

Foster Carer Payments Schedule and Fees Framework

Contract: C5/2008/09

Final Report

for

Welsh Assembly Government



February 2010

LE Wales

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One of the major contemporary child welfare concerns is how best to use adoption, foster care and placement with kin to provide stability and permanence for children whose own parents are not able to care for them consistently or predictably. The Hadley Centre aims to promote best practice in this field by linking research, practice and training in order to provide these children with stable and predictable family experiences. The intention is to promote scientifically rigorous research and evaluation and to develop ways of disseminating research findings that will be of direct use to practitioners and will influence policy makers.

Acknowledgements

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Data source: Expenditure and Food Survey, National Statistics

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Contents

Page

Executive Summary	i
1 Introduction	1
2 Proposed minimum maintenance allowances	2
2.1 Overview of approach	2
2.2 Estimating the general cost of looking after a child	2
2.3 Estimating the higher costs of looking after a foster child	4
2.4 Recommended minimum maintenance allowance	5
2.5 Uprating and rebasing	8
3 Towards a fees framework for foster care	9
3.1 Introduction	9
3.2 Current practice	10
3.3 Issues relevant to fees	11
3.4 Existing requirements	19
3.5 Developing a fee framework	23
3.6 Fee framework template	28
References	35
Annex 1 Literature review	39
Annex 2 The cost of caring for a child	69
Annex 3 Fee framework template	87
Annex 4 Engagement with foster providers	99
Annex 5 Questionnaire completed by foster care providers	111

Contents	Page
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Page

Annex 6	Engagement with foster carers	116
Annex 7	Engagement with fostered children and young people	134

Executive Summary

Introduction

This is the final report for contract C5/2008/09 on a Foster Carer Payments Schedule and Fees Framework. The research has been undertaken for the Welsh Assembly Government principally by LE Wales and the Hadley Centre for Adoption and Foster Care Studies (University of Bristol).

Under this contract LE Wales and the Hadley Centre were asked by the Welsh Assembly Government to undertake two main tasks.

- First, to estimate the cost to foster parents of bringing up a fostered child. We were asked specifically to base this, as far as a possible, on evidence of actual expenditure on children rather than to use an approach based on the development of suitable budgets. The intention was to use this estimate of actual expenditure as a basis for setting minimum fostering allowances across Wales.
- Second, we were asked to consider issues relevant to the development of a 'fees framework' for payments to foster carers in Wales. The framework was intended to provide a common template for fee payments by providers of foster services in Wales through providing a common language, structure and approach. Nevertheless, each provider would be free to set its own fee structure and fee levels. This common approach would make it easier for existing and potential foster carers across Wales to understand the potential rewards and career structure, as well as what is expected of them.

As part of our research we undertook reviews of existing relevant evidence; we analysed expenditure data from the ONS Expenditure and Food Survey; we issued an electronic questionnaire to local authorities and other providers of foster care services in Wales; we organised focus groups with foster parents in Wales; and we organised interviews with fostered children and young people in Wales.

Proposed minimum maintenance allowance

The basis of our recommended formula for a national minimum maintenance allowance is that the cost of parenting a foster child is a multiple of the general cost of parenting a child.

We estimate the general cost of parenting a child by analysing recent evidence of actual spending by UK families, using a statistical model to derive the additional expenditure by a family attributable to an extra child. This approach is supplemented with information drawn from the literature and our own interviews with stakeholders.

The higher cost of a foster child is derived from work by Nina Oldfield (1997), and is supported by other information from the literature and our own findings from the focus groups.

Our estimation process finds that the additional cost per fostered child varies with the age of the child but that there is not strong evidence to suggest that this additional cost varies systematically with the number of children in the family.

We present in Table 1 our recommended minimum maintenance allowance rates for foster placements in Wales, which vary according to the age of the foster child.

This basic maintenance allowance should be sufficient to meet the regular general costs of most foster placements. It will not, however, be sufficient to cover additional costs for children who have needs over and above those of most foster children e.g. where they have a physical impairment, nor will it cover some one-off costs such as those incurred in preparing for a placement or bringing a new placement up to standard (such as initial clothing expenditure or housing costs). A more detailed discussion of the costs that are included and excluded is provided in Chapter 2.

Table 1: Recommended minimum weekly allowance rates, 2009/10			
Age of child (years)	0-4	5-15	16-17
Expenditure on a child	£89	£81	£102
Extra costs of fostered child	+50%	+50%	+50%
Maintenance allowance for on-going costs	£134	£122	£153

Source: 2001/2-2006 Expenditure and Food Surveys, National Statistics and LE Wales calculations; Oldfield (1997)

The national minimum allowance is designed to cover the costs involved in looking after any fostered child and is intended to be the minimum payment rate which any foster carer should be able to expect. It is not designed to be the rate at which foster carers are reimbursed, since the actual level of allowance should depend on the specific needs of each case. Normally, we would expect foster carers to be in receipt of higher payments than these minimum amounts. Additional amounts might be paid through higher regular payments set by individual service providers and/or through additional payments linked to specific expenses.

The estimate made for the cost of bringing up a child will change over time, influenced by price and income inflation and by changing tastes. We suggest that

maintenance allowances should be rebased every four or five years and that, for the intervening periods, allowances should be uprated using an income-based index.¹

Towards a fees framework

Fostering now more closely resembles a job than it has done traditionally, though it still straddles the two sometimes-competing roles of familial care and professionalism. The changing aspects of fostering in recent times, with regard to characteristics of the placements and the requirements made of foster carers, should not diminish the role of care and stability that fostering is also supposed to provide.

The main purpose of the fees framework is to contribute to the strategic objective of establishing effective services that deliver improved outcomes for looked after children. In this context, the fees framework will play a key role in assisting with the recruitment and retention of foster carers at a time when there is generally considered to be a shortfall in available foster carers, particularly trained and experienced carers.

The fees framework is intended to be a template for an agreed statement between each foster carer and their foster care provider. The statement would set out in a transparent way the relative roles and expectations of the foster carer and their employing agency (the foster care provider), including matters relating to the payments made to foster carers.

For many fostering service providers, the main elements of this framework may already be in place through the foster care agreement, the foster placement agreement and other documents such as foster carer handbooks. The CSSIW annual report for 2007-08 notes, however, that 26% of fostering service providers in Wales did not have the required foster care agreements with foster carers in place; the same percentage did not have full individual placement agreements in place.

The proposed common template would contribute to introducing more consistency by providing a common language, structure and approach. This should also contribute to more transparency and certainty for foster carers. The framework would be flexible enough to allow each provider to set its own fee structure and fee levels as well as other employment conditions.

The fees framework will provide a common approach that will make it easier for existing and potential foster carers across Wales to understand the potential rewards and career structure, as well as what is expected of them. It may also contribute to reducing any perceptions of unfairness if the conditions under which

¹ By **rebased** we mean adjusting the estimate of expenditure by re-estimating the basket of goods, whereas keeping the same consumption basket and adjusting purely for price changes is labelled **uprating**. Rebased is preferable to uprating, since it is more thorough, but uprating is less intensive and easier to understand and communicate quickly.

fees are available vary significantly across Wales. A requirement for each service provider to make their fee frameworks publicly available (e.g. by placing on the internet as a free download) would also contribute to improving transparency.

We envisage that it will be possible to describe the fee structure for any placement in the common template of the fees framework. It would be produced alongside the foster care agreement and, perhaps, could be incorporated as part of the foster care agreement. It is not envisaged that such an agreement would include the same level of detail as foster carer handbooks.

The agreement could, for example, be structured as follows:

1. Core aims and expectations for child outcomes
2. Responsibilities of carers and providers
3. Skills and competences for carers
4. Career progression
5. Specialisations
6. Payments to carers

The fees framework is introduced in this report and some initial views on how it might be structured and presented are provided in Chapter 3. This starting point is not set in stone and it is likely to need to evolve considerably in response to the views of stakeholders before any common framework is implemented. We suggest that the Welsh Assembly Government engages closely with stakeholders on these matters in the coming months.

1 Introduction

This is the final report for contract C5/2008/09 on a Foster Carer Payments Schedule and Fees Framework. The research has been undertaken for the Welsh Assembly Government principally by LE Wales and by the Hadley Centre for Adoption and Foster Care Studies (University of Bristol).

Under this contract LE Wales and the Hadley Centre were asked by the Welsh Assembly Government to undertake two principal tasks.

- First, to estimate the cost to foster parents of bringing up a fostered child. We were asked specifically to base this, as far as a possible, on evidence of actual expenditure on children rather than to use an approach based on the development of suitable budgets. The intention was to use this estimate of actual expenditure as a basis for setting minimum fostering allowances across Wales.
- Second, we were asked to consider issues relevant to the development of a 'fees framework' for payments to foster carers in Wales. The framework was intended to provide a common template for fee payments by providers of foster services in Wales through providing a common language, structure and approach. Nevertheless, each provider would be free to set its own fee structure and fee levels. This common approach would make it easier for existing and potential foster carers across Wales to understand the potential rewards and career structure, as well as what is expected of them.

As part of our research we undertook reviews of existing relevant evidence; we analysed expenditure data from the ONS Expenditure and Food Survey; we issued an electronic questionnaire to local authorities and other providers of foster care services in Wales; we organised focus groups with foster parents in Wales; and we organised interviews with fostered children and young people in Wales.

The remainder of this report is structured as follows:

- In Chapter 2 we provide a proposal for national minimum allowances and summarise the evidence that led to that proposal;
- In Chapter 3 we make proposals in respect of the development of a fees framework;
- In the Annexes we provide more details on our research outputs including a detailed description of our analysis of the Expenditure and Food Survey, a more technical description of the fees framework, a literature review and reports on the results of our stakeholder engagement activities.

2 Proposed minimum maintenance allowances

2.1 Overview of approach

The basis of our recommended minimum maintenance allowances is that the cost of parenting a foster child is a multiple of the general cost of parenting a child.

We estimate the general cost of parenting a child by analysing recent evidence of actual spending by UK families, using a statistical model to derive the additional expenditure by a family attributable to an extra child. This approach is supplemented with information drawn from the literature and our own interviews with stakeholders.

The higher cost of a foster child is derived from work by Nina Oldfield (1997), and is supported by other information from the literature and our own findings from the focus groups.

Our estimation process finds that the additional cost per fostered child varies with the age of the child but that there is not strong evidence to suggest that this additional cost varies systematically with the number of children in the family.

Our proposals do not take any account of budgetary impacts on local authorities, other fostering service providers or the Welsh Assembly Government.

2.2 Estimating the general cost of looking after a child

2.2.1 Model and data source

We replicated a method, used by Percival and Harding (2005) to estimate the *additional cost* of parenting a child, for a given standard of living. This method equates two sets of relationships: consumption to income; and standard of living to consumption. Both are estimated on the basis of observed spending patterns from the UK Expenditure and Food Survey.

The relationships are estimated using a statistical technique called ordinary least squares (OLS). The standard of living is defined as the share of consumption expenditure devoted to spending in the following categories: food at home, fuel and power, household non-durables for use inside the home, basic communication methods (post, telephone), and personal care products and services.

Control variables, which we used to characterise the household, are household consumption expenditure (that is, excluding savings), household gross income, the

number of people in the house by age group, and some other characteristics of adult(s) in the household, such as their educational qualifications, economic activity, ethnicity and marriage status.

We estimated the additional expenditure required by adding a child to a household with a given set of characteristics, whilst specifying that the standard of living of the household with the child must remain unchanged from that of the household without the child.

2.2.2 Standardised family characteristics

The additional cost of a child will vary for many reasons, the more likely ones of which we have incorporated into our model, where the available data allows.

For a selection of these, such as the number of adults, and the income level (by income quintile) of the household, we explicitly present different estimates. For others, such as the educational qualifications and economic activity, we focus specifically on some standardised characteristics.

We have found that deviating from the standardised characteristics does not affect the estimated additional cost as much as varying the income level or the number of people in the household.

2.2.3 Main factors that influence expenditure

Overall, we find that the additional cost of a child is highest for older teenagers and is lowest for other school-age children, with the cost being somewhere in between for very young children. For any given age, the additional cost increases with household income. We also found that households with one adult tend to spend less on each child than households with two adults.

We have used three age bands for our analysis: 0-4, 5-15 and 16-17 year olds. Discussion about fostering allowances often focuses on four age bands, typically: 0-4, 5-10, 11-15 and 16-17 year olds. Our main data source, the Expenditure and Food Survey does not provide data that enables a split of our middle age band in this way. Other recent evidence about age-related changes in costs is limited, but does not appear inconsistent with the EFS evidence. Some respondents to WAG's previous consultation on fostering allowances thought babies and toddlers were more costly whilst others thought that older children were more costly to look after. A similar pattern of responses was also found to the 2006 consultation on foster allowances in England. McHugh (2002) reports cost based on age for Australia, based on a budget standard approach. That shows costs for childrens' ages as follows: aged 1 - \$142; aged 3 - \$105; age 6 - \$118; age 10 - \$141; age 14 - \$180.

Our estimates vary with household income because they reflect the fact that people with higher incomes spend more. In order to provide a recommendation for a minimum maintenance allowance that does not vary with income, a specific income

level needs to be chosen. The level of income chosen is largely a matter of judgement. As the research relates to minimum national allowances, our recommendation is based on what might be regarded as the minimum appropriate level of income - the first (lowest) income quintile for two adults. The mean weekly gross income in this quintile (£361) is equivalent to, or higher than, the relative poverty thresholds as defined by the UK Government (60% of the median income).

