

# National minimum fostering allowances

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Every Child Matters  
Change For Children



CONSULTATION

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**The closing date for this consultation is 25 April.  
Your comments must reach us by that date.**

# Foreword

We value and respect the inspiring contribution foster carers make to the welfare of children and young people in this country. Two thirds of the children in England in public care are looked after by foster carers, who provide the security and comfort of a family home for some of the most vulnerable children in our society.

Foster carers make an enormous commitment to the children and young people they look after. As a Government we are committed to making sure that the funding they receive reflects the full costs of the care they provide. We recognise the progress that Local Authorities and other fostering services have made in this area. However, there is still great variation in the level of allowances paid and potential for confusion over entitlements. The introduction of the national minimum allowance will lead to fairer payments for foster carers and improve consistency and transparency.

We know, however, that the level of the allowance that foster carers receive is only part of the story. Foster carers tell us that

the way in which they are paid is equally important. When the systems for authorising and paying allowances are efficient and transparent they feel trusted and valued. When they experience delays in payments, or see inconsistencies in the type of payments that are sanctioned, they can become understandably frustrated.

For this reason the national minimum allowance, to be announced in July 2006, will be accompanied by good practice guidance intended to support fostering services in improving the way in which they structure their payment systems. We appreciate the complexities of developing a payment system that is fast while accountable, flexible while consistent. To support fostering services in this we want to make the guidance a useful resource, offering ideas and models that have worked and which can be adapted in other areas. We rely on you to achieve this, to share your experience and successes with us so that we can build a helpful and innovative resource for all involved in fostering.

# 1. Overview

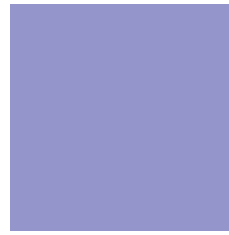


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## The scope

**1.1** This consultation relates to the allowances and other financial support that foster carers receive to cover their costs. The following points in particular should be noted about its scope:

- The national minimum allowance relates to the basic core allowance that foster carers receive to cover the costs involved in looking after any fostered child. Specific needs or circumstances that would make caring for a particular child more costly will require additional funding.
- Our proposals relate to a **minimum** rate. We would expect variation above the minimum to continue and certainly do not expect any fostering service to lower its allowances in response to the establishment of the national minimum allowance.
- Our discussion of effective practice in payment systems relates to payment of allowances and other financial support to help with costs.

- This consultation does not relate to fees paid to foster carers, ie that element of the payment which is intended to reward them for their time, commitment and skills. Once the national minimum allowance has been announced, fostering services will need to be able to distinguish the allowance element of the payments from the fee element in order to demonstrate that they are complying with the new minimum.

## Our audience

**1.2** The following groups will be affected by these proposals and we depend upon their response to the consultation to get our final policy right:

- all foster carers approved by a fostering service registered in England and who are caring for looked after children. This will include approved foster carers who are friends or family of the child and short break or respite carers;
- all fostering services and fostering organisations registered in England. The national minimum allowance will apply to both Local Authority and

independent foster care providers. We need to hear from all those in the key roles responsible for this area, including: supervising social workers, children's social workers, managers, directors and chief executives, finance officers, accountants, commissioners, children's rights and participation officers and elected members;

- young people in foster care in England. Setting allowances at an appropriate level is vital if foster carers are to meet the needs of the young people they care for. While much of the focus of this consultation is beyond the direct experience of young people, it is important that we understand the issues that do concern them about allowances.

### The regulatory context

**1.3** Standard 29 of the National Minimum Standards for Fostering Services already sets out clear expectations regarding payments to carers:

**29.1** Each foster carer receives an allowance and agreed expenses, which cover the full cost of caring for each child placed with him or her. Payments are made promptly and at the agreed time. Allowances and fees are reviewed annually.

**29.2** There is a written policy on fostering allowances. This and the current allowance levels are well publicised and provided annually to each carer. The carer receives clear information about the allowances and expenses payable, and how to access them, before a child is placed.

*Fostering Services, National Minimum Standards, Fostering Services Regulations, Department of Health, 2002.*

**1.4** However, concerns among foster carers and fostering organisations about the levels of allowances to foster carers and the lack of consistency and transparency in payment systems suggested that further action was needed. It was as a result of this that the power to prescribe minimum allowances for foster carers through regulations was included in Section 49 of the Children Act 2004.

**1.5** Following the announcement of the level of the national minimum allowance in July 2006, we will monitor the progress of fostering service providers towards meeting the minimum rate, before deciding whether to invoke the power to enforce the minimum allowance through legislation.

