



CABINET

Subject Heading:

Review of Foster Carer Allowances

Cabinet Member:

Councillor Oscar Ford - Cabinet member for Children and Young People

ELT Lead:

Tara Geere - Director of Starting Well

Report Author and contact details:

Jannine Layhe - Head of Service for Corporate Parenting

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.

Financial summary:

The full year cost increase of the proposed uplift to the foster carer weekly fee and allowances is around £0.42m to £0.45m. . This would mean a cost of around £0.1m in Q4 2025/26 and a full year cost as above in 2026/27, which is already forecast within the growth request for 2026/2027. However it is expected to contribute to the avoidance of greater costs from using independent fostering agencies.

Is this a Key Decision?

Yes

When should this matter be reviewed?

Annually

Reviewing OSC:

People Overview and Scrutiny Sub-Committee

The subject matter of this report deals with the following Council Objectives

X People - Supporting our residents to stay safe and well
Place - A great place to live, work and enjoy

Resources - Enabling a resident-focused and resilient Council

SUMMARY

1. As corporate parents, we have a statutory duty to recruit and retain foster carers who can provide a range of homes offering the appropriate support to meet the needs of the children and young people in our care.
- 1.1 It is a key priority to ensure that (where it is safe to do so) children in care remain within, or close to, their local area so that they can continue attending their school or clubs and maintain appropriate connections with family and friends.
- 1.2 As of the end of March 2024, there were 57,065 approved mainstream foster carers in England, which is a 4% decrease from the previous year. From 2021 to 2024, there was a 9.6% decrease in the number of registered foster carers nationally. Local authorities nationwide are facing recruitment challenges. The reasons cited for foster carers leaving the profession are lack of support and financial pressures.
- 1.3 The current Havering financial allowance structure has remained largely static since 2021 when a previous uplift and wider council support package was agreed. However, since this point increases in the cost of living and associated care costs have not been reflected.
- 1.4 Benchmarking data from other East London authorities and anecdotal feedback from our foster carers, has evidenced that our current fostering rates are not in line with neighbouring authorities.
- 1.5 Havering are part of the 'Local Community Fostering' (Greater London East) Fostering Hub initiative which was launched in May 2024. The hub hosted by the London Borough of Waltham Forest was established as a regional [fostering hub](#) involving [Waltham Forest](#), [Barking & Dagenham](#), [Havering](#), [Newham](#), [Redbridge](#), and [Tower Hamlets](#), with funding from the government's Fostering Recruitment and Retention Programme. This programme provided support to local authorities in finding new ways to recruit foster carers, which included funding for regional hubs like this one and a range of initiatives such as the Mockingbird constellations. Benchmarking at the time put Havering as one of the leading local authorities however this has changed over the last four years as the other local authorities reviewed their allowances.
- 1.6 Feedback from carers is that our current allowances is limiting interest for new carers to join and causing existing carers to considering fostering for other authorities. The benchmarking has shown that our current rates are also below the national minimum weekly allowance government guidance. We know currently that approximately 20% of Havering residents who apply

to be foster carers go on to do so with another local authority or fostering agency.

- 1.7 This proposal seeks to increase the weekly fee paid to our in-house foster carers, as well as increasing the weekly allowance for the child (or children) they are caring for to be more competitive within the market.
- 1.8 In-house foster care is the most cost-effective option for the local authority. The use of independent (agency) carers costs, on average, an additional £32,000 per child per year.
- 1.9 By improving our financial incentives alongside our marketing and recruitment support, we aim to meet our target of an additional 17 in-house foster carers year on year. The target for foster carer recruitment in 2026-27 is yet to be determined however we will continue to have robust targets for recruitment as part of our strategic plans.

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 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. Section 22G of the Children Act 1989, the 'sufficiency duty' mandates local authorities to secure as far as reasonably practicable, a sufficient range of suitable accommodation for children in care, including the need for suitable fostering placements to meet the diverse needs of children accommodated, considering factors like education, siblings, and disability. As corporate parents our responsibility is to recruit and retain a diverse range of foster carers who are skilled, trauma informed, and resilient to meet the needs of our children in care cohort. To achieve this, our in-house foster carers are supported by the fostering service to ensure we are providing the best standard of care for our children in care.

- 2.1 One of our key priorities is to keep children in our care within (or as close to) the borough as possible, which is why it is important to be able to recruit local foster carers.
- 2.2 Our benchmarking evidence shows that the current allowances provided to in-house foster carers are below the national minimum weekly allowance government guidance and generally fall slightly below the average paid by other East London local authorities. Alongside the national shortage of foster carers, we are experiencing challenges in recruiting new carers. We know that applicants wanting to foster will usually research other fostering providers (including other local authorities) allowances before applying to foster.
- 2.3 It should be noted that, whilst there is value in undertaking benchmarking against other local authorities, several different pay structures are used alongside a variety of benefits and rewards packages as well. This means that we are not always able to make direct comparisons with other local authorities
- 2.4 Alongside the benchmarking activity, we have also calculated the amount our rates would increase by using the Bank of England inflation calculator looking at 2021 compared to June 2025.
- 2.5 The below tables outline the current pay at each level alongside the proposed pay at each level.