It is likely that many foster households have a standard of living that is consistent with higher levels of income than this. In these cases, if they maintain their standard of living and fostered children benefit from this, then these foster parents will feel that our suggested minimum allowance is insufficient to meet their needs. One way of addressing this would be to base the minimum allowance on a higher income level.

2.3 Estimating the higher costs of looking after a foster child

There is overwhelming evidence that it is more expensive to look after a foster child than a biological one. The increased costs arise from both the child and the requirements made of foster carers.

For all types of foster child, behavioural differences that lead to higher consumption are widespread. These could include over-eating, hoarding food, over-use of energy and water, and wearing through clothes and wearing down or damage to furniture and toys through boisterous or destructive behaviour. Furthermore, foster children are disproportionately likely to need extra support (therapeutic, social and educational), all of which would be associated with increased caring costs.

Fostering involves associated costs that would not normally be placed on a biological family. The most common of these would be contact visits to the foster child's own family. However, additional requirements, made by the agency may also increase costs. Examples given in the literature or from our focus groups discussions include the foster child needing to go to a specific school, which is not the same as the other children in the household, or paying for a separate room whilst on holiday. Within our focus groups, there was almost universal agreement that foster children cost more to look after.²

Based on the limited quantitative evidence available, we propose that the foster care allowance should be 50% higher than the general cost of looking after a child. The most authoritative UK study on the additional cost of foster children is Oldfield (1997), which was cited in the previous WAG Consultation on proposed minimum

² There were three exceptions out of 31 respondents. Two were not able to make a comparison because they had no biological children with which to compare. One only fostered babies, and only one at a time, which could limit the incidence of additional cost.

allowances for fostering. Her work, using the Family Budget Unit's "modest but adequate" standard as a basis, suggests that the cost of looking after foster children is approximately 50% (between 32% and 62%) higher than that of looking after foster carers' own children. Additional evidence, from a study in Australia by McHugh (2002) also suggested a similar figure of about 50%.

2.4 Recommended minimum maintenance allowance

We present in Table 2 our recommended minimum maintenance allowance rates for foster placements in Wales, which vary according to the age of the foster child. This basic maintenance allowance should be sufficient to meet the regular general costs of most foster placements. It will not, however, be sufficient to cover additional costs for children who have needs over and above those of most foster children e.g. where they have a physical impairment, nor will it cover some one-off costs such as those incurred in preparing for a placement or bringing a new placement up to standard (such as initial clothing expenditure or housing costs). A more detailed discussion of the costs that are included and excluded is provided below.

Table 2: Recommended minimum weekly allowance rates, 2009/10			
Age of child (years)	0-4	5-15	16-17
Expenditure on a child	£89	£81	£102
Extra costs of fostered child	+50%	+50%	+50%
Maintenance allowance for on-going costs	£134	£122	£153

Source: 2001/2-2006 Expenditure and Food Surveys, National Statistics and LE Wales calculations; Oldfield (1997)

These allowances reflect evidence based on actual household expenditure (excluding rent and mortgage payments) by two-adult households with children in the lowest income quintile.

The national minimum allowance is designed to cover the costs involved in looking after any fostered child and is intended to be the minimum payment rate which any foster carer should be able to expect. It is not designed to be the rate at which foster carers are reimbursed, since the actual level of allowance should depend on the specific needs of each case. Normally we would expect foster carers to be in receipt of higher payments than these minimum amounts. Additional amounts might be paid through higher regular payments set by individual service providers and/or through additional payments linked to specific expenses.

Our suggested weekly rates vary from £122 to £153, whereas the national minimum rates for England (2009/10; outside London and the South East) are £106 to £159. It should be noted that these allowances cover slightly different expenditure, as well as being derived in different fashions. The Fostering Network's proposed national minimum weekly allowances outside London for 2009/10 are £125.09 for 0-4 year olds, £142.49 for 5-10 year olds, £177.38 for 11-15 year olds and £215.74 for those aged 16 and over.³

If our proposed national minimum allowances are introduced in Wales, we would expect providers to set their own payment rates, consistent with these minima, and to be clear to foster parents about what activities the provider's rates do and do not cover. In the following text we give an indication of which expenditures are included in the proposed national minimum allowances.

The proposed rates for Wales include the regular costs incurred by all foster carers. However, there will be significant irregular elements, not covered in the national minimum allowance, but which will apply to the majority of foster carers. We explore each of these in turn below.

2.4.1 Costs covered by the minimum maintenance allowance

The minimum maintenance allowance should cover the everyday and regular expenses associated with caring for a foster child.

These would be food (including eating out) and clothes; utility and energy costs; toiletries and cleaning products; the costs associated with general wear and tear, and repair, of furnishings and linen; insurance policies and social protection (for example, childcare); health; education (including school trips); communications; toys and electronic entertainment.

Everyday travel costs will be at least partially covered by the minimum maintenance allowance. The allowance should cover costs, so long as the travel involved in schooling, activities and contact visits remains within what would be thought reasonable for a biological family.

Some aspects of holidays are covered: travel and accommodation costs, whether home or abroad, but not holiday spending abroad.

Annual celebrations commonly celebrated in the UK are likely to be covered, so birthdays and Christmas would normally be covered, but specific cultural occasions, such as those related to ethnic minorities, would not be.

We have not found good evidence in either direction of costs per child varying systematically with a household having more children, so we recommend that the

³ <https://www.fostering.net/campaigns/allowances/minimum.php> (accessed on 14 Sept. 2009).

same allowance should be supplied for each individual placement (according to age), regardless, also, of whether children placed are part of a sibling group.

2.4.2 Costs beyond the minimum maintenance allowance

The maintenance allowance is calculated to cover ongoing costs associated with looking after a foster child. It does not cover one-off costs, such as initial clothing costs or the costs of bigger houses, extensions to houses or bigger cars. Nor does it cover out-of-the-ordinary requirements, which could be, for example, geographic (such as longer than average travel distances for schooling, or contact meetings), cultural (such as ethnic minority clothing requirements), or medical and additional care (such as costs incurred to accommodate special needs).

Occasional or unusual payments, such as these, would be better treated on an individual basis, perhaps with some criteria set in place at the beginning of a placement so that the terms under which additional allowances are needed and will be made are equally understood by both parties.

In our discussions with stakeholders, and in the literature, the costs of leisure activities, such as holidays, sports, hobbies and school trips as well as birthdays and cultural or religious events are often mentioned as causes for concern.

With regard to travel holidays, two particular circumstances were revealed in our focus group discussions: the cost of an additional room, if the foster child is expected to be given their own space, and premium payments, should holiday companies charge for older children at higher rates than youngsters. Whilst the basic maintenance allowance should cover the bulk of the cost of holidays, including any additional costs linked specifically to foster children (through the 50% mark up) it is unlikely to be sufficient to cover very significant additional costs including the cost of any requirement to provide a separate room for a fostered child. The calculation of any additional holiday allowance needs to be sufficient to cover both travel holidays and the additional costs associated with greater excursion expenses during school holidays, when the child is at home for a greater part of the week.

The EFS data, and hence the proposed minimum allowance, includes expenditures related to the exchange of gifts for birthdays and other celebrations, such as Christmas for non-fostered children. If the circumstances of individual fostered children mean that there may need to be expenditure at a rate of more than 50% more than a non-fostered child then consideration should be given to providing an additional allowance to cover this. Relevant circumstances may include where there is a need to purchase gifts for (or on behalf of) both the biological and foster families, including extended families, of fostered children, or where the fostered child is from an ethnic minority background where traditions imply more frequent expenditures on items such as these.

2.5 Uprating and rebasing

The estimate made for the cost of bringing up a child will change over time, influenced by price inflation and by changing tastes. We use the same terminology for the two adjustments as that used in the Minimum Income Standards work commissioned by the Joseph Rowntree Foundation (Bradshaw *et al.* 2008).

Keeping the same consumption basket and adjusting purely for price changes is labelled **uprating**, whereas adjusting the estimate of expenditure by re-estimating the basket of goods is labelled **rebasing**. Rebasing is preferable to uprating, since it is more thorough, but uprating is less intensive and easier to understand and communicate quickly.

Uprating, which assumes that tastes remain the same and that price changes do not result in different spending patterns, can be a fair approximation over short periods of time. However, the discrepancy between estimates of rebased expenditure and uprated expenditure, created by ignoring such changes in taste, are likely to be greater the more time that passes.

We suggest that maintenance allowances should be rebased every four or five years. By its nature, this rebasing process would take account of any links between changes in expenditure and changes in income because it would be based on actual expenditures using the same approach outlined above.

For the intervening periods we suggest that maintenance allowances should be uprated using an income-based index. We believe that this would be more appropriate than a price-based index for two reasons.

First, income levels are a significant determinant of the level of expenditure on children. This means that as a family's real income rises, a corresponding increase in their expenditure on their children would be expected. On that basis, it seems reasonable to expect that a family's expenditure on fostered children should also rise in line with income. Second, an increase in line with income is likely to lead to payments that are more consistent with the rebasing process every four or five years and so would lead to less substantial step changes in maintenance payments at the time of rebasing.

3 Towards a fees framework for foster care

3.1 Introduction

Fostering now more closely resembles a job than it has done traditionally, though it still straddles the two sometimes-competing roles of familial care and professionalism. The changing aspects of fostering in recent times, with regard to characteristics of the placements and the requirements made of foster carers, should not diminish the role of care and stability that fostering is also supposed to provide.

The main purpose of the fees framework is to contribute to the strategic objective of establishing effective services that deliver improved outcomes for looked after children. In this context, the fees framework will play a key role in assisting with the recruitment and retention of foster carers at a time when there is generally considered to be a shortfall in available foster carers, particularly trained and experienced carers.

The framework will provide a common template for providers in Wales by providing a common language, structure and approach. Nevertheless, each provider will be free to set its own fee structure and fee levels. This common approach will make it easier for existing and potential foster carers across Wales to understand the potential rewards and career structure, as well as what is expected of them.

In this report, we discuss the issues around the development of a fees framework and illustrate what a fees framework could look like. This starting point is not set in stone and is likely to need to evolve considerably in response to the views of stakeholders before any common framework is implemented.

The remainder of this Chapter:

- summarises current practice in Wales in respect of the payment of fees to foster carers;
- describes some of the key issues relating to the payment of fees to foster carers;
- describes the current requirements for formal agreements between foster care providers and foster carers;
- discusses what a fees framework could look like.

3.2 Current practice

All the 22 Welsh local authorities (LAs) and 11 independent fostering agencies (IFAs) responded to an electronic survey in January-February 2009. A full discussion of the survey and responses is provided in Annex 4. Responses related to questions about the current use of fee payments are summarised below.

3.2.1 Fee structure

Five LAs had no fee structure, although two of these were considering the introduction of a fee paying scheme. LAs recognised that they needed to increase the number of LA foster carers and needed to compete with the IFAs on payments.

Just over three-quarters of LAs (77%) were paying fees and these payments were linked to the ability to care for 'hard-to-place children' or to carers achieving a Level 3 NVQ. Fee schemes had names such as 'Fostering Plus' or were described as 'Professional foster care payments' and these titles reflected the additional demands made on carers and their clearly defined contractual arrangements. Some fee-based schemes required one carer to make fostering their main occupation to ensure sure they were available at home during the day. Other schemes prohibited carers from refusing to take a child who was within their approval range. Some LAs specified that family and friends carers would only be paid the lowest band. So, for example, one fee structure was Level 1 family and friends carers; Level 2 mainstream foster carers; Level 3 trained carers; Level 4 trained carers and with a hard-to-place child.

The fee structures were very complicated and differed by agency. Some schemes were based on the number of children in a placement or the age of the child. The age, at which a higher payment was triggered, varied by agency. Other criteria for higher payments included sibling groups, (although some agencies had reduced fees for a third sibling) whether the placement was long-term or short-term, the child's disability or lack of a school place, (enforced) solo placements, and mother and baby placements.

The number of bands within a scheme varied from three to nine different payment bands. Moving between bands was not always automatic. Some schemes demanded that progression had to be approved by a manager or by the fostering panel and sometimes carers were only allowed to progress if there was sufficient money in the budget. LA bands varied from an additional £2,600-£24,000 per child per annum.

Although the IFAs were paying higher basic rates, three (27%) also provided additional fees. They had developed other criteria to reward their carers. Some gave a bonus for length of service, or for attending additional training, another provided a bonus for introducing prospective foster carers to the agency who successfully completed the assessment process and fostered a child for three months. This latter approach is interesting because research has consistently found that 'word of

mouth' is the best form of recruitment. Most IFAs reported that higher rates would normally have to be negotiated with the LA.

Retainer fees were paid by 46% of all LAs, but often only to carers who were already offering more specialist placements. The proportion was 18% among IFAs.

3.2.2 Linking training and experience to increased fees

Eighty-one percent of LAs stated that some foster carers received higher fee rates as recognition of experience or achieving Level 3 NVQ. With the increase came additional responsibility, such as mentoring new carers and being involved in the training of new carers. IFAs rarely (9%) linked training to the level of payment.