**1.6** The forthcoming review of the National Minimum Standards will provide an opportunity to revise the references to allowances, if need be.

### The financial context

**1.7** The national minimum allowance will be announced in July 2006, in time to be taken into account in Local Authorities' budget planning for 2007/08. We are making new funding available to assist authorities in implementing Every Child Matters – £22.5m in 2006/07 and £63m in 2007/08 – as part of the new Children's Services Grant. These resources are able to be directed by Local Authorities, as appropriate, to improved support for foster carers – including changes to allowances and similar financial support. This might involve the funding of increases in fostering allowances, in particular where current payment rates fall below the new national minimum allowance levels, once these are announced.

**1.8** Ministers have already made a commitment to meet any additional financial burden on Local Authorities, arising from the establishment of the national minimum allowance, which is not already covered by our ongoing investment. Local Authorities may be confident, therefore, that these proposals will not place any pressure on Council Tax.

### The policy context

**1.9** As at 31 March 2005, 41,700 of the 60,900 children looked after in England were being cared for by foster carers.<sup>1</sup> The time, commitment and skills foster carers offer are crucial to improving the lives of an extremely vulnerable group of children.

**1.10** The national minimum allowance and the drive to improve the systems by which payments are made to foster carers are part of a wider programme to increase the support that foster carers receive as part of Every Child Matters.

**1.11** Other initiatives include:

- a new national advice line (Fosterline), which provides an independent source of information and advice for foster carers;
- work to improve training opportunities for foster carers.

**1.12** Better support for foster carers, including financial support, is critical to the achievement of the five Every Child Matters outcomes and, in particular, two of the Government's key goals:

- increased placement stability for looked after children (reducing the number of times that looked after children are required to move around between foster families or into residential care);
- narrowing the gap between the educational performance of looked after children and that of their peers.

<sup>1</sup> Statistical First Release 51/2005, Children Looked After in England (including Adoptions and Care Leavers), DfES, November 2005.

**1.13** A wide-ranging set of proposals for transforming outcomes for looked after children will be set out separately in a strategy paper to be issued in early 2006.

### Development of our proposals

**1.14** We have already been helped greatly by fostering services, foster carers, young people and other key stakeholders in developing this consultation document. In order to make sure our proposals reflect as closely as possible the experiences of those involved in foster care we employed the processes and groups listed below:

- a steering group including fostering services, fostering organisations and other key stakeholders;
- a series of foster carer focus groups that looked at the costs involved in fostering children and at good practice in payment systems;
- a focus group representing local authorities and independent fostering providers that considered good practice in payment systems for foster carers;
- a young people's focus group;
- a report on the findings of the Commission for Social Care Inspection (CSCI) inspections of fostering services' payments to carers, against Standard 29 of the National Minimum Standards for Fostering Services.

## 2. Setting the level of the national minimum allowance

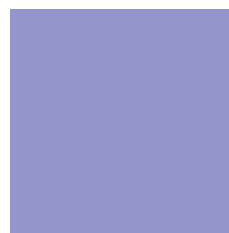


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**2.1** The starting point for determining an appropriate level for the national minimum allowance has to be an assessment of the cost of caring for a child, as well as the costs that may arise specifically from caring for a looked after child. Researchers have, in the past, adopted a range of methods to assess the cost of caring for a child. This consultation paper includes an explanation of the principal methods which have been used and describes our preferred approach.

**2.2** In considering how best to calculate the actual level or levels of payment, we need to take account of the importance of a system which offers clarity and transparency to foster carers, and which can be updated in a straightforward way on an annual basis.

### The cost of caring for a child

**2.3** The two principal approaches which researchers have adopted in the past in assessing the cost of caring for a child are based either on actual expenditure, or on an agreed budget. In the latter case, researchers have either sought to identify

a minimum budget standard by itemising the goods and services which equate to a particular standard of living, or they have estimated costs by asking individuals what they think they need to spend on selected items or services.

**2.4** Either way, the budget method is based on the identification of a specific basket of goods and services which families use. In order to update costs, the new price of each item in the basket needs to be found. It is also recommended that the content of the basket of goods be reassessed from time to time. The publication *The Adequacy of Foster Care Allowances* by Nina Oldfield (1997) is one of the key pieces of research in this area. It uses budget standard methodology to estimate the cost of caring for a child brought up in a household with a “modest but adequate” standard of living.

