for London for all age groups and this should be addressed.

The report recommends lifting the allowance to that London minimum rate. (Because we use the same rate for all children under 11, the rates for pre school children will now be higher than the amounts recommended for the lowest two age bands.) It also recommends a range of uplifts to the fees offered. These uplifts have been set in reference to our neighbours rates and so the overall percentage differs from 9% to 32%. Because benchmarking information has been used the uplifts may be indirectly reflecting the local market but it is hard to be sure. Certainly however the highest uplifts are going to the older teenager age group which is known to be hard to recruit to.

After application of the proposed uplifts the direct fees and allowances will be £408 to £859 per week making the average direct cost £540 a week and the full cost £930 a week. These revised costs are still lower than those charged by IFAs so in house will remain the most cost effective option.

As set out in the report the full year cost of the uplifts will be in the region of £0.42m to £0.45m (varying with the number and needs of children in care at any moment.) The in year cost will therefore be around £0.11m. There is a contingency in the LAC placement budgets for inflationary uplifts which will be sufficient to cover this although it should be noted that the LAC budget as a whole is overspent. A growth bid is being submitted as part of the MTFS process to ensure there will be sufficient funding available next year.

Using average figures of a £600 a week saving on the direct cost then if the service were able to make use of an additional 14 or 15 in house placements as an alternative to IFAs then the consequent saving would completely pay for the cost of the uplift. If the full cost is considered then an additional 28 placements would be needed. The Starting Well service has a savings target of recruiting a net additional 12 foster carers in each of 25/26 and 26/27.

The evidence about what really works to increase recruitment and retention of foster carers is however quite weak and muddled. Fee rates are certainly part of the picture but it may be the case other initiatives such as access to respite, membership of

Mockingbird clusters, more support and training or other incentives may be as or more effective and these have not been clearly considered.

The service may not be able to evidence a clear financial return for these increased costs. The Council may however consider that there are sufficient other grounds to raise the rates. It is strongly recommended that the service monitor carefully the impact of the change and use these findings to influence future decisions about how to improve recruitment and retention.

It is possible that following this decision there may be a knock on impact on other related costs such as Special Guardianship allowances or Staying Put costs. These have not been quantified at this stage.

Legal Implications and Risks:

The Local Authority has a duty under section 22G Children Act 1989 to ensure that it is able to provide the children in its care for whom other suitable arrangements cannot be made with accommodation that—

- (a) is within the authority's area; and
- (b) meets the needs of those children.

In doing so it has to take into consideration the benefit of having—

- (a) a number of accommodation providers in their area that is, in their opinion, sufficient to secure that outcome; and
- (b) a range of accommodation in their area capable of meeting different needs that is, in their opinion, sufficient to secure that outcome.

The Report makes clear that there are currently insufficient in house foster carers to meet local demand and that there would therefore be a duty to increase the supply of foster carers by making it more financially attractive to take on that role.

Accordingly the proposals within the Report to increase the weekly foster carers' fee allowance should support the Local Authority's s 22G Children Act duty and therefore there are minimal legal risks in approving these proposals.

There is statutory guidance in the Fostering Services: National Minimum Standards which provides that:

28.1) Each foster carer receives at least the national minimum allowance for the child, plus any necessary agreed expenses for the care, education and reasonable leisure interests of the child, including insurance, holidays, birthdays, school trips, religious festivals etc, which cover the full cost of caring for each child placed with her/him.

This is not absolutely required but will be judged by Ofsted as a standard to be applied.

This relates to the amount of the weekly allowance for the child, as opposed to the fee, which represents a reward element.

The proposal to increase the weekly allowance for fostered children as set out at paragraph 2.5 is broadly in line with the current National Minimum Allowance as published by the Department of Education and presumably takes account of increased costs of living and appears to be a fair reflection of the real costs of looking after them and therefore there are low legal risks in approving this increase. .

Human Resources Implications and Risks:

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

Equalities Implications and Risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation. 59. The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

Health and Wellbeing implications and Risks;

Havering Council is committed to improving the health and well-being of all residents including those most vulnerable. Majority of children coming into foster care are vulnerable children who may have suffered loss, neglect, abuse or abandonment which will have negatively impacted on their health and wellbeing, particularly their mental wellbeing.

The proposed improved financial incentives to in house foster carers aimed at better retention of experienced carers, attraction of new carers and avoidance of reliance on more expensive Independent Fostering Agencies (IFAs) is likely to impact positively on health and wellbeing of fostered children by ensuring a bigger pool of foster carers to match successfully with the children and provision of longer term stable environment which is necessary to support the development and progress of fostered children.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS; N/A

BACKGROUND PAPERS

Appendix 1; Cabinet Report Key Decision; Review of Foster Carer Allowances
November 2025

Appendix 2; Havering Fostering Fees and Allowances 2023/24