3.2.3 Linking children's behaviour and complex needs to increased fees

Just over half the LAs (54%) had linked their fee schemes to placements for children with complex needs. Some LAs still made one-off payments in response to a child's particular needs but most had specific schemes. For example, the Swansea '1-2-1 scheme' has been recently introduced to recruit 1-2-1 carers for teenagers at a fee of £22,122pa + fostering maintenance allowances. Without a foster placement, many of these young people would have to be placed in more expensive residential care. One IFA had negotiated an enhanced package for their scheme, which also involved caring for teenagers.

One LA reported that they used to offer a scheme based on the child's behaviour but had phased this out and instead were considering moving to payment for skills. Previous research has highlighted the dilemma with schemes based on children's challenging behaviour: there is a disincentive to 'make a difference'. If the carer does a good job and the child's behaviour improves, the fees are reduced.

3.3 Issues relevant to fees

In this section we discuss a number of issues relating to fee payments, drawing on our interactions with stakeholders and on the relevant literature.⁴

3.3.1 Increasing professionalism

It appears from the literature that the pressure for fees to be paid to foster carers arises from an evolution of the role of foster carers into one that more closely resembles a profession than a traditional familial relationship. Carers themselves do

⁴ Fuller reports of our interactions with stakeholders are provided in Annex 4, Annex 6 and Annex 7; a literature review is provided in Annex 1.

not appear to regard payment as a factor in determining whether to (start or continue to) foster or not, but the changing role brings the arguments in favour of receiving a fee to the fore. The perception of being valued can come from non-financial rewards, such as being treated as part of the team, or by being given good support services.

The foster carers that we spoke to felt that a professional fee would be an acknowledgement of the value of their work and reduce the sense of exploitation. This was a crucial issue for the foster carers: they pointed out that they were “not recognised or treated as professionals”, not “paid as a professional” and “only receiving a minimum wage”. They also spoke about feeling excluded: “not being invited to some meetings”; social workers “expecting carers to be stupid” and having “hush-hush conversations before or after meetings”, and decisions being “made elsewhere”. While a few carers said that “things have changed over the years” and they felt more valued now, again this depended “on the relationship with your social worker”.

Oldfield (1997) estimated that foster carers would be required on average to spend just under 49 hours each week, taking 35 hours for the general time taken in looking after a child⁵, plus 14 hours for the additional fostering tasks.

Tapsfield and Collier (2005) point out that in many cases, foster carers are not allowed to combine fostering with a full-time job. The increased need for households to rely on two incomes diminishes the likelihood that an individual would be willing and able to become a foster carer if no fee was paid. Indeed Sinclair *et al.* (2004) suggest that the shortage of foster carers could be reduced by widening the payment of fees.

Swain (2007) describes the range of activities required of foster carers, which include “ensuring that children have contact with their families, attending court, record keeping and training”, whilst their training includes “child development, attachment theory, the importance of play, how to improve educational outcomes, and the impact of sexual abuse and trauma on children’s development”.

This change in roles has resulted in the falling incidence of foster carers who do not receive a fee, and, importantly for the future, (potential) foster carers who do not *wish* to receive a fee (Tapsfield and Collier, 2005; Swain, 2007).

Most of the carers interviewed by Kirton, all 20 of whom did receive fees, stated that they would seek other paid work if they were not involved in fostering, though the motivation for choosing either of these over leisure were not always for financial gain; some sought the stimulation that could not be gotten through purely leisure activities.

⁵ Based on estimates from Henley Centre Leisure Futures (1992).

Swain (2007) found in her survey (of 1,064 foster carers in the UK) that 70% were not in employment, with about 10% probably in full-time employment, and the remaining 20% in part-time employment. This proportion appears not to be different between single carers and carers in relationships.

Among the 40% of foster carers not in receipt of a fee, 40% were in employment and 50% were in receipt of income in the form of a partner's salary. This means that somewhere between 4% and 20% of foster carers did not receive any earned income. Swain (2007) notes that 6% of her respondents stated that benefits were their only source of income.

Swain (2007) found that foster carers are disproportionately more likely to be claiming benefits than others of working age in the countries in which they reside. In Wales, 24% of foster carers were claiming some form of benefit, compared to 13.5% of people of working age who were claiming. This disparity between foster carers and the general working age population was the greatest in Wales out of all four countries in the United Kingdom. The overall finding for the United Kingdom was about 17% of foster carers receiving benefits and about 14% of the working age population doing so.

3.3.2 Training

Training of carers is increasingly thought of as an important part of developing a higher quality fostering service.⁶ This not only reflects a sense of professionalism, but, in the additional time requirements needed for participation, places more emphasis on the need for professionalism. For those foster carers who have other employment, the time burdens of attending training courses on top of handling placements may be prohibitive.

Ogilvie *et al.* (2006) found statistically significant correlations between attending training and the following: feeling like fostering was a career, receiving a fee, and the fee being regarded as an alternative to paid employment.

This should be viewed in the context of a general positive attitude of foster agencies (both local authorities and independents) to foster carers being trained. Ten of the 13 local authorities and all five of the independent foster providers that Ogilvie *et al.* (2006) contacted provided regular, specific training.

Evans *et al.* (2007) highlight the emphasis that WAG has already placed on training for foster carers. They note that Clough *et al.* (2005) deemed that training is imperative in dealing with children's challenging behaviour, promoting the child's education, and managing contact with birth families. Furthermore, they make reference to WAG's support of an annual Social Care Workforce Development

⁶ Nevertheless, there appears to be little evidence that supports this link between training and higher quality fostering.

Programme (SCWDP), which aims to increase the proportion of staff with the qualifications, skills and knowledge relevant to their work, and includes foster carers in its definition of staff. Other initiatives include the requirement of carers to maintain a training portfolio.

Foster carers who attended focus groups held by Ogilvie *et al.* (2006) were not universally keen on linking fee payment to formal qualifications (NVQs), and at least some of this disaffection stemmed from a belief, also held by some supervising social workers, that training and qualifications did not necessarily reflect, or even increase, ability. The experience of some of the carers we spoke to was that budget limitations sometimes meant that higher fees for higher qualifications were not actually paid. Other problems related to how appropriate the courses were to the care that was given. Some carers complained that courses carried paper qualifications but not practical relevance or quality. Another point raised was that qualifications (or lack thereof) did not necessarily translate into good (bad) quality care.

Something that is not strongly addressed, in the literature, is the increasing expectations that could be placed on (trained) foster carers to accept or cope with difficult placements, and, perhaps, a loss of the right to terminate a placement if a fee was being paid. This was reflected in our discussions with foster carers; some of the comments from foster carers interviewed in focus groups by Kirton *et al.* (2007b, p.11-12) also point to this being an issue.

3.3.3 Attracting quality

As with other payments for work, a higher wage or fee payment, in principle, can be used to attract higher skilled foster carers. This argument runs parallel to that of opportunity cost, in that those with better skills might be able to earn better wages in alternative employment. Kirton (2001a; p.204) states that fee payments have “always enshrined this principle”.

The attitudes of foster carers suggest they do not think that the fees they are paid adequately reflect the skills they possess. The interviewees reflected common discussions about the true value of unpaid domestic labour (Ungerson 1997), with a ready comparison being that of being employed in residential child care (Triseliotis *et al.* 2000), and, further, use of skills gained from past experience that could be used more formally, such as nursing or counselling.

It should be noted that the satisfaction felt by foster carers is not solely related to the value of the income they receive from fostering. Indeed, payment may not be thought of as a substitute for support received by the carer in handling a placement. Half of carers surveyed by Kirton *et al.* (2003) would have preferred maintaining support levels rather than receiving higher payments, with only 20% of foster carers feeling the contrary.

Common to findings reported in the literature, the carers at our focus groups wished to be considered by social workers as a part of the professional team. Whilst the attitude and behaviour of agencies and social workers was highlighted as a contributing factor, and was felt to have improved in more recent times, fees also play a part in this.

3.3.4 Implied/perceived absence of love/emotional attachment

In the interviews with carers conducted by Kirton (2001b), there were several mentions of foster children being aware of payments being made to carers and, at times of tension or during arguments, raising the issue that the carer was motivated by money rather than affection. In our engagement with fostered children and young people there were also claims that foster parents were motivated by money and spent maintenance allowances on themselves.

However, payments were not found by Kirton (2001a) to be a motivation to foster for a small majority of carers, neither among more experienced carers (who had started fostering at a time when fees were not paid, and maintenance allowances were not necessarily sufficient) nor newer carers. This is corroborated by earlier work by Butler and Charles (1999) from a small-scale study which interviewed carers about their attitudes to placements and why they succeed or fail. Most of the carers that we spoke to felt that any policymaker's consideration of fees could be made without fear of attracting people who were looking solely at the financial gains they could make, because the rigorous assessment process would deter unsuitable applicants.

Further evidence from Kirton (2001a) of this is that carers, upon starting, had poor or no knowledge of the payments they would receive, nor of the challenges they would face, unless they had direct knowledge from other carers or previous work in the care system.

A hypothetical reduction in payments was thought to be problematic, not by diminishing the motivation to foster, but by making it less viable, and continuing, perhaps with an independent agency (to maintain levels of remuneration) was the most commonly expressed desire.

An argument against salaries was the perception and expectation that this would create, which carers felt was not present with a fee-payment system. The conversion of fostering to a salaried profession could create the perception of "an institution within the home" that was "clinical and cold", the "antithesis of family life", but, also, employed status could "remove independence, especially in relation to placement choice" (Kirton 2001a, p.202).

3.3.5 National fee system

The foster carers we interviewed were generally in favour of a standardised national fee system across LAs and IFAs, which they felt would be more open and be perceived as fairer than the current situation, whereby some of them feel pressure to be secretive regarding (maintenance and fee) payments received. They also thought that a standardised fee would prevent agencies from “trying to undercut each other” or “poaching” foster carers from local authorities.

The view from the foster care providers that we surveyed was more mixed. All the local authorities, but only 55% of IFAs, were in favour of additional fees being paid to foster carers. This was not surprising given that the IFAs are already paying fees and the remainder of the IFAs responded “don’t know”, as they wanted more details of schemes before being willing to give a positive response.

Just over three-quarters of LAs (76%) thought that fees should be set at a national level compared to 27% of IFAs. There were some strong comments about fees. Some respondents thought it would be helpful if everyone (LAs and IFAs) were working to the same criteria for determining the rate of fees, believing that it would be fairer and prevent some Councils from paying less. Other LAs were concerned that the fees might be set too high and fees needed to be sustainable for all agencies. On the positive side it was thought that if carers moved from agency to agency they would not be disadvantaged and that the haggling between IFAs and LAs would stop. Others recognised that a national fee structure might take away some of the competition and that different areas of Wales had different needs.

Each area has different pressures in relation to market forces. National minimum allowances are useful as these maintenance payments reflect the cost of looking after a child. However fee levels should be flexible so each agency can set fees which reflect the market price within their locality (LA).

Some IFAs were worried that a national fee might be set **lower** than current levels of payments and therefore payments to their carers would reduce. Most IFAs were opposed to any national fee structure, as outlined in the quotes below:

I fundamentally and strongly oppose any and all national fee levels. Children are individuals and foster carers allowances including all extras should reflect this individuality and specific needs (IFA).

Foster care is not a job just for foster carers. (The) fostering agency support/social workers have a crucial role, and all must work in partnership to enhance the life of looked after children. None of the above would be possible if independent agencies lost control of their business plans to any form of national fee or allowance structure. Such a move would ultimately drag us all into restricted Local Authority local budgets, thereby restraining the meeting of children’s needs and the enhancement of their lives (IFA.)

3.3.6 Payment level and structure

The amount to be paid depends, firstly, on what the fee is being paid for. Tapsfield and Collier (2005) identify three rationales for payment:

- Payment for skills, as measured by qualifications and experience;
- Payment for time and effort involved in the placement; and
- Flat fee across all foster carers.

Kirton (2001) also refers to the first two rationales, though in respect of the second, he places more emphasis on the greater difficulties associated with caring for some children. These could include dealing with disruptive or destructive behaviour by the foster child, which might be in the home or outside, and can extend to theft, but also violent or threatening behaviour by a foster child's birth family. As with other aspects of payment and the perception of foster care, the degree of difficulty encountered during a placement influenced foster carers' interpretation and perspective on payments.

The second dimension that could influence the amount paid is whether the fee is calculated on a per-child (per-placement) basis. If a foster carer is judged to expend more time and effort for additional placements, then a fee payment on a per-child basis is the appropriate solution. The impact of extra children is sometimes considered to be lower if the placements taken by a foster carer are a sibling group (because, for instance, contact visits would be likely to be combined as a result). Lower payments for siblings had caused major financial problems for two of the foster carers we spoke to. One found this incomprehensible because "every child is an individual with their own individual needs, and they would've paid the full rate if the children weren't siblings".

Many of the foster carers, we spoke to, favoured a flat fee rate as this avoided the need to know about and claim expenses. This would not be a problem relevant to fees for a system wherein the maintenance allowance and the fee were clearly separated.

The foster carers we spoke to felt that they were generally subsidising the cost of caring for the child out of their fee, because the maintenance allowance was too low, or were being paid less than a fair wage for the effort they were putting in. Swain (2007) identifies children's home residential care staff as a comparable occupation to the demands of fostering and highlights that a very small proportion (7%) of foster carers who responded to her survey received £400 per week, which equates to an amount similar to that earned by residential care workers (assuming a 40-hour week)⁷.