**2.5** Our preferred method is to base the national minimum allowance on actual expenditure, since the specific items bought at any point in time are not vital to the calculation. It can be assumed that the actual items bought by parents will vary



according to current trends. In addition, since it is based on actual spending behaviour, we can be confident that it reflects the real costs of caring for a child. We considered using the Expenditure and Food Survey to work out average family expenditure per child, however not all expenditure that relates to children – for example expenditure on food – can be identified separately through the information captured in the survey.

### *Small Fortunes*

**2.6** The publication *Small Fortunes: Spending on children, childhood poverty and parental sacrifice* by Sue Middleton, Karl Ashworth and Ian Braithwaite<sup>1</sup> is the only one of the key pieces of research which is based on actual expenditure on children. The survey is based on a sample of 1,239 children, weighted to be representative of all children in Britain.

**2.7** The *Small Fortunes* survey concentrates on spending which is likely to occur at least once a year or more often: food, clothes, nappies, school, activities, baby-sitting and childcare, telephone, other regular spending and other regular money that the child receives (and which is not spent), religious festivals (in this case Christmas), birthdays, holidays, daytrips and outings. In other words, the findings relate to what might be described as ‘regular’ spending on children. The figures do not include ‘irregular’ spending on items such as furniture or on baby

equipment such as prams and cots. Further information about the items covered is included in the Appendix.

**2.8** As well as looking at the money spent on children by parents, *Small Fortunes* also considers spending by grandparents, other relatives and family friends. The research shows that ten per cent of average spending on children is provided by other people. *Small Fortunes* states that, ‘It seems parents provide children with the ‘basics’, whilst other people provide the ‘extras’’. However, it is arguable that children in foster care are less likely to receive this sort of support and foster carers need to compensate for this. Question C at the end of this section asks whether this spending should be considered and, if so, how we should do so.

**2.9** *Small Fortunes* does not take account of wear and tear on household goods. We therefore propose including in our calculations for a national minimum allowance a sum to take account of this. The research carried out by Nina Oldfield included an assessment of wear and tear on household goods and we have used this assessment as the basis of our estimate, uprating it so that it is consistent with the *Small Fortunes* figures.

**2.10** In order to reach an assessment of the cost of caring for a child, we therefore propose using expenditure data from the *Small Fortunes* survey plus an additional amount, based on Nina Oldfield’s research,

<sup>1</sup> *Small fortunes: Spending on children, childhood poverty and parental sacrifice* by Sue Middleton, Karl Ashworth and Ian Braithwaite, published in 1997 by the Joseph Rowntree Foundation. Reproduced by permission of the Joseph Rowntree Foundation.

to recognise the costs of wear and tear on household goods. However, we recognise that caring for fostered children costs, on average, more than caring for non-fostered children and that this also needs to be reflected in the national minimum allowance.

### The extra costs of caring for fostered children

**2.11** We do not have any large scale research to draw on that considers the additional costs that may be associated specifically with caring for fostered children. However, smaller studies, in particular Nina Oldfield's *The Adequacy of Foster Care Allowances*, have suggested that there are a number of factors that can make fostering children more costly than looking after your own children. This position has been strongly supported by organisations representing foster carers, and by a series of foster carer focus groups held to inform this consultation document.

**2.12** These focus groups identified a number of factors associated with additional expense which were also highlighted by Nina Oldfield's work. These included in particular:

- the need for foster carers to work regularly with the parents and wider family of the fostered child, as well as with social workers, therapists and health and educational personnel;
- the behavioural problems exhibited by many fostered children as a result of the traumatic experiences in their lives.

These may often result in an increased incidence of damage to possessions and surroundings, leading to higher redecoration and laundry costs and the need for foster carers to replace clothes, toys and other belongings more frequently than for other children;

- the need for foster carers to fund additional activities in order to help children repair a damaged sense of self-esteem and restore the enjoyment of an ordinary childhood;
- extra costs associated with childminding, since carers cannot necessarily rely on grandparents or other young people in the household;
- higher food costs – some children may compensate for previous neglect and poor diets by eating large quantities of food or being 'faddy';
- the need for strong educational support – children in care have often had very poor educational experiences and their achievement levels can be significantly affected by the upheaval in their lives.

**2.13** As a result of such additional costs, Nina Oldfield estimated that a fostered child costs between 32% and 62% more than a non-fostered child. We propose to increase our estimate of the cost of a non-fostered child by 50% to reflect this.

