

ALTERNATIVE MEANS TO FUND NATIONAL MINIMUM FOSTERING ALLOWANCES

EXECUTIVE SUMMARY

This report considers a number of alternative means to fund the cost of implementing the National Minimum Fostering Allowances in Wirral. There are concerns with each alternative described below and it is recommended that costs of £500,000 be built into the Projected Budget for 2009-10.

1. Background

Cabinet considered a report to increase Fostering, Adoption, Special Guardianship and Assisted Residence Order allowances to the level indicated in the National Minimum Fostering Allowances. The cost of this increase would require an additional £250,000 in 2008-09 (Part Year) and £500,000 from April 2009.

In considering this report Cabinet asked for "a detailed investigation of means of funding this growth, with a further report to be brought back to Cabinet before a final decision is taken."

2. Alternative Means of Funding the increase required

2.1 Fund the increase from within budgets for Looked After Children.

The care budgets for Looked After Children in 2008 amount to £10.9m (residential and fostering). The latest projection of costs for the year indicates the budget is on target. However these are volatile budget and forecasts can quickly change. It is highly unlikely that these budgets can support either the part or full year costs of the additional allowances.

2.2 Fund the increase from within the Departments overall budget.

The department's budget (excluding schools) is £70.6m in 2008-09. The latest financial monitoring report (31st July) indicates that there are budget gaps and potential variations in excess of £3.0m. A number of difficult decisions will need to be taken to defer and reduce planned expenditure. Funding additional expenditure from within the overall budget will increase the potential shortfall.

2.3 Defer the increase in allowances

The introduction of the allowances could be deferred until April 2009. There would then be no additional requirement in the current year. However, this would continue to disadvantage Carers and children on Wirral compared to those in other areas receiving allowances at or above the National Minimum. In addition Ofsted have indicated that the level of allowance paid to foster carers is clearly a factor in

determining Judgements they make about the carers ability to support Children looked after in achieving social and economic well being.

2.4 Fund from increases in grants / ABG

It would be imprudent to fund an increase in ongoing allowances from short term fixed grants.

2.5 Fund the increase in future years from savings arising from reductions in the numbers of Looked After Children

It is planned that the numbers of Looked After Children placed in Independent Residential / Agency Foster Care will reduce in 2008-09. The budget saving from this (£650,000) has been built into budgets. Further reductions in 2009-10 and 2010-11 are anticipated and are part of the Department's Efficiency Plan. Meeting the additional fostering costs from this area will jeopardize future savings proposals.

As part of the overall reduction in numbers of Looked After Children there are also fewer children in Foster Care. However in many cases the saving in Foster Allowances is offset by the continuing costs incurred as part of Special Guardianship Orders.

2.6 Restrict the Allowances to Foster care and Special Guardianship only

The initial report standardises allowances payable and makes no distinction between Fostering and Adoption. Adoption allowances have not previously been paid at the same rate as Fostering. If these allowances were excluded from this review the amount required to implement the national scheme would reduce by £100,000 to £400,000 in a full year. This is not recommended since it may deter foster carers from adoption where this is the plan, affecting outcomes for children in relation to providing safe secure and permanent placements.

2.7 A Gradual Introduction of the National Minimum Allowance

It is proposed that part of the Care Matters grant that is not committed this year is used to introduce part of the increase in allowance with the full increase commencing in April 2009 from growth. The amount available to fund the part introduction from 1st October is £125,000. I have set out in the appendix how this is represented in terms of payments now and from the 1st October 2008.

3. Financial and Staffing Implications

The proposed full increase in Fostering, Adoption, Special Guardianship Order and Assisted Residence Order Allowances represent an increase on between 15% and 30% on the rates currently paid. The part increase from 1st October of £125,000, for 2008/2009 will be met from Care Matters Grant. The annual increase in costs across these forms of care will be £500,000, and therefore growth is required of £500,000 from April 2009.

4 Equal Opportunities Implications

- 4.1 Foster care is available to all children/young people in care subject to an assessment that it is the most appropriate way of meeting their needs.

4.2 Foster carers, Special Guardian's and Adopters are recruited from all sectors of the community.

5 Human Rights Implications

5.1 Article 8 (respect for family life) is particularly pertinent in consideration of the rights of children to be placed in a family setting wherever possible.

6 Local Agenda 21 Implications

6.1 The foster care service is committed to challenging the social exclusion experienced by children in care.

6.2 The increased development of a range of locally based foster care placements reduces travel by parents, carers and social workers.

7 Community Safety Implications

7.1 The aim of providing secure and stable foster placements and permanence to children/young people in care, is consistent with the aims of reducing offending and diverting young people from anti social behaviour.

8.0 Anti-poverty Implications

The proposed introduction of the National Minimum Fostering Allowance is part of the drive to reduce child poverty.

9.0 Social Inclusion Implications

The proposed introduction of the National Minimum Fostering Allowance contributes to children in care being able to fully participate in activities and interests in the community.

10 Planning Implications

10.1 None

11 Local Member Support Implications

11.1 Children/young people placed with foster carers come from all Wards on the Wirral.

11.2 Foster carers, Special Guardians and Adopters live in all Wards on the Wirral.

12 Background Papers

12.1 Cabinet report 12th June 2008

RECOMMENDATIONS

That:

- (1) the proposals to increase Fostering, Adoption and Special Guardianship Allowances from October 2008 be agreed;
- (2) in order to meet the costs in 2008-09 the Departments will fund the partial introduction of the Allowance from grant; and
- (3) in order to pay the National Minimum Fostering Allowances from April 2009, the Departmental Budget be increased by £500,000 and that this be built into the projected budget for 2009/10.

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