⁷ Based on data from Local Authority Workforce Intelligence Group (2006)

Amongst the foster carers we spoke to, there was a general feeling that carers should receive the same professional fee regardless of the age of the child, as babies place more demands on time than older children (who go to school), which trades off against the more challenging behaviour associated with older children. Kirton (2001a) and Triseliotis *et al.* (2000) report similar findings.

The foster carers that we spoke to suggested that one drawback of offering higher rates for more challenging children was that it could give a disincentive to help them integrate more, because this would result in a lower income. On the other hand, taking a difficult placement could sometimes prohibit taking multiple placements and a carer pointed out that this should not be financially punitive.

In one of our focus groups the foster carers felt that fees should not be based only on training or experience but on the quality of the care provided. They felt that there was no agreement in Wales about the level of care that should be provided. They argued that a carer could have an Level 3 NVQ and still provide a poor quality placement. One commented that some foster children had “hardly any clothes”, because their carer was pocketing the money or spending it on their own children. They also talked about the lack of agreement about what standards should be expected and quoted the example of a social worker, who on learning that a foster carer was buying five fruit and vegetables a day, remarked: “We don’t expect carers to provide that level of care!”

3.3.7 Income dependency

Blurred boundaries between the two strands of income from fostering (maintenance allowances and fees) and their relationship to expenditure on foster children make “dependency” difficult to pin down.

Kirton (2001a) points out that the “official” position within fostering agencies is that foster carers should not be reliant on payments, since this might bias decisions to take up or continue placements, and because the agencies cannot guarantee placements. However, reliance does actually help agencies, in that agencies are under pressure to find placements. Whereas a flat salaried scheme (same fee regardless of the number of placements) would remove the incentive to accept a placement for its financial reward, the piece-rate system of fee payments works in directly the opposite way.

A survey conducted for Kirton *et al.* (2003), and summarised by Beecham and Sinclair (2007), found that foster carers did tend to be reliant on the income from fostering, and, although the income was not the primary motivation for choosing to foster, about three out of five thought that fostering should be salaried. Their findings were based on a survey of 2,000 carers. Only a third of the respondents had (other) employment, and income from other sources tended to be under £20,000.

In contrast to the potential for income dependency on the part of the foster carer, those that commission fostering services should consider the need to retain the

supply of foster carers by using retainer payments, when the carers are not actively involved in placements.

If income from fostering is the only source of income for a household, then losing this income, even temporarily, may result in a foster carer searching for other ways of earning income, and potentially remove them in the future from being available to foster.

Poor retention rates could be costly for commissioning services, since carers are increasingly the subject of training and other forms of investment, not to mention the constraint that leakage of skills might have on the quality of the foster care system.

3.4 Existing requirements

There are existing requirements for documents that cover some of the issues that might be included in a fees framework. The main bases for these requirements are the Fostering Services (Wales) Regulations 2003 (“the fostering regulations”) and the National Minimum Standards for Fostering Services (“the national minimum standards”).⁸

3.4.1 Fostering regulations

There are several facets to the fostering regulations, each of which we address in turn.

Statement of purpose and children’s guide

The fostering regulations require that fostering service providers:⁹

- produce a written “statement of purpose” which describes that aims and objectives of the fostering service and the services and facilities provided by that service; and
- produce a written “children’s guide” which summarises the statement of purpose and the complaints procedure and provides contact details for the National Assembly and the Children’s Commissioner for Wales.

⁸ The national minimum standards are published by the National Assembly for Wales under s23 of the Care Standards Act 2000.

⁹ Both local authorities and independent providers (Regulation 3).

The statement of purpose must be available to foster parents and fostered children on request and the children's guide must be provided to each approved foster parent and to each fostered child.

Foster care agreement

When a fostering service provider formally approves someone as a foster parent the provider must enter into a written "foster care agreement" with that person.¹⁰ That agreement must cover a range of issues as specified in Schedule 5 of the fostering regulations:

7. The terms of the foster parent's approval.
8. The amount of support and training to be given to the foster parent.
9. The procedure for the review of approval of a foster parent.
10. The procedure in connection with the placement of children and the matters to be included in any foster placement agreement.
11. The arrangements for meeting any legal liabilities of the foster parent arising by reason of a placement.
12. The procedure available to foster parents for making representations.
13. To give written notice to the fostering service provider forthwith, with full particulars, of –
 - (a) any intended change of the foster parent's address;
 - (b) any change in the composition of the foster parent's household;
 - (c) any other change in the foster parent's personal circumstances and any other event affecting the foster parent's capacity to care for any child placed or the suitability of the foster parent's household; and
 - (d) any request or application to adopt children, or for registration for child minding or day care.
14. Not to administer corporal punishment to any child placed with the foster parent.
15. To ensure that any information relating to a child placed with the foster parent, to the child's family or to any other person, which has been given to the foster parent in confidence in connection with a placement is kept

¹⁰ Regulation 28(5)(b).

confidential and is not disclosed to any person without the consent of the fostering service provider.

16. To comply with the terms of any foster placement agreement.
17. To care for any child placed with the foster parent as if the child were a member of the foster parent's family and to promote the child's welfare having regard to the long and short-term plans for the child.
18. To comply with the policies and procedures of the fostering service provider issued under regulations 12 and 13.
19. To co-operate as reasonably required with the National Assembly and in particular to allow a person authorised by the National Assembly to interview the foster parent and visit the foster parent at any reasonable time.
20. To keep the fostering service provider informed about the child's progress and to notify it immediately of any significant events affecting the child.
21. Where regulation 36 applies, to allow any child placed with the foster parent to be removed from the foster parent's home.

Foster placement agreements

The fostering regulations¹¹ also require that before fostering service providers place a child with a foster carer, they must enter into a “foster placement agreement” with that carer. That agreement must cover a range of issues as specified in Schedule 6 of the fostering regulations:

1. A statement by the responsible authority containing all the information which the authority considers necessary to enable the foster parent to care for the child and, in particular, information as to –
 - (a) the authority's arrangements for the child and the objectives of the placement in the context of its plan for the care of the child;
 - (b) the child's personal history, religious persuasion and cultural and linguistic background and racial origin;
 - (c) the child's state of health and identified health needs;
 - (d) the safety needs of the child, including any need for any special equipment or adaptation;

¹¹ Regulation 34(3).

- (e) the child's educational needs; and
 - (f) any needs arising from any disability the child may have.
2. The responsible authority's arrangements for the financial support of the child during the placement.
 3. The arrangements for giving consent to the medical or dental examination or treatment of the child.
 4. The circumstances in which it is necessary to obtain in advance the approval of the responsible authority for the child to take part in school trips, or to stay overnight away from the foster parent's home.
 5. The arrangements for visits to the child, in connection with the supervision of the placement, by the person authorised by or on behalf of the responsible authority, and the frequency of visits and reviews under the Review of Children's Cases Regulations 1991[41].
 6. The arrangements for the child to have contact with his or her parents and any other specified persons, and details of any court order as to contact.
 7. Compliance by the foster parent with the terms of the foster care agreement.
 8. Co-operation by the foster parent with the responsible authority regarding any arrangements it makes for the child.

Policies and procedures

The fostering regulations¹² also require that fostering service providers have a written policy that sets out procedures relating to the protection of fostered children from abuse or neglect and a written policy on acceptable disciplinary measures for fostered children.

3.4.2 National Minimum Standards for Wales

The national minimum standards apply to fostering service providers and are taken into account by the Care Standards Inspectorate for Wales when it makes its decisions. The standards cover a range of issues:

- statement of purpose;
- fitness to carry on or manage a fostering service;

¹² Regulations 12 and 13.

- management of a fostering service;
- securing and promoting welfare;
- recruiting, checking, managing, supporting and training staff and foster carers;
- records;
- fitness of premises; and
- financial requirements.

Standard 30 relates to payments to carers as follows:

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

30.2 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.”

3.4.3 UK National Standards for Foster Care

These standards do not have a statutory basis in the same way as the national minimum standards do and are intended to represent best practice rather than minimum standards. Whilst the national minimum standards focus on the fostering service providers, the UK national standards focus on the needs of the fostered child and so do not just relate to the role of the fostering service provider.

3.5 Developing a fee framework

3.5.1 Overview of the fees framework

The fees framework is intended to be a template for an agreed statement between each foster carer and their foster care provider. The statement would set out in a transparent way the relative roles and expectations of the foster carer and their employing agency (the foster care provider), including matters relating to the payments made to foster carers.

For many fostering service providers, the main elements of this framework may already be in place through the foster care agreement, the foster placement agreement and other documents such as foster carer handbooks. The CSSIW annual report for 2007-08 notes, however, that 26% of fostering service providers in Wales

did not have the required foster care agreements with foster carers in place; the same percentage did not have full individual placement agreements in place.

The proposed common template would contribute to introducing more consistency by providing a common language, structure and approach. This should also contribute to more transparency and certainty for foster carers. The framework would be flexible enough to allow each provider to set its own fee structure and fee levels as well as other employment conditions.

The fees framework will provide a common approach that will make it easier for existing and potential foster carers across Wales to understand the potential rewards and career structure, as well as what is expected of them. It may also contribute to reducing any perceptions of unfairness if the conditions under which fees are available vary significantly across Wales. A requirement for each service provider to make their fee frameworks publicly available (e.g. by placing on the internet as a free download) would also contribute to improving transparency.

We envisage that it will be possible to describe the fee structure for any placement in the common template of the fees framework. It would be produced alongside the foster care agreement and, perhaps, could be incorporated as part of the foster care agreement. It is not envisaged that such an agreement would include the same level of detail as foster carer handbooks.

3.5.2 Structure of a common template

The agreement could, for example, be structured as follows:

1. Core aims and expectations for child outcomes
2. Responsibilities of carers and providers
3. Skills and competences for carers
4. Career progression
5. Specialisations
6. Payments to carers

Each of these issues is discussed in turn below, indicating the potential coverage of the common template.

Core aims and expectations for child outcomes

The underlying objectives for the Welsh Assembly Government's work with children and young people are based on Seven Core Aims which derive from the UN Convention on the Rights of the Child. The Welsh Assembly Government describe the Seven Core Aims and their importance as follows.

“We aim to ensure that all children and young people:

1. have a flying start in life and the best possible basis for their future growth and development (Articles 3, 29 and 36);
2. have access to a comprehensive range of education, training and learning opportunities, including acquisition of essential personal and social skills (Articles 23, 28, 29 and 32);
3. enjoy the best possible physical and mental, social and emotional health, including freedom from abuse, victimisation and exploitation (Articles 6, 18-20, 24, 26-29, 32-35, 37 and 40);
4. have access to play, leisure, sporting and cultural activities (Articles 15, 20, 29 and 31);
5. are listened to, treated with respect, and have their race and cultural identity recognised (Articles 2, 7, 8, 12-17 and 20);
6. have a safe home and a community which supports physical and emotional wellbeing (Articles 19, 20, 25, 27, 32-35); and
7. are not disadvantaged by child poverty (Articles 6, 26, 27 and 28).

These Seven Core Aims remain the fundamental expression of the Assembly Government’s commitment to the nation’s children. They continue to underpin all its work with and for children and young people in Wales and provide a common framework for planning for children and young people throughout Wales, at national and local level.

Assembly Members have also voted to adopt the UN Convention as the overarching framework for the National Assembly’s work on behalf of children and young people in Wales.”¹³

For the fees framework, the main aim is to ensure there is full clarity for the fostering service provider and the foster carer, as well as to fostered children and young people, about what providers and carers are trying to achieve for the fostered children. This provides the basis for the remainder of the fees framework.

Responsibilities of carers and providers

The agreement should include a clear statement of what foster carers are expected to contribute towards the achievement of the aims for child outcomes. These would be generic, rather than specific to the placement.¹⁴ This might, for example, indicate

¹³ Welsh Assembly Government (2007) “Implementing Children and Young People’s Rights in Wales”.

¹⁴ Child development plans already cover placement specific issues.

whether foster carers are expected to provide a separate room for the foster child at home and/or on holiday; what general expectations are in respect of contact with the biological family; and whether the foster carer is expected to provide a full set of new clothes/toys etc for each new placement.

The agreement should include a clear statement of what the provider will do to assist the foster carer in the achievement of aims for child outcomes. This will include general support, visits and training. It will also include assistance when things go wrong. Foster carers should also be given a clear indication of how the flow of placements will be managed in order that they are able to maintain their income, making reference to any retainer fees available.

Skills and competences for carers

The agreement should provide a statement of what skills and competences are expected of foster carers when they start and how are these expected to develop over time. It should show how these link to the aims and expectations for child outcomes. It should also link these to the forthcoming induction framework for foster carers in Wales, which is being prepared by the Care Council for Wales, and with relevant National/Vocational Qualification competences.

The agreement should reflect recognition that skills and competences can be inherent and/or can develop through experience, as well as through training and the achievement of qualifications. It should indicate what training is provided to assist foster carers in developing their skills, indicating whether it is voluntary or compulsory, who pays for the training and whether it is linked to a qualification.

The agreement should also indicate whether, and how, the skills and competences of foster carers are assessed by the provider, or by others, and whether this assessment is linked to payments.