**2.14** Our assessment of the cost of caring for a child in foster care is therefore calculated in the first instance by adding together the following elements:

- expenditure on a child, based on the *Small Fortunes* study;
- an estimate of the costs of wear and tear on household goods, based on work done by Nina Oldfield in *The Adequacy of Foster Care Allowances*. This amount has been uprated to 1995 figures using the Retail Price Index (RPI), in order to ensure consistency with the *Small Fortunes* data;
- an estimate of the increased costs associated with a child in foster care. We have set this at 50%.

2.15 For illustrative purposes, this approach would give the following weekly allowance rates based on *Small Fortunes* 1995 figures:

### Uprating the national minimum allowance

2.16 Once an estimate of the cost of a fostered child has been reached, a mechanism must be developed to uprate that figure annually, in order to ensure that it continues to reflect a realistic level of spending on a looked after child. We therefore propose to link our estimate of cost with average household income.

2.17 By expressing expenditure as a percentage of household income we would be able simply to apply a fixed percentage to each year's average household income figures in order to calculate the appropriate allowance rate. In doing so, we would be able to ensure that payments to foster carers keep pace with other incomes and standards of living.

	Babies	Pre-school	Primary	Secondary
<i>Small Fortunes</i> weekly cost of caring for a child	51.85	51.80	49.46	53.24
Weekly costs of household wear & tear (uprated by RPI fraction of 1.12)	0	4.24	4.36	5.55
<b>SUB TOTAL</b>	<b>51.85</b>	<b>56.04</b>	<b>53.82</b>	<b>58.79</b>
Extra costs of fostered child	+50%	+50%	+50%	+50%
<b>TOTAL</b>	<b>77.78</b>	<b>84.06</b>	<b>80.73</b>	<b>88.19</b>

**2.18** The table below shows the weekly rates set out above, as a proportion of average household income for 1995/96. It also illustrates the equivalent figures based on 2004/05 income levels.

	Babies	Pre-school	Primary	Secondary
1995/96 cost of fostering a child	77.78	84.06	80.73	88.19
1995/96 average weekly income <sup>2</sup>	332	332	332	332
Costs as percentage of income	23.43%	25.32%	24.32%	26.56%
2004/05 average weekly income (estimated) <sup>3</sup>	425	425	425	425
Allowance rate, based on above percentages	99.56	107.61	103.34	112.89

#### Questions

1. Do you agree that the national minimum allowance should be based on actual expenditure?
2. Do you think that our methodology captures the key categories of expenditure involved in caring for a fostered child?
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?

4. Do you agree that it is reasonable to increase the cost of caring for a non-fostered child by 50% to take account of extra costs associated with fostering children?
5. Do you agree that the estimate of costs should be linked with average income, as a means of uprating the allowance each year?

#### Variations

**2.19** Rather than set a single national minimum allowance it would be possible to set different rates in order to take account of specific factors. The most obvious reasons for varying the allowance relate to the age of the child in question, and the area in which the foster carer lives.

2 Average weekly household income (equalised), Family Resources Survey, DWP, November 1997.

3 Average (2003/04) household income (equalised), Family Resources Survey, DWP, March 2005, updated using Average Earnings Index for Financial Year 2004/05, ONS.

## Regional variation

**2.20** Views as to whether it would be appropriate to introduce different allowance rates for different regions are mixed. We know that there is currently significant variation between regions in terms of actual payments to foster carers; however, we do not know whether this is a reflection of real differences in costs. An annual survey by the Fostering Network shows that payments by London authorities were 67% higher in 2004/05 than in the rest of the country and payments in the South East (excluding London) were 22% higher.

### Questions

6. Is there evidence to support regional variation in the national minimum allowance?
7. If so, which of the following do you think is the right approach:
  - higher rate in London only;
  - higher rate in London and the South East;
  - other (please specify).

## Age variation

**2.21** The *Small Fortunes* data illustrates that the costs associated with caring for a child vary according to age. We are proposing to reflect this by varying the national minimum allowance according to the age of the fostered child.

**2.22** The age bands used so far in this report are the same as those used to categorise children's ages in the *Small Fortunes* data. The age bands are:

- babies – under two year olds;
- pre-school – two to under five year olds who are not in full-time education;
- primary – children in full-time education up to the age of 11;
- secondary – 11 to 16 year olds.

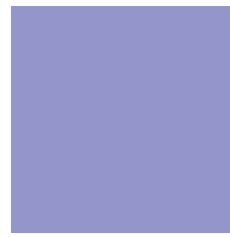
**2.23** Since the oldest children in the *Small Fortunes* sample were 16, we need to take a decision about allowance rates for 17 year olds. Our current proposal is to include them in the secondary school age band, at the same rate as 11-16 year olds.