Weekly Allowances Per Child		
	Current	Proposed
Age 0-10	£186	£225
Age 11-15	£231	£257
Age 16-17	£281	£299

Weekly Allowance / Fee for Foster Carers	Age 0-10		Age 11-15		Age 16-17	
	Current	Proposed	Current	Proposed	Current	Proposed
Level 1	£168	£183	£231	£252	£196	£329
Level 2	£213	£218	£261	£277	£226	£336
Level 3	£239	£279	£282	£304	£252	£359
Level 4	£314	£335	£337	£389	£362	£412
Level 5	£421	£493	£444	£537	£469	£560

Combined Weekly Fostering Fee	Age 0-10		Age 11-15		Age 16-17	
	Current	Proposed	Current	Proposed	Current	Proposed
Level 1	£354	£400	£462	£509	£477	£628
Level 2	£399	£443	£492	£534	£507	£635
Level 3	£425	£504	£513	£561	£533	£658
Level 4	£500	£560	£568	£646	£643	£711
Level 5	£607	£718	£675	£794	£750	£859

- 2.6 The amount we have recommended to increase the rates by is based on a calculation of the median between the average pay scales from five East London local authorities (including Havering) and the rate calculated on inflation increase.
- 2.7 The proposed changes also recognise the issue with the current pay structure in that the weekly allowance for foster carers currently decreases for carers of 16- and 17-year-olds at levels 1, 2 and 3 compared to carers of 11–15-year-olds.
- 2.8 The increase in financial allowance for older children reflects the increasing challenges being faced in finding suitable homes and accommodation for this age group. In 2022 the Competition and Markets Authority published its final report on its market study into children's social care provision. The report found that older children often present with more complex behavioural, emotional and mental health needs meaning they require more specialist and therapeutic care.
- 2.9 Older children are also more likely to enter care in a crisis scenario which typically results in a larger number of placement moves and a greater risk of instability requiring us to ensure we have a resilient cohort of foster carers able to meet these challenges.

- 2.10 The proposed change in the weekly allowance for the fostered children also brings Havering in line with London National Minimum Allowance (NMA) 2025/26 as outlined by central government. The NMA was introduced in 2007 to provide a consistent, baseline level of financial support for foster carers across the UK.
- 2.11 For further information regarding the criteria for the foster carer fees levels 1-5, please see the published 2023/24 fostering fees and allowances (appendix 1).
- 2.12 It is proposed that, going forward, the foster carer fees and allowances are reviewed annually in line with the central government review of the foster carer national minimum allowances. These are usually published in January each year in anticipation of the next financial year.
- 2.13 By increasing our weekly allowance, we are increasing the likelihood that we will reach our recruitment target for 2025-26. By reaching our target, we will reduce our reliance on agency foster carers which are significantly more expensive than our in-house carers. The average annual costs of an agency placement is £56,000. We currently have a small number of Independent Fostering Agency placements that cost between £75,000 and £120,000 per year. We also place children in Residential Children's Homes which can range between £240,000 and £830,000 per year. By comparison, the most expensive of our in-house placements, based on the proposed changes, would cost £44,668 a year.
- 2.14 By accommodating children with in-house carers rather than agency foster carers we are potentially avoiding costs to the placement budget which has already got significant savings to be met.
- 2.15 For 2025-26 our target is to increase the number of in-house foster carers by 17 households. There are currently seven applicants in the assessment stage, which are due to come to panel between September 2025 and January 2026. Should all of these be approved, this would bring our total number of in-house foster carers to 75.
- 2.16 Based on insights from other local authorities and our own research, we are confident that this proposal will better support our in-house foster carers, encourage an increased number of potential high calibre carers to apply, and lead to improved outcomes for the children we care for. Having more in house foster placements would also provide an opportunity for us to step down children in residential settings back into foster care, which gives us greater scope to support them directly and will provide cost savings for the future.

Reasons for the decision:

This decision proposes to improve our offer to prospective and existing foster carers, by increasing the weekly fee and allowance for foster carers. The proposal in this report will enable the borough to better compete in the foster carer market and make the borough a destination of choice for local foster carers.

Other options considered:

Option 1: Do nothing

This option is not recommended as doing nothing will mean fewer in-house carers and higher reliance on the independent market, where costs are dictated by competition. Alongside, outcomes for children in our care would not be as strong and likely to impact at the borough's next Ofsted inspection.

Option 2; Increase weekly child allowance but leave the foster carer fee at current rate

This option is not recommended as the current financial allowances have not been reviewed since 2021, meaning it is not a fair reflection of the current cost of living and rate of inflation.

IMPLICATIONS AND RISKS

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; Havering Fostering Fees and Allowances 2023/24