Career progression

The agreement should indicate how a foster carer, should they wish, could progress their careers as foster carers within the provider's structure. This may, for example, indicate a progression through different 'grades' alongside developing requirements in respect of skills, qualifications and experience and increasing payment levels.

The agreement should also indicate how these grades/skills/competences, and associated training and qualifications, relate to those for the wider children's workforce in Wales. This should assist foster carers in understanding the extent of integration of their own career structure with other career structures (such as for social workers) in order for them to understand the scope for 'sideways' progression or of continuing progression beyond the higher end of the foster care career path.

Specialisations

Some foster carers develop particular experience and skills in caring for specific types of child (e.g. those with learning difficulties, physical disabilities etc.) or in particular types of placement (e.g. very short term placements, or respite care).

Depending on the expectations for the core career path, this may make it difficult for them to progress along that path. In these cases it could be suitable to illustrate alternative career paths linked to the specialisations.

Foster carers should also be clear whether there are there specific expectations of them in respect of any particular specialisations toward, for example, skills, qualifications or home environment. Providers should explain whether they make different types of support available for foster carers who specialise.

Payments to carers

Payments to carers are of three broad types:

- A regular payment intended to cover expenses, sometimes known as a maintenance allowance;
- Ad hoc payments made for specific expenses;
- Additional payments intended to be payments over and above maintenance allowances or other expense payments. These payments are often known as fees any may sometimes be packaged together with the maintenance allowance and the expenses in one flat rate payment.

It is envisaged that agreements would provide clear details on which payments the foster carer is eligible for, in what circumstances the payment levels vary, including for example, when carers do not have a child placed with them or when that child is elsewhere, such as in hospital. An overview of the processes and timescales for claiming (if relevant) and receiving payments should also be provided.

All-in-one payments should equal or exceed any minimum maintenance allowance. In most cases payments would be expected to exceed the minimum maintenance allowance as this is unlikely to include all expenses in all circumstances.

Agreements should clearly show the provider's structure of maintenance allowances and fee payments, indicating how they vary by the, for example, age of the child, number of children/siblings, type of placement, skills and qualifications of carer. The circumstances under which retainer fees are available should also be described.

Payments that are intended to incorporate a fee element, as well as maintenance allowances, should indicate how much of the payment relates to the maintenance allowance.

3.6 Fee framework template

Most providers pay fees, but the systems are not easily compared. An aim for a new framework is to create a basis by which fees are more comprehensible, equitable and, hence, comparable. Throughout this section, we will refer to “the fee”. The fee is defined as an additional payment to foster carers beyond the payment for maintenance allowances, which are determined separately.

Synthesising the findings from our literature review and interviews with stakeholders leads us to propose a modular template for a fee framework, which would allow the combination of a variety of factors in determining the fee paid to a carer. However, although we will propose several models the exact determination of factors and the relative importance and weighting of those factors are likely to be best determined by providers or through negotiations between WAG and providers. Weighting may well also change over time as foster carer training becomes more available or other factors increase in importance. The framework options discussed in this paper are not intended to be an exhaustive list, but, rather, the basis on which these discussions can take place.

Contracts

It is important to note that allowances and fees do not cover all aspects of an agreed contract with an independent foster care agency or an individual foster carer. There may need to be other specifications such as the number of days assigned for paid leave or respite care, what is expected of carers when they do not have placements, and whether there are restrictions placed on the foster carer in relation to choice over placements or restrictions on taking other paid employment. It should be considered whether these terms should be constant irrespective of fee or should be related in some way to the fee received.

For simplicity, other existing requirements, such as those in Fostering Services (Wales) Regulations 2003 and the National Minimum Standards for Fostering Services could also be incorporated into a single fee framework contract.

The fee options

Our suggested framework calculates the fee on the basis of an individual place (per bed in a carer’s home, or per child to be placed), though the concepts can be adapted to represent the carer and their placements as a whole. We describe four options for the manner in which providers may set the fee:

- Option 1 – a flat fee for all carers;
- Option 2 – takes account of carer characteristics;
- Option 3 – takes account of child characteristics; or

- Option 4 – takes account of both carer and child characteristics.

These four options are summarised in Table 12.

Table 3: The four illustrative fees framework options							
Options	Flat fee	Carer characteristics			Child characteristics		Optional retainer
		Qualifications	Experience and skills	Child outcomes	Behavioural complexities	Special requirements	
1	✓						✓
2		✓	✓	✓			✓
3					✓	✓	✓
4		✓	✓	✓	✓	✓	✓

Source: LE Wales and Hadley Centre

We summarise the ideas in the main text and we also provide, in Annex 3, a more technical approach, suggesting the mathematical formulation required if the system were to be used and providing a worked example. After the descriptions of each option, we describe some of the considerations and systems by which scoring might be determined.

3.6.1 Options for a fee framework structure

Option 1: Flat fee and retainer fee

The simplest fee framework is to pay everyone the same. Providers would pay a flat fee for all carers *irrespective* of differences in their own personal attributes or the characteristics of the child(ren) they currently have.

A provider may wish to pay a retainer fee to carers in between placements, which could also be a flat fee, defined as some proportion of a “basic unit rate”.¹⁵

¹⁵ An extension to this might be to adjust the retainer fee dependent on the length of time since the carer’s last placement.

Option 2: fee based on carer's characteristics

The fee structure under Option 2 takes account of the qualities of the carer. A carer with better skills, better qualifications, or who succeeds in helping the child achieve target outcomes would be paid a higher fee. This option combines a basic unit rate with a multiplier which reflects these extra dimensions.

Providers would score carers on each of three different factors: (formal) qualifications, experience and skills, and child outcomes. A description of how these factors might be considered is given on page 93.

Providers would also decide the relative importance of each of the three factors. For instance, the provider may consider qualifications to be twice as important as child outcomes in setting a fee. Once this is decided, a single score for each carer can be produced, by a weighted-average of the scores.

The higher the aggregate score, the more a carer receives as a fee. This principle could apply to the fee whether in relation to an active placement or as a retainer fee.

Option 3: fee based on child characteristics

An alternative to basing the fee on carer characteristics is to base it on the child's characteristics. The assumption being that a carer taking on a child(ren) that was more difficult or challenging to care for would receive a higher fee.

How the child's special needs or difficulties should be determined is debateable. We propose two possible options: one which measures the behavioural complexities of the child and one that assesses any special requirements of the placement (such as a solo placement, a mother and baby placement or remand fostering). There is likely to be some overlap between these criteria; but we would always expect this, however the components are specified.

Again, providers would decide the relative importance of each of the factors to produce a weighted-average of the scores. It may be more appropriate for the rules for scoring individual factors to be agreed nationally.

The higher the aggregate score, the higher the fee. As it is supposed to reflect the difficulty of the placement, the placement score would not affect the level of a retainer fee.

We suggest that the fee be scored on the initial characteristics of the child(ren). An alternative would be to base the score on the child(ren)'s current characteristics, updated as they change over time. We think that this latter method may send the wrong signals however, as an improvement in child outcomes could lead to a decline in the fee paid and a worsening in child outcomes could lead to an increase in fees paid.

Option 4: fee based on carer's characteristics and child's characteristics

The final option combines the consideration of the carer score (from Option 2) and the child's score (from Option 3). This means that carers with, for instance, better skills will get a higher fee for dealing with the same difficulty level of placement, but also that carers dealing with more difficult placements will receive a higher fee.

3.6.2 Scoring considerations

Introduction

We have already highlighted the subjective choices to be made in selecting the criteria on which carers and children's difficulties should be scored.

Assigning values to the criteria, once chosen, is also subjective. For instance, a carer's experience score may differ if they have fostered for 2 years or for 20 years, but it is subjective whether the scores should be 1 and 5 (on a five-point scale), or something different.

The fee framework we set out makes the distinction between the rules by which scores are set and the importance of any individual score to the calculation of the fee.

Our proposal is that the rules by which the scores are set are agreed and set nationally, whilst the importance of individual scores is determined by providers, based on their own needs. However, we provide some examples of the ways in which scores may be determined.

The characteristics of carers and children

We listed five characteristics in Option 4: (formal) qualifications, experience and skills, child outcomes, behavioural complexities and special requirements. Some of these are easier to stratify and quantify than others.

Formal qualifications

The range of formal relevant qualifications may go from none to an advanced qualification in child psychotherapy, for instance. The most common qualification level currently used is Level 3 NVQ. However, this is in the process of being phased out, with the new system fully available from January 2011.

The new system of formal qualifications is known as the Qualification and Credit Framework (QCF). The basic currency of QCF is a credit, which represents 10 hours of learning.

Units of study come in three size bands (Award, Certificate and Diploma) and nine levels of complexity (Entry, Levels 1-8). The size bands relate to the number of credits: Awards are 1-12 credits, Certificates are 13-36 credits and Diplomas are 37 or more credits. The levels relate to the challenge and complexity of the unit.

Units can be combined for a variety of qualifications, and are transferrable between qualifications so learning is transferable.

The modular system of QCF lends itself well to a system of scoring qualifications, since the score could be directly related to the number of credits gained. Care should be given to judging which units have relevance to the skills needed in fostering.

Experience and skills

Experience and skills do not lend themselves as easily to quantification as formal qualifications. The length of time spent caring for looked after children, either as a foster carer or as a residential worker, could be considered relatively straightforwardly. Other considerations under this heading could include completion of specified tasks and the contribution that the carer makes to the development of the capacity of the agency (which could include training, mentoring and referrals).

A more qualitative assessment of the communication and social skills of the carer should also be considered; though quantifying this will be more difficult.

It is especially important that any nationally agreed scoring system is transparent for less quantifiable factors.

Child Outcomes

It is important that all placements enable children to meet the Seven Core Aims of Children and Young People: rights to action. However, it has not been common social work practice to clearly outline exactly what is expected from a placement and to link these expectations to the seven Aims.

Initially, child outcomes may be judged qualitatively, but if outcomes were agreed as an important element of a fee, more quantitative measures could be agreed. For instance, an aim of the placement may be for the child to achieve 90% attendance at school. However, the complexity lies in the outcomes being within the control of the foster carer. In the previous example, the school may decide to exclude the child and therefore the carer cannot help the child achieve 90% attendance. Nevertheless, we would argue that thinking about exactly what the placement is intended to achieve is better than simply wanting a foster placement for a child.

Once the aims were agreed (young people could also have a say in establishing the aims), the review system could monitor how successful the carer had been.

Behavioural complexities

We would suggest that a classification system such as the *Strengths and Difficulties Questionnaire (SDQ)*, as used in England since 2009, would provide a good basis for scoring the difficulty of a placement. It does not need to be this classification system specifically; there may well be alternatives that would be equally useful.

The Strengths and Difficulties Questionnaire is a well validated mental health screening and research instrument that measures whether children's emotional and behavioural development is problematic or within a normal range.

The Scale has 25 items and provides a total difficulties score as well as four 'subscales' that indicate whether a child has problems of one or more types. These types are the four most common areas of difficulty: emotional problems (anxiety and depression), conduct problems (oppositional or antisocial behaviour), over-activity, and peer relationships.

There is also an additional scale that shows the extent to which the child is pro-social: friendliness, volunteering help, getting on well with others etc. So, the scale measures strengths and difficulties and takes a few minutes to complete.

The SDQ has been used in the general population and in high risk populations, such as looked after children, adopted and fostered children, and is used in many other countries. The questionnaire provides a good indication of the level and kind of difficulties children are currently experiencing. An advantage of the scale is that teachers can also complete a form which would give an independent score and would therefore not be totally reliant on the carer's score.

The SDQ provides a total difficulties score that is categorised into normal, borderline and abnormal. Each of these could be related to payment.

Special requirements

There are a variety of reasons why a placement might entail special requirements. It is not restricted only to children with special needs, though this will be major group. A different special requirement score might be suggested for mother and baby placements, solo placements, sibling groups, remand fostering, respite care or any other particularly uncommon circumstances inherent to the placement.

The variety and difficulty of quantification make this a particularly important area for discussion in setting the rules for scoring.

3.6.3 Next steps

In this Chapter, we have introduced the concept of a fees framework and some initial views on how it might be structured and presented. This starting point is not set in stone and it is likely to need to evolve considerably in response to the views of stakeholders before any common framework is implemented. We suggest that the Welsh Assembly Government engages closely with stakeholders on these matters in the coming months.

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Annex 1 Literature review

This literature review covers the two specific branches of our research.

- The development of the maintenance schedule – by analysing the costs of looking after children and the additional costs of looking after foster children; and
- The development of the fees framework – by reviewing the key criteria that are important for fees, including what factors motivate current and potential future foster carers and the factors that may lead to the payment of differential fees.

A1.1 Maintenance costs

Estimating the costs of children is inherently difficult, which leads to several, competing and complementary methods. One of the main problems is that much expenditure within households is incurred by parents, and, furthermore, is not individually attributed; many items are shared between family members. In order to make meaningful comparisons, a benchmark must be established for how consumption benefits the household, independent of the amount spent. Hence the use of standard of living as a measure for comparison, which serves to make sense of the variations in the amounts that parents spend on their children, consistent with differing family incomes and as society's sense of what is necessary spending on children evolves.