**2.24** However, data from an annual survey carried out by the Fostering Network does identify a trend for existing payments by Local Authorities to foster carers to rise when the child reaches 16. In 2004/05 Local Authorities paid allowances which were around 17% higher for 16-17 year olds than for 11-15 year olds. If there proves to be a clear reason why this is necessary, then we shall reflect it, as appropriate, in the rate of the national minimum allowance.

## Questions

8. In your experience, should the allowance rate vary according to the age of the child?
9. If so, should we use the age bands above (adding 17 year olds to the secondary school band)? If not, please comment.
10. Is there evidence to support a higher allowance rate for 16-17 year olds, in comparison with, say, 11-15 year olds?

# 3. Good practice in payment systems



## Introduction

**3.1** Payment delivery is closely linked to foster carer satisfaction and impacts upon the recruitment and retention of foster carers. The efficiency of payment systems, the respect foster carers are shown when they apply for funds and the way errors are resolved can feel as significant to foster carers as the level of the allowance itself.

**3.2** We know this is an area where Local Authorities and other fostering services have been actively trying to improve their performance. We are also aware that agencies and foster carers in different areas are often struggling with the same challenges. At the heart of the complexities they face lies the need to balance two key requirements, which can sometimes seem to exist in tension:

- the creation of a system with the flexibility to respond promptly and effectively to the individual needs of the young person and the circumstances of the foster carer;
- the need for clarity and consistency, so that the entitlements of foster carers are

transparent, carers know that decisions are made fairly and there is a clear audit trail for payments.

**3.3** Both of these important requirements demand that strong information and financial management systems underpin the way payments are made; so that flexibility does not generate confusion.

**3.4** We recognise that fostering services have developed a range of different systems to manage their allowances to foster carers. We do not intend to prescribe one model for agreeing, delivering and reviewing payments. In many instances providers and carers will have found systems that suit all parties, and these must be allowed to continue.

**3.5** Rather we intend to identify, through this consultation, a series of overarching principles, which should underpin all payment systems. We have proposed a set of nine principles below, on the basis of our preliminary discussions with stakeholders. We need your feedback and suggestions to make sure that our

guidance is based on principles that get to the heart of what matters and what works.

**3.6** This consultation paper then goes on to address in more detail how these principles might be realised in some of the key processes of any payment system. These are processes that seem to define the experience for foster carers and providers agencies. In this section we begin to identify some of the models and ideas that foster carers and fostering services have found effective. We are seeking your feedback on these suggestions and on examples of systems and approaches that have worked well for you. This will help us to develop guidance that is a useful practical resource for everyone involved in fostering.

### Good practice principles

**3.7** We propose that the following principles should underpin all good payment systems:

**paramountcy:** payments to foster carers should be treated with the same importance as salaries to staff;

**planning:** payments should be discussed at the pre-placement meeting and subject to ongoing review to ensure they reflect the needs of the young person;

**responsiveness:** systems need to be able to respond promptly to a range of circumstances, including necessary additional costs and emergency placements;

**transparency:** there should be clear statements about entitlements, decision making processes and payment methods;

**consistency:** all payments should follow explicit policies;

**simplicity:** systems should be easy to understand and operate;

**comprehensiveness:** systems should address all areas of payments to carers;

**centrality:** there should be ownership and oversight of the system by one person with the understanding and ability to ensure consistency;

**informative:** systems should be capable of providing management information required for budget control, DfES information requirements and CSCI inspections.

### Questions

11. Do these qualities reflect the most important aspects of an effective payment system?
12. Is there anything missing?

### Key processes in effective payment systems

**3.8** Our focus groups of foster carers and fostering services highlighted some key processes that seemed particularly to influence the satisfaction of foster carers and others about the way that allowances were decided and paid. These are identified and discussed below. We are particularly interested in hearing from you



about ways in which these processes can be supported and enhanced.

### **i. Publicising the fostering service's policies about allowances**

**3.9** All fostering services are required by Standard 29 of the National Minimum Standards to have a written policy on fostering allowances, which is well publicised and provided annually to each carer. Standard 29 also requires that, before a child is placed, the carer receives clear information about the allowances and expenses payable and how to access them. Clarity and awareness-building about policies regarding allowances is vital for a number of reasons:

- Foster carers place considerable importance on consistency, on knowing what they are and are not entitled to, and on fairness in decision making. Clear, detailed policies provide an important vehicle for this but only if they are familiar to all concerned.
- Fears about the financial implications of fostering children may discourage potential carers. Clear messages about financial support can support recruitment.