Percival and Harding (2005), in a piece of research from Australia, on whose methodology we base our own analysis, state there are at least three different methods that have been used recently (in Australia) to estimate the costs of bringing up children, all of which rely on some quantification of a household's standard of living. One is to construct an artificial basket of goods to attain a pre-determined standard of living (budget standards). A second is quite theoretically-based in that it estimates the underlying personal behaviour functions, based on actual family expenditure (extended linear expenditure system; ELES). The third, which is the one they used, is to determine expenditure levels for different household compositions that equate to the same standard of living (equivalent standard of living).

The budget standards approach involves constructing a particular list of goods and services specific to household type and geographic location in order to achieve a set standard of living. After each item has been identified, its price is then discovered and the values are summed to arrive at a total budget. This method requires researchers to identify what children need rather than what parents actually spend on their children. Empirical evidence suggests that this method results in higher estimated costs of children than many other methods.

The ELES method sets out a utility function (which describes the set of goods that are consistent with any given level of happiness) and demand equations, which are estimated using survey data from actual household expenditure. In this method, utility is the measure of standard of living. Percival and Harding (2005) state that international research suggests the resultant estimates for the marginal cost of children are relatively low, to the point of even being negative for third or fourth children.

The third approach, as used by Percival and Harding (2005) and proposed as the method that we will follow, is to consider actual expenditure and compare the costs required to bring different household types to the same standard of living. The method compares the household expenditure of a couple with children with that of a couple of the same age without children who have an equivalent standard of living. The difference in expenditure represents the costs of children. This method indicates the actual spend, which in comparison to the budget standards method might turn out to be considered inadequate or excessive.

This literature review will first examine the available literature on the costs of caring for children in the general population. It will then examine the available evidence on the costs of bringing up a foster child, with a particular focus on the Welsh context.

A1.1.1 Costs of caring for children in the general population

A common yardstick by which the cost of caring for a child is measured is the “low cost but acceptable” (LCA) standard. This is the minimum expenditure that is thought to be appropriate in maintaining a standard of living above the poverty threshold.

More broadly, LCA standards can be applied to family units. Research by the Family Budget Unit (FBU) specified such budgets for families in Swansea and compared them to families in York, for which the work had originally been done. The work was done seven years ago, but shows that the LCA level was not particularly different between the two areas. Standards calculated by the FBU have not been recalculated since 1998, but have instead been updated by inflation.

Further studies by the FBU based on data from around the same time are illuminating in relation to the costs of living in certain types of areas, and with different family demographics. As well as the Swansea and York figures, there are data on families in London’s East End, a traditionally poor area, and, more specifically, Muslim families within the East End. The most recent LCA budget published, for April 2006, is also included in Table 4, which summarises the budgets previously mentioned.

The LCA budgets highlight some essential differences between families that affect the cost of maintenance, which we will address in turn as part of this literature review.

Although the balance between different expenditures categories will be specific to each ethnic group, it is worth exploring the details that were picked up by the FBU studies in 2001, which compared Muslim families with general families in the East End of London.

The work by the FBU explains why Asian children may actually be more expensive to foster, since many of the customs of Muslim families have correspondences in other Asian cultures. It is worth noting that the higher budget requirement was in spite of the Muslim families' budgets having no expenditure on alcohol, which would be one of the more expensive items on the budget.

The FBU summarised that Muslim families needed to buy "traditional Muslim clothing outfits and ethnic foods, which can only be obtained from specialist shops" (FBU 2001b, p.14). This created extra expense, despite culturally-British families spending more on clothing, personal care and leisure, as well as the expenditure on alcohol.

"Examples of higher priced items in the Muslim budget standard include:

- £10 per family per week for Arabic lessons for the two children;
- Jewellery considered socially essential for women;
- Relatively high costs of '*inexpensive*' sarees, compared to British summer dresses;
- Bangladeshi tradition of new clothes twice a year for each family member; [and]
- Relatively high costs of the Bangladeshi, family food basket."

(FBU 2001b, p.14)

An examination of the items listed above may also help to explain why it appears to be older children that cost disproportionately more. Since the diet and clothes for younger children are likely to be simpler, the difference in maintenance cost from white children will be less at younger ages.

Still, around a third of the extra expenditure calculated was due to higher rents in Tower Hamlets (compared to the average for the region), where a greater proportion of Muslim families were based.

Table 4: LCA summary (weekly) budgets for local authority tenant families with children: adults aged 32 years old, girl aged 4, boy aged 10, 2001-2006 (variously)							
Weekly rates	Couple				Lone mother		
Earners (working)	2	1	1	0	1	1	0
Working full-time (FT) /part-time (PT)	1 FT 1 PT	FT	PT	-	FT	PT	-
UK (Apr 2006)	£333	£273	£272	£262	£348	£276	£217
... with own car	+£27				+£27		
UK (Apr 2003)	£309	£256	£256	£244	£315	£253	£203
... with own car	+£27				+£24		
Swansea (Apr 2002)	£310	£257	£257	n/a	£310	£252	n/a
... with own car	+£26				+£24		n/a
York (Apr 2002)	£310	£259	£258	n/a	£312	£254	n/a
... with own car	+£26				+£25		n/a
East London (Apr 2001)	£322	£268	£267	£254	£337	£272	£215
... with own car	+£34				+£30		+£27
Muslim family East London (Feb 2001)	£343	£289	£288	n/a	£362	£297	n/a
... with own car	+£33				+£29		n/a

Source: Family Budget Unit (<http://www.york.ac.uk/res/fbu/publications.htm>)

The Minimum Income Standard for Britain (MIS; Bradshaw *et al.* 2008) is a study that set out to establish an “income sufficient to reach a minimum acceptable standard of living – a standard that social policy should aspire for everyone to meet. The standard is rooted in social consensus about the goods and services that

everyone in modern Britain should be able to afford, while at the same time drawing on expert knowledge about basic living requirements and actual expenditure patterns” (Bradshaw *et al.* 2008).

This MIS report is based on work with more than 200 people, via 39 focus groups over two years, who helped shaped the research, in combination with expert input regarding heating and nutrition.

It sets out minimum income standard budgets for four types of household, based on a pattern of expenditure that is intended to enable members of these households to participate in society, rather than just subsist. Expenditure was categorised into eight main subsets, broadly matching that used in official statistics, such as those based on the Expenditure and Food Survey (EFS), with a more detailed breakdown in some instances.

This approach suggests a much higher total weekly expenditure than the LCA methodology, though much of this is due to the substantial cost of childcare incorporated into the budgets. The value of expenditure for a variety of household types is shown in Table 5, with separate column entries for rent and childcare costs.

Without childcare costs, the additional cost associated with a toddler in the MIS is approximately £50 per week, and with, instead, two (older) children is £125. A third child (this one at secondary school) would add almost a further £100 per week, and, for a couple, a fourth child (toddler) would add approximately another £40.

Table 5: Minimum income standard expenditures by type of household, 2008

Adults	Children	Total consumption expenditure, excluding rent and childcare costs	Rent/ Mortgage Payments	Childcare costs
Single (male/ female)	0 (No children)	158.12	52.30	0.00
	1 (Toddler)	210.30	64.07	135.05
	2 (Pre-school & primary)	282.69	69.40	186.98
	3 (Pre-school, primary & secondary)	379.94	75.25	186.98
Partnered adults	0 (No children)	245.03	64.43	0.00
	1 (Toddler)	286.64	64.07	135.05
	2 (Pre-school & primary)	370.05	69.40	186.98
	3 (Pre-school, primary & secondary)	465.71	75.25	186.98
	4 (Toddler, pre-school, primary & secondary)	508.19	75.25	252.79

Source: *Minimum Income Standard for Britain*
http://www.minimumincomestandard.org/ready_reckoner.htm

The researchers who computed the MIS also made a comparison against actual expenditure, using data derived from five years' worth of EFS data (2001/02 to 2005/06), to check that the MIS were not very far removed from how people live. They used several years to generate larger sample sizes, and uprated the values to April 2008 price levels.

MIS budgets tended towards the lower end of observed expenditure by the corresponding household types. For example, about three-quarters of couples with two children spent more than the MIS budget. This was not always true, with only about half of lone parents spending above the MIS budgets, though the researchers point out that this group are far more likely to be on low incomes (nearly half of lone parents are dependent on Income Support).

Assessing the additional cost of a child necessarily requires comparing families with different compositions. In doing so, there is a need to control for these differences, to make the comparison like-for-like. This implies controlling for differences in the

standard of living. One way of doing this is to take incomes as an approximation for standards of living. Turning this process around means that the actual incomes of one family can be scaled to reflect the income required to have the same standard of living as another family with different characteristics. The scale which converts incomes of different family types is usually referred to as an equivalence scale.

As part of the work to develop a minimum income standard (MIS), Bradshaw et al (2008) reviewed the current practice in the industrialised world regarding equivalence scales. They found that the scales in common use were not very well suited for purpose, because they were either based on particularly old data (McClements equivalence scale) or not based on data at all, but rather convenience or political consensus (OECD equivalence scale; an approximation using the square root of family size; and a modified version used by Eurostat).

In response to this, the team constructing the MIS derived their own set of equivalence scales, using recent data collected from a consensus of ordinary people and supported by expert judgment. They present their results as multiples of the incomes of, in turn, a childless couple and a childless singleton. They also differentiate between equivalent incomes depending on whether childcare costs are included. As the authors themselves note, data from the Expenditure and Food Survey reveal very little spending on childcare, so the more relevant comparison is between equivalent incomes required not counting childcare costs.

Their findings (Bradshaw et al, 2008) show that, assuming a base income as that of a childless couple, a couple with a (one year old) child will have an equivalent standard of living with an income 15% higher (not counting childcare costs). Similarly, a lone parent with a (one year old) child requires an income 31% higher (not counting childcare costs) than that of a childless singleton to experience the same standard of living.

A1.1.2 Cost of caring for a foster child

Policy context

We start this sub-section by presenting briefly the national minimum allowance as set in England and its history in Wales to give a policy context relevant to our overall work.

Currently, the rules presently active for payment, which do not specify an amount, are set by Standard 30 of the National Minimum Standards for Fostering Services¹⁶:

Standard 30 – Payment to carers

¹⁶ Downloaded on 1 April 2009 from here:

<http://wales.gov.uk/docrepos/40382/403823121/1401493/1412220/1413391/NatMinStandardsFostering?lang=en>

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

30.2 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.

Meanwhile, England has a set of national minimum allowances for placements with foster carers, which vary by age and location, and which the UK Government has powers to enforce under the terms of the Children Act 2004.

The national minimum fostering allowance in England is constructed on the basis of the LCA. The Government first announced such a concept in July 2006 (to be applicable to the 2007/08 financial year), with the rate being increased annually by inflation. The weekly rates for 2009/10 are presented in Table 6, whilst the corresponding rates for 2010/11 are each about £3-£5 higher.

Table 6: National minimum fostering (weekly) allowance in England, 2009/10					
Weekly rates	Babies	Pre-Primary	Primary	Secondary (11-15)	Secondary (16-17)
Base	£106	£108	£119	£137	£159
South East	£117	£120	£134	£152	£179
London	£122	£125	£140	£158	£186

Source: Every Child Matters

(http://www.everychildmatters.gov.uk/_files/NMAFostering%20Providers2009-10%20FINAL.doc)

The national minimum allowance is designed to cover the costs involved in looking after any fostered child and is intended to be the minimum payment rate which any foster carer should be able to expect. It is not designed to be the rate at which foster carers are reimbursed, since the actual level of allowance should depend on the specific needs of each case. The levels of minimum allowances recommended by The

Fostering Network¹⁷ are considerably higher, at about a third more than the DCSF values.

The rates consider the regular costs incurred by all foster carers. However, there are significant irregular elements, not covered in the national minimum allowance, but which will apply to the majority of foster carers.

- Cost of birthdays, and religious festivals, such as Christmas;
- Cost of holidays; and
- Larger one-off items, required at start-up or during the course of the placement, are paid at the discretion of service providers (independent or local authority).

In addition, some carers may need support with the expense of making arrangements to look after more children, and those with particular needs, such as an extension or adaptation to the home or the cost of acquiring a larger car, for which negotiations are likely to occur.

It is instantly noticeable that the weekly cost far exceeds the national minimum standards set out by the DCSF and is between 70% and more than 100% of the LCA budget for a working couple with two children.

Consultation documents on proposed minimum allowances for fostering were produced by the Welsh Assembly Government (WAG), and, in England, by the then Department for Education and Skills (DfES), in 2006, which made reference to a study that surveyed families for their expenditure on children (Small Fortunes, Middleton *et al.* 1997). The survey sampled 1,239 children, weighted such that the results would be representative of all children in Britain. Along with this, the consultation documents used Oldfield (1997) as a basis for inflating the higher costs to those of looking after a foster child.

The Small Fortunes survey focused on regular (at least annual) spending, such as food, clothes, nappies, school, activities, baby-sitting and childcare, telephone and other regular money that the child receives (and which is not spent), religious festivals (Christmas), birthdays, holidays, daytrips and outings. The estimates did not include 'irregular' spending on items, such as furniture or baby equipment such as prams and cots. Neither did it include the costs of wear and tear on household goods. However, the estimates did include spending on the children from all sources, such as extended family and friends, not just spending by the parents. The research showed that ten per cent of average spending on children was provided by other people and that this primarily covered gifts or similar 'extras'.

¹⁷ <http://www.fostering.net/campaigns/allowances/minimum.php>

The consultation documents established that the cost of fostering a child was between 23% and 27% of average weekly household income in 1995/96, depending on the age of the child. Although the research is now over ten years old, it is still useful, since it remains unique in its focus. Both consultation documents presented the same example of taking the weekly cost of caring for a child in 1995, with the addition of household wear and tear costs, which were not included in the Small Fortunes estimation. The last step was to increase the cost by a factor of 50%, to reflect the extra costs that come with looking after a foster child, as suggested by Oldfield's work.

For illustrative purposes, the estimates that the Welsh consultation document arrived at are shown in Table 7, presented in 1995 prices.

Table 7: Weekly allowance rates, based on Small Fortunes 1995 figures				
	Babies	Pre-school	Primary	Secondary
Small Fortunes 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
SUB TOTAL	£51.85	£56.04	£53.82	£58.79
Extra costs of fostered child	+50%	+50%	+50%	+50%
TOTAL	£77.78	£84.06	£80.73	£88.19

Source: Welsh Assembly Government Consultation Document Proposed National Minimum Fostering Allowances

Both consultation documents suggested that average (household) income should be used to uprate these minimum allowances each year.

The proposal by WAG in their consultation on proposed national minimum fostering allowances was that the allowances should be based on actual expenditure and asked for responses as to whether this was reasonable. The consultation document also asked about the appropriateness of using the research cited, and the methodology. Other questions that were asked were whether there should be an item included in the allowance to compensate for the fact that foster children would have less spent on them by extended members of their family, and whether there was justification for varying the allowance by the age of the child.

The majority of respondents (22 out of 29) agreed that national minimum allowances should be based on actual expenditure, though the reasons given for

objecting were the difficulty in calculating the actual cost. Age was thought to have a bearing on the cost, although there was disagreement between respondents about which way this went, other than for older teenagers, which were thought to cost more for the following reasons:

- Have a lot of additional travel needs;
- Have to prepare for adult life and independence;
- Need the right clothes and accessories to be seen to be equal to their peers;
- Higher entertainment costs, partly from no longer getting child discounts; and
- Engaged in social activities separate from the family.

The response to the research cited was almost evenly balanced (18 in favour and 21 against out of 39); the same was true for using average income as the means of uprating (16 for and 11 against out of 27). The age of the research was considered an issue (even by some of those in favour), and the use of inflation or of average earnings growth were suggested as alternatives for uprating. Compensation for external presents was commonly (30 out of 35) thought to be a good idea.

Literature

The recent body of literature on the costs borne by foster carers in the United Kingdom contains two major studies, each of which uses their own methods as well as referring to other studies and findings. We also refer to an Australian study that addresses the same issues.

Oldfield (1997) is a seminal piece of research in the field regarding foster care expenditures. Her work, using the Family Budget Unit's "modest but adequate" standard as a basis, suggests that the cost of looking after foster children is approximately 50% (between 32% and 62%) higher than that of looking after foster carers' own children.

Kirton *et al.* (2007a), using primary data collected from surveys of 1,181 foster carers from 21 agencies (16 local authorities and five IFAs), found that there was a wide range of opinion as to whether maintenance payments adequately covered the costs of care. The authors found a statistically significant positive relationship (at the 5% level) between the views of carers on maintenance and higher performance as well as higher payments. They note that this is heavily influenced by the negative views of the "low performance/low expenditure [local] authorities, where only 23 per cent stated that maintenance costs were covered" (Kirton *et al.* 2007a, p.1212).

Kirton also produced a series of smaller studies (Kirton, 2001a, 2001b), which reported the findings from semi-structured interviews with 20 female foster carers

within one particular local authority in the south-east of England. The results from these interviews reveal the opinions of the carers about various aspects of their role and the system in which they operate.

Another large study, McHugh (2002), based on the Australian foster care system, also looked at the additional cost of fostering compared to caring for a child not in care. To do so, researchers got the opinions of 159 foster carers through a series of 26 focus groups, covering all States and Territories in Australia. The carers were presented with a set of budgets, estimated for children not in care, and were asked to explain how fostering costs differed. The report concluded that the cost of fostering children was about 50% higher than the general cost of caring for children, matching the conclusion of Oldfield (1997).

Box 1 Summary of Owen *et al.* (2007)

Owen *et al.* (2007) is a third recent report on the level and sources of variation in the overall cost of foster care in the UK. This provides some interesting information but is calculated on the cost of fostering services to local authorities, rather than the costs borne by a foster carer, and we cannot isolate how much of the variation, if any, would be attributable to foster carer costs. Thus we present the study in this box, to raise some issues, which are not necessarily covered elsewhere in the literature.

The study was commissioned by the Department for Children, Schools and Families in England. Its aim was to estimate what caused differences in the cost of fostering between local authorities, in excess of the difference in the general cost of children's social services between local authorities.

The measure of cost they used was the weekly ongoing cost of maintaining a placement, which did not include activity cost elements such as social worker visits and attendance at nursery/day centres.

They concluded that age, gender, disability and special needs, and ethnicity all could potentially have an impact. They identified these factors by way of literature review and a survey of local authority foster teams.

The authors analysed two different sources of data to try to quantify the significance and substance of the effects, the results of which are presented in this review. The two datasets were the Children in Need Census 2003 and data from the SSDA903 return for 2003/04. The former gives the costs of care in the census week for each child and the latter contains a record of every change of placement of each looked after child in the year ending 31 March 2004.

Owen *et al.* (2007) found that it systematically costs more to maintain a foster placement for a boy than for a girl, and that the increasing cost with age is true for each gender separately. The additional cost about 8% more on average across all

ages, and the difference was greatest (12%) for children aged between 10 and 14 years old.

Owen *et al.* (2007) found that the weekly cost of fostering was considerably higher for older children than for younger ones.

With regards to ethnicity, the lowest weekly costs were for white children (and also those whose ethnicity was not stated, but little can be deduced from this), whilst children of non-mixed minority ethnicities appear to be approximately equally more expensive than white children.

The finding that children from ethnic minorities cost more to foster also showed in another dataset, the SSDA903 collection, analysed by Owen *et al.* (2007). However, the most expensive group here were Asian and “Other” children (about 22% more than White children), whilst Black children and Mixed children cost about 8% more than White children (Owen *et al.* 2007 Table 21 p.24).

Looking at ethnicity and age (using Children in Need Census 2003 data again) together reveals a different picture. The relative costliness of maintaining foster placements for certain ethnicities varies by age in ways that are particular to each ethnic group. Children from black or mixed backgrounds are systematically more expensive at any given age, in comparison with white children, but, that children from Asian or “Other” ethnic groups are not so much more expensive as young children as they are as older children. This echoes the findings for Muslim families living in East London, according to the FBU.

Owen *et al.* (2007) suggest that the direct element is minimal, and that the indirect (geographical) element is the main driver behind the differences observed, although this was estimated by grouping all ethnic minorities into one group and comparing against the white population. They cite Bebbington and Beecham (2003a, p5) as having come to the same conclusion, using the Children in Need 2001 survey data.

The finding of no direct effect of ethnicity apparently contradicts the work by the FBU (2001b) on LCA budgets for families in East London, in which it was estimated that Muslim families did need to spend more money to attain LCA living standards, given the cultural norms to which they had to adhere. However, one other finding from the FBU work was that a third of the higher cost was associated with higher rents from living in Tower Hamlets, so there is some common ground between the two studies’ findings.

In view of their findings on variations within ethnicities by age, and the variations between ethnicities, the reason for Owen *et al.* (2007) finding a small direct effect could be that, in aggregate, each different culture’s differences are lost with more emphasis on the differences shared by all ethnic minorities (primarily, a tendency to be living in poorer areas).

The additional costs of maintaining placements for children with special needs arise much more prominently with children up to the age of 14 than those older than that, according to the evidence presented by Owen *et al.* (2007).

Naturally, children with special needs were found to cost more to look after, although the figures presented by Owen *et al.* (2007) considered all special needs in aggregate; this masks the complexity and variation within the category.

Comparisons of the maintenance cost for children with special needs by ethnicity were also made but the estimates were on small samples, which make them less reliable. There appeared to be big differences in weekly foster costs between children with special needs and those without from all backgrounds, with the exception of Asian and mixed children.

Age, gender, disability and special needs do have a role to play in determining the appropriate maintenance allowance for childcare, but the geographical location appears to be the most important single factor. None of the differences in characteristics explored above control for geographical differences, so any correlation between geographical location and any of these characteristics will be identifying a difference that is not necessarily causal, but is, rather, symptomatic.

Owen *et al.* (2007) use local authority (LA) dummy variables to check for the geographical effect, then sequentially add each of the characteristic variables (also as dummy variables) to investigate the additional effect.

The LA dummies explain 20.2% of the overall variance by themselves, with age increasing this to 21.6%, and the remaining three explanatory variables increasing this to 21.9%. Despite the small additions to the explanatory power of the models, each of the coefficients was found to be statistically significant.

Variation by ethnicity

Indirectly related to the ethnicity of the child, Kirton *et al.* (2007a) found that, within their sample, white foster carers were more satisfied with maintenance payments than their minority ethnic counterparts (at the 3% level of significance). This finding was also echoed in relation to overall payment in research by Sinclair *et al.* (2004).

Kirton *et al.* (2007a) noted that “[i]mportantly, the lower level of satisfaction among minority ethnic carers was found within (ethnically diverse) agencies and was not explicable in terms of concentration of minority ethnic carers in agencies where satisfaction was generally low” (Kirton *et al.* 2007a, p.1210).

There are two threads to variation by ethnicity, direct and indirect, which need to be distinguished in a way not possible in aggregate comparison at national level. The direct variation is important to consider, which relates to cultural differences that necessitate different expenditure, such as clothing and dietary differences.

The indirect variation results from the observation that families from ethnic minorities reside disproportionately in often poor localities or where the costs of foster care are high for other reasons. This variation is not related to cultural differences and should not be double-counted by associating this type of variation with differences in costs inherent to a family's ethnicity.

Additional costs associated with children with special needs

A report by Indecon (2004) on the cost of disability in Ireland highlighted that the additional cost to achieve a given living standard varied not just with the nature of the disability, but also the intensity of the condition. Therefore a more refined system of calculating the additional maintenance allowance would be required if the objective of the maintenance allowance is to ensure a certain standard of living.

On a very basic level, the additional cost of mechanical supports, or modifications to the living space and mode of transport present costs to the foster carer, which clearly could vary widely according to need (Brown 2007).

Occasional expenditures (such as birthdays)

Research by Kirton *et al.* (2007a) found that there was generally positive satisfaction with additional payments for birthdays and Christmas, or other festivals, (where such payments were made explicitly (rather than being bundled together into a catch-all payment)). The authors state that the pattern of satisfaction followed that of satisfaction with maintenance payments, or payments more generally, across agencies.

A1.1.3 The additional costs of fostering a child

The factors that contribute the most to the additional cost of fostering in comparison to general costs of caring for a child were highlighted in the consultation documents published by WAG and by the DfES in England. These were arrived at, with reference to Oldfield (1997), and through focus groups held to inform the consultations.

"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’; and
- 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.” (WAG 2006, p10)

Increased consumption by child

Across all types of consumption, foster carers are likely to encounter higher expenditures or faster deterioration of durable goods with foster children compared with their own biological children.

McHugh (2002) found that children in foster care tend to damage household goods, such as furniture, more frequently than biological children would, and that the cost of wear and tear or repairs would not be covered by the content insurance.

Furthermore, foster children would be likely to require the use of more water, with higher laundering rates (due to increased incidence of bed-wetting), and higher use of water for showers and baths. This also has the associative costs of increased consumption of toiletries.

This increased use of water brings with it a higher use of energy, in heating the water, for example. This is part of a more general additional use of energy, which involves leaving electrical appliances and lights on, as well as increased use because of spending more time in the home than other children (perhaps due to being suspended from school).

Foster children are more likely to consume more food, either due to previously being under-nourished, which could result in over-compensating by hoarding or over-eating, according to the work done by McHugh (2002), but also simply by wasting food.

Children going into foster care may have very few clothes of their own, so a high initial cost may be to give them an adequate wardrobe at the onset of a placement.

Some foster children present more difficult placements, most commonly due to disruptive or destructive behaviour, which can lead to greater expenditure by the foster carer. This presents problems from two perspectives: firstly, the direct cost incurred in repairing and replacing items broken, destroyed or stolen, and, secondly, the increased burden and stress caused by such behaviour. However, neither the

physical cost, which potentially could be covered by the maintenance allowance (under exceptional items), nor the emotional cost (which would need to be factored into any fee calculation) can be addressed easily before the incursion. For example, Kirton (2001a, p.206) describes one carer who had “spent significantly on activities and equipment” to work effectively with an “uncontrollable 8-year old boy”, but who was being forced to choose between continuing the placement by subsidizing this extra expenditure out of her own pocket or terminating it, as the local authority, though acknowledging the efforts she had made, was not willing to pay the exceptional payments.

Associative costs of being a foster carer

One aspect of being a foster carer can be taking the children to see their birth family, for which there are additional costs, especially in relation to transport. Another additional cost would be the extra cost of taking the foster child on holiday, which is not usually considered part of the regular maintenance allowance. Again, Kirton *et al.* (2007a) found that views on routine additional payments (especially regarding transport and holidays) were very strongly linked to wider perceptions of maintenance costs and overall satisfaction with payment. As the authors note, this suggests “that perceptions of additional payments are a vital element in overall satisfaction with payments”.