**3.10** We know that many fostering services already provide detailed guidance about allowances, fees and equipment with explicit statements regarding criteria and authorisation systems. However, inspections carried out by the Commission for Social Care Inspection (CSCI) have identified a lack of understanding amongst

foster carers in some areas about payment systems. Some were unaware, for example, of the additional allowances and expenses that they could claim.

### **Good practice suggestions**

**3.11** A number of steps were suggested by foster carers and fostering services to build awareness of allowances:

- Foster carers and potential foster carers should receive clear information during recruitment and approval processes about financial entitlements and how payments work.
- Information should be provided in foster carer handbooks, on websites and at support groups. This information will need to be updated regularly and discussed as appropriate during supervisory visits with social workers.
- Information about allowances can usefully be accompanied by information about a range of other financial issues, including: benefits; taxation and pensions; and allowances/support for care leavers.

### **Questions**

- 13.** What additional information should foster carers receive?
- 14.** What are the best ways to ensure that foster carers/others interested in fostering receive key information?

## ii. Timely authorisation and payment of allowances

**3.12** Standard 29 of the National Minimum Standards for Fostering Services calls for payments to foster carers to be made 'promptly and at the agreed time'. One of the issues identified during CSCI inspections and by foster carers at our focus groups concerned the delays and inconsistencies that can sometimes arise in the way payments are authorised and delivered.

**3.13** In the case of emergency or out of hours placements, the problem can be intensified; foster carers sometimes reported having to pay for essential goods such as clothes themselves and then not getting reimbursed for long periods.

**3.14** The importance of speed and efficiency must not, however, compromise the need for clarity, consistency and good financial management.

### Good practice suggestions

**3.15** A number of key themes emerged from our focus groups of foster carers and fostering service providers regarding improvements in the speed and efficiency with which decisions and payments are made:

- Systems that required foster carers to initiate payments by reporting placement changes directly to finance teams were popular with some foster carers and reportedly reduced delay (verification was provided by the social worker at a later point). However, it is

important that the role of the social worker is not undermined and that the right links are made, particularly when placements start and end, with children's information management systems. Some areas have made the process by which social workers input information more streamlined, while maintaining the option for foster carers to contact the finance department directly – see the case study from Richmond below.

- A number of Local Authorities and independent fostering providers have established systems whereby one person or team is responsible for inputting information into payment systems, or triggering payments once the information about placements has been logged. This may be harder to achieve when child-related budgets are managed separately from carer-related budgets, but good communication between care planning and fostering teams and finance staff is essential. This may be helped by locating these teams close together within the office.
- An effective IT system is vital to support the timely and accurate payment of allowances by providing reminders and notifications, retaining updated information, alerting to under- and over-payments, supporting audit trails and generating payment history reports. IT systems which are unable to handle the complexities of payments to foster carers appear to be a common problem. This gives rise to additional manual

systems, inefficiencies and inconsistencies. The Integrated Children's System (see below) presents an opportunity to address these issues and link payments to the identified need and circumstances of the child as appropriate.

- Cash floats and other models for giving foster carers immediate access to funding in an emergency can be useful – these are considered in section iv.

### Case Study

In **Dudley**, foster carers record the start and end of placements on a timesheet which is counter-signed by the supervising social worker and sent fortnightly to the foster care team which handles payments internally. They have found that this system significantly reduces over- and under-payments.

## The Integrated Children's System

**3.16** The Integrated Children's System (ICS), being implemented from January 2006, will provide an assessment, planning, intervention and reviewing framework for all children in need. The ICS will set out the information to be collected and enable practitioners to enter this information directly onto an IT system. Its design reflects:

- a holistic understanding of children's development needs and the capacities of their parents or carers to meet those needs;
- a coherent process which is focused on bringing about optimal outcomes for children;
- use of the domains and dimensions in the Assessment Framework throughout the process;
- a common language for all professionals working with children and families;
- development of a single data entry system which will eliminate the repetition inherent in existing systems and will enable data about individual children and families to be used for planning at an individual and strategic level.

**3.17** The ICS has the potential to link up to the financial systems within the Local Authority, thereby triggering payments automatically.

## Case Study

The London Borough of Richmond upon Thames is running one of the Integrated Children's System pilots and is using the system to help trigger payments to foster carers. The child's social worker enters the details of the placement onto the IT system. The administrator produces a regular report showing placement start dates and agreed additional allowances, which is sent to the finance department to trigger payments. Additional checks are also in place to ensure prompt payment. The foster care team sends a brief manual report to the administrator at the start and end of placements and foster carers can also contact the administrator directly as appropriate.

## Questions

- 15a). Should the expectation be that Local Authorities will link their payment systems for foster carers to the Integrated Children's System?
- 15b). What might be a comparable expectation for independent fostering providers?
16. Are there other models of existing practice that have successfully reduced delay in this area?

## iii. Clear, consistent decision-making processes

3.18 The importance of consistency and transparency in the authorisation of allowances – particularly additional payments and expenses – was another key theme identified by CSCI inspection reports and our focus groups. Foster carers had concerns that new carers, or those without the confidence to lobby hard for financial support, were disadvantaged by systems which were not transparent.

3.19 A number of good practice procedures have been suggested by foster carers and fostering service providers feeding into this consultation document:

- All those involved in authorising payments for foster carers need to be equipped, for example through training, with a detailed understanding of the written policies of the fostering service.
- Agreements relating to the making of payments need to be recorded in writing and a copy passed onto the foster carer.
- When a claim is turned down an explanation should be given.
- 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.

## Questions

17. Do you agree with the recommendations above?
18. What else is needed to ensure clarity and consistency?

### iv. Flexible and innovative ways to reflect the circumstances of the child and foster carer

**3.20** Any payment system needs to ensure that foster carers are funded to support the children in their care in a way that is responsive to the individual child's needs and circumstances. Payments also need to take account of the foster carer's circumstances, their domestic situation, the equipment they already own and so on. How this is achieved can have a considerable impact on the extent to which fostering services are seen to trust and respect their foster carers. Systems which required regular applications for small discretionary allowances or expenses, were unpopular with foster carers. This approach can also place a considerable administrative burden on fostering services.

**3.21** Equally, a range of models were highlighted where fostering services were empowering their foster carers to make decisions about expenditure and exercise their own judgement, in partnership as appropriate with the child's social worker. As previously emphasised, flexible approaches need to be underpinned by sound financial management, to ensure clarity and accountability.

## Good practice suggestions

**3.22** The following ideas were suggested by foster carers and fostering services at our focus groups:

- detailed forward-planning, based on an in-depth discussion between the foster carer and the social worker – and, where appropriate, the child or young person – about the needs of the young person. This enables some of the extra expenses that the foster carer is likely to incur as a consequence of those needs to be identified (in advance) at the point of placement. These can then be reflected in the regular allowance, or in the advance agreement of one-off payments as appropriate. The Placement Information Record and Looked After Children Care Plan and Review Record, within the Integrated Children's System, will provide a vehicle for capturing these agreements and feeding them back into management information and financial management systems;
- cash floats allocated to each foster carer – these might be particularly useful in the context of emergency placements;
- fostering service credit cards – to which foster carers can charge larger items of expenditure. The bill is then paid off directly by the fostering service, which also monitors expenditure – thereby keeping a level of accountability. Our foster carer focus group did emphasise the importance of choice; concerns were expressed about store cards limiting

carers to one supplier and equipment such as pushchairs being provided as standard issue by fostering services;

- interest free loans, particularly for larger costs (such as larger cars or home extensions) which are of benefit to the children looked after by the foster carer, but which are also of long-term capital benefit to the foster carer;
- fostering services arranging insurance schemes to cover foster carers up to certain amounts. This avoids the need for constant claims on household insurance policies, leading to higher premiums for individual carers.

#### Questions

19. Are these suggestions workable?
20. What other innovative models have you found to be effective?

#### v. Universal additional entitlements

**3.23** There are some costs which all foster carers will incur but which arguably may not be appropriately absorbed into a weekly allowance. These are generally costs which arise relatively infrequently, and which may therefore be easier to handle as separate payments as and when required.

**3.24** Examples of such costs include:

- start-up grants – additional expenditure is usually required at the start of a placement, particularly if a carer has not fostered a child of the same age before. Initial costs will vary according to a

number of factors, including the equipment already owned by the foster carer and the items that the fostering service is able to loan;

- payments for birthdays, religious festivals and holidays. Our methodology does currently reflect average spending on these areas. However, we recognise that separate grants for spending of this sort are often used.

#### Questions

- 21a). 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?
- 21b). If so please state what these categories are.
22. If you have experience of systems for handling these payments which you believe were particularly effective, please describe.

## 4. Children and young people's experience of fostering allowances

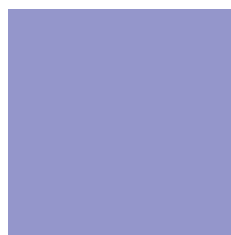


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**4.1** Children and young people who have been in foster care helped us develop these proposals by talking about allowances at a focus group and filling out a questionnaire. They talked about some of the sensitive and complicated issues for young people in relation to the allowances that foster carers receive to look after them. They did not always agree on the best way to handle these issues, but they identified some important principles about allowances from young people's perspectives:

- Clear explanations about their entitlements were important to young people to avoid either missing opportunities or having unrealistic hopes disappointed. This was not necessarily the same thing as being told about the financial support that foster carers were given in order to look after them. They recognised the sensitivities around this, for example they talked about the fact that foster carers often spent money out of their own pocket on their fostered children.
- Money for holidays seemed to be a particular cause of frustration and misunderstandings. Knowing that extra holiday money was available caused disappointment if no holiday followed. This seems to be an area where information is important and expectations need to be managed. For example, if extra money is intended to fund additional activities over the holiday period rather than specifically trips away this needs to be clear.
- They felt that it was important for older children and young people to have their own pocket money. This would help them to learn how to manage money, become more independent and make personal choices about clothes and other products. They felt that foster carers needed to support this by helping young people to develop budgeting and other life skills. How this happens in practice will need to take into account the age and abilities of the child.

- Pocket money and the other support that fostered children receive should not be considered in isolation from the support that other children in the family receive.

### Questions

23. What are the best ways for children and young people to be informed, reminded and updated about their entitlements?
24. 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?
25. Should our guidance reflect the need for young people to learn budgeting skills and gain independence?
26. Are there other issues that we need to cover in our guidance about children and young people's experience of fostering allowances?



# Appendix

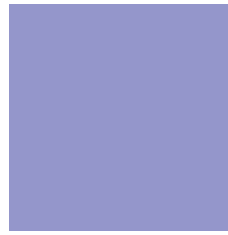


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## **Small Fortunes: Spending on children, childhood poverty and parental sacrifice**

*Sue Middleton, Karl Ashworth and Ian Braithwaite* (Published in 1997 by the Joseph Rowntree Foundation. Reproduced by permission of the Joseph Rowntree Foundation.)

### **Methodology**

The research is based on a random sample of 1,239 children (65% response rate). The sample was stratified by child age, birth order, family type (one or two parent etc) and the data weighted to correct for sampling and non-response errors. Information was gathered through parent and child interviews, expenditure diaries, an inventory of possessions and postal questionnaires between February and June 1995.

### **Expenditure covered**

Small Fortunes concentrates on spending which is likely to occur at least once a year or more often: holidays, birthdays, Christmas, food, clothing, activities and hobbies, school, childcare and baby-sitting,

nappies and toiletries, toys, games, books and magazines, telephone calls and other money which the child receives (and which is left over at the end of the week).

Although most of the budget areas are self-explanatory, comment on some is necessary:

- 'school' includes money for contributions to lessons, school trips, books and sport but does not include private education, school uniform, school meals or the cost of travel to and from school;
- 'activities' refer to things which the child does outside the home, but not at school: going to birthday parties, shopping as a specific activity for the child, sport and hobbies;
- 'baby-sitting' has been defined as money spent to enable parents to go out in the evenings and is additional to childcare, which refers to spending to cover parents' working hours;

- 'other regular spending' is a catch-all category which covers items such as magazines and books, toys, games, stationery, the cost of renting or buying videos and computer games, and toiletries for the child's own use;
- 'other money' includes any money which was given to the child which the child had left over at the end of week, effectively the child's pocket money savings.

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# The Consultation exercise

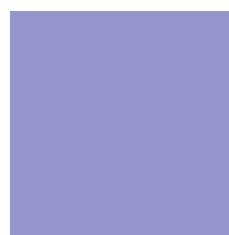


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Alternatively, please send your response to:

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The information you provide in your response will be subject to the Freedom of Information Act 2000 and Environmental Information Regulations, which allow public access to information held by the Department. This does not necessarily mean that your response can be made available to the public as there are exemptions relating to information provided in confidence and information to which the Data Protection Act 1998 applies. You may request confidentiality,

but you should note that this will necessarily exclude the public right of access.

**The closing date for this consultation is 25 April. Your comments must reach us by that date.**

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