The additional transportation cost depends on the arrangements with the birth family, and the distance that needs to be travelled, which is clearly specific to each placement. There may be a one-off cost to foster carers of purchasing a larger vehicle to accommodate the transport of more people (McHugh 2002).

A1.1.4 Combining care for biological children and foster children

Attitude to spending allowances

The maintenance allowance is seen as money that must be spent on the foster children (Kirton 2001b), which can sometimes lead to behaviour that would not be the natural inclination for foster carers with their own familial finances. Although needs were the main driving factor behind expenditure, there was also a sense of obligation to spend, because the money is there for that purpose, even though “social work monitoring of expenditure was generally thought to be ‘low key’”.

This lead to such instances as replacing outgrown shoes immediately, rather than waiting till the end of term, or spending the money on the child in some other way, such as on a holiday. Kirton also highlights the different thought processes arising from the individual-specific nature of the allowance, in that one foster carer recalled, “with an expression of guilt”, to spending the allowance for one “well-clad foster child” on another who had almost no clothes; something that would not be questioned within a biological family.

Minimum level or commensurate with foster family

There is an inherent contradiction in professing a suitable level of expenditure for foster children. This is due to the multiple counterfactual scenarios into which foster children fall.

Foster children are, concurrently, part of their biological families (to which they may return), part of a foster carer's family (possibly for a long or short period), and part of the social welfare system. A corollary of this contradiction is in the relationship that money and affection have, both perceived and real, and both for foster carers' families and for foster children.

The contradiction arises in ensuring that the level of care that the foster children receive and the expenditure spent on them is balanced within all three spheres of their life.

In general, there is downward pressure on expenditure from the perspective of the foster children's biological families (who tend to be relatively poorer than the fostering families) and from the social welfare system, due to budgetary constraints.

If foster children are more generously looked after than their biological (non-fostered) siblings, or than their biological parents could afford, this could create conflict and resentment, which could make reintegration into the biological family difficult.

Similar foster children (or, more broadly, looked after children, meaning all those in the care system) might also be expected to receive equal treatment if the social welfare is to be equitable. This constraint can be problematic if allowances include stipulations for pocket money to be given to the foster children. On the positive side, as Kirton (2001b) points out, this ensures equality amongst looked after children, gives them a notion of something that is their own, and helps introduce teenagers to the practice of budgeting. However, the negative aspects include cultivating the attitude that pocket money is a right, rather than something earned (either through effort or good behaviour).

However, there is also a comparison to be made with foster carers' families, in particular their biological children. There is pressure on foster carers to align expenditure on foster children with that on biological children, since the children themselves will naturally compare their lots. For example, in many instances, for reasons of equity, pocket money given to biological children converged on prescribed payments, or even guidelines, applicable to foster children.

In general, the direction of expenditure convergence is less clear, since foster children tend to cost more to look after, as described above, yet much of this additional expenditure is on "necessary" items, rather than gifts and treats. Carers, more so in recent times (Kirton 2001b cites Parker 1966; George 1970; Adamson 1973; Bebbington & Miles 1990; and Triseliotis *et al.* 2000 as evidence), tend to be slightly better off than the families of their foster children so, if they are to bring

spending into line, this generally means spending more on the foster children than the social welfare allowances stipulate, or restricting spending on their biological children to the level of the social welfare allowances as well. Even in the instance where the allowances are more than the foster carers would be spending on their biological children, the feeling seems to be among foster carers that the money is public money, meant to be spent on the foster child, so the pressure to align spending still exists, just the other way around.

According to Kirton (2001b), the tension is most strongly felt and expressed in relation to (family) holidays (Triseliotis *et al.* 2000), which is understandable as these are simultaneously leisure choices and (potentially) private time for the family. The norm is for foster carers to expect to take their foster children with them (Oldfield 1997, Kirton 2001b), but holidays are also seen as a time to get “respite” from foster caring and/or treat biological children to parental attention away from the foster children, and, sometimes, there may be resentment at having to taking difficult foster children on holiday in what should be a time to relax (Kirton 2001b).

That foster children tend to have two families (foster and biological), can imply that carers’ equal treatment of their biological and foster children can result in biological children being relatively worse off (say, if the foster children receive gifts from both sets of family). Some anecdotes from the study by Kirton (2001b) reveal that equal treatment is not always achieved – due to the difference in emotional attachment that the carer feels to the two sets of children – or in order to achieve (the appearance of) equal outcomes – such as by inventing aunts and uncles from whom gifts could be received, or by keeping some treats secret.

A1.2 Fee payments

The changing requirements made of foster carers have strengthened the case for fees to be paid for their services. However, the underlying concept of familial care stands as a potential barrier to acceptance of a fee-paying system.

A brief list of the major changes and contentious issues is as follows:

- Shift from treating fostering as an extension of family life to a job and profession;
- Shift implied treating carers as colleagues of social workers instead of clients;
- Children in foster care have multiple problems and many of those who at one time would have been in residential care are now cared for by foster carers. Has become a task demanding skilled intervention to improve children’s outcomes;
- Reluctance by social workers to accept foster carers as colleagues; and

- Traditionally, work done by women caring for children is not valued.

A1.2.1 Arguments for and against fee payments

A recent study by Kirton *et al.* (2007a) found that there was a “generally low level of satisfaction among local authority carers, especially in comparison with their IFA counterparts”, and there was “growing support for salaried status” (Kirton *et al.* 2007a, p.1205).

Noting the historical trend towards more professional demands of foster carers, Kirton *et al.* (2007a, p.1206) states that the “case for payment [...] arose both as compensating a loss of intrinsic satisfaction from the ‘parental’ role and rewarding a more ‘detached’ approach”.

A second historical context that would strengthen the case for a fee, continue Kirton *et al.* (2007a), was “the growth in employment of (married) women (Parker 1978)”, since this simultaneously threatened the supply of potential foster carers (predominantly female) and legitimized the idea of paid-foster care, whilst also heightening the debate as to whether foster care was “parenting” or a “job”. A further pressure came from the “growth of independent fostering agencies (IFAs) during the 1990s”.

However, Kirton *et al.* (2007a) note that several previous studies have found little evidence to support links between payment and recruitment or retention of foster carers, with the exception that Sinclair *et al.* (2004) report “that those who received ‘greater than predicted’ income from fostering were more likely to continue” (Kirton *et al.* 2007a, p.1208).

This could be because signalling to foster carers that their work is valued does not necessarily have to come from fee payments. Feeling valued can be experienced in other, perhaps, more important ways relating to job satisfaction, such as by being treated as a respected member of the professional team around the child and by provision of support.

Opportunity cost

The effort involved in fostering varies primarily according to the difficulty of the child (Kirton 2001a), which therefore influences the opportunity cost (the value to the carer of the next best alternative). This alternative may be leisure time, or income from an alternative use of their time. One of the benefits that fostering can provide, if there are fees paid, is an income whilst the carer remains at home with their biological children.

In considering the arguments regarding opportunity cost, it should be borne in mind that approximately one-quarter of foster carers in Wales are single adults. The proportion varies slightly between countries within the United Kingdom, from about 20% to 30%, but evidence from a survey of foster carers by Swain (2007), and

comparable figures based on Fostering Network membership that she cites, all point to the proportion being close to 25% in Wales.

Oldfield (1997) estimated that foster carers would be required on average to spend just under 49 hours each week, taking 35 hours for the general time taken in looking after a child¹⁸, plus 14 hours for the additional fostering tasks.

Tapsfield and Collier (2005) point out that in many cases, foster carers are not allowed to combine fostering with a full-time job. The increased need for households to rely on two incomes diminishes the likelihood that an individual would be willing and able to become a foster carer if no fee was paid. Indeed, Sinclair *et al.* (2004) suggest that the shortage of foster carers could be reduced by widening the payment of fees.

Foster carers are nowadays, in contrast to the past, more likely to be looking after children with behavioural problems and to be looking after those children for prolonged period. Policymakers now consider foster carers more as part of the social welfare system (DfES 2005), and make demands of them that would be more associated with a job than with familial care. In turn, foster carers and agencies are more demanding of training opportunities.

Swain (2007) describes the range of activities required of foster carers, which include “ensuring that children have contact with their families, attending court, record keeping and training”, whilst their training includes “child development, attachment theory, the importance of play, how to improve educational outcomes, and the impact of sexual abuse and trauma on children’s development”.

This change in roles has resulted in the falling incidence of foster carers who do not receive a fee, and, importantly for the future, (potential) foster carers who do not *wish* to receive a fee (Tapsfield and Collier 2005; Swain 2007).

Most of the carers interviewed by Kirton, all 20 of whom did receive fees, stated that they would seek other paid work if they were not involved in fostering, though the motivation for choosing either of these over leisure were not always for financial gain; some sought the stimulation that could not be gotten through purely leisure activities.

Fostering Network (2004), in a survey of foster carers, found that fewer than half of carers received any fee, and less than a third received over £100 per week.

The perception of whether the 20 foster carers interviewed by Kirton thought their payments were “OK” (13), “too low” (6) or, in one case, “too high”, appeared to be related to the difficulty of their foster children. A more difficult child required

¹⁸ Based on estimates from Henley Centre Leisure Futures (1992).

attention more intensively and for more hours of the day, even throughout the night. In these instances, the fee was perceived to be too low.

This highlights an important issue in determining the opportunity cost, being whether the role of a foster carer is judged to involve every hour of every day or whether it is a fee for integrating the care of a child into that of regular family life.

An aspect of opportunity cost, in relation to the time involved, is that of the age of the foster children. In the payment scheme, under which the carers interviewed by Kirton (2001a) were remunerated, the fee was higher for looking after older children. Kirton (2001a) gives two reasons why recruiting carers for older children might be more difficult (higher maintenance costs and more challenging behaviour), but records that the majority of interviewees rejected both arguments, saying that findings by Triseliotis *et al.* (2000) supported the view that younger children were more time-consuming as they needed more attention and could not be left unattended during the day.

Payments are made, in principle, for the skills that foster carers bring to the role, but another common perception is that the fees paid are compensation for the difficulties encountered with foster care. These could include dealing with disruptive or destructive behaviour by the foster child, which might be in the home or outside, and can extend to theft, but also violent or threatening behaviour by a foster child's birth family. As with other aspects of payment and the perception of foster care, the degree of difficulty encountered during a placement influenced the interpretation and perspective on payments (Kirton 2001a).

As alluded to above, foster carers may be restricted, either by time, or also by the terms of their appointment, from employment elsewhere. This may be to ensure the children in care receive plenty of time and attention, but can result in foster carers losing the alternative income they would otherwise have had.

Swain (2007) found in her survey (of 1,064 foster carers in the UK) that 70% were not in employment, with about 10% probably in full-time employment, and the remaining 20% in part-time employment. This proportion appears not to be different between single carers and carers in relationships.

Among the 40% of foster carers not in receipt of a fee, 40% were in employment and 50% were in receipt of income in the form of a partner's salary. This means that somewhere between 4% and 20% of foster carers did not receive any earned income. Swain (2007) notes that 6% of her respondents stated that benefits were their only source of income.

Swain (2007) found that foster carers are disproportionately more likely to be claiming benefits than others of working age in the countries in which they reside. In Wales, 24% of foster carers were claiming some form of benefit, compared to 13.5% of people of working age who were claiming. This disparity between foster carers and the general working age population was the greatest in Wales out of all four countries in the United Kingdom. The overall finding for the United Kingdom was

about 17% of foster carers receiving benefits and about 14% of the working age population doing so.

Attracting quality

As with other payments for work, a higher wage or fee payment, in principle, can be used to attract higher skilled foster carers. This argument runs parallel to that of opportunity cost, in that those with better skills might be able to earn better wages in alternative employment. Kirton (2001a; p.204) states that fee payments have “always enshrined this principle”.

The attitudes of foster carers suggest they do not think that the fees they are paid adequately reflect the skills they possess. Only three of the 20 foster carers interviewed by Kirton (2001a) indicated clearly that fees reflected skills, whilst eight indicated they did not and the remainder were undecided. The interviewees reflected common discussions about the true value of unpaid domestic labour (Ungerson 1997), with a ready comparison being that of being employed in residential child care (Triseliotis *et al.* 2000), and, further, use of skills gained from past experience that could be used more formally, such as nursing or counselling.

Among the 20 interviews conducted by Kirton (2001a), there was an even split between those in favour and those against grading of fees. General principles thought to be useful in relation to grading were that it should reflect skills or hardship rather than performance (given the variation in difficulty of placements), that fees could be linked to, and used to encourage, training, and that grading was potentially divisive, since some skills were innate and the presence of differentials could damage relationships between foster carers.

It should be noted that the satisfaction felt by foster carers is not solely related to the value of the income they receive from fostering. Indeed, payment may not be thought of as a substitute for support aimed at the care placement.

Beecham and Sinclair (2007) point out that findings from a survey by Kirton *et al.* (2003) suggest that carers who received better support were generally more satisfied and more engaged in training and networks of foster carers. Examples of support included regular monthly visits of at least an hour from the carer’s supervising social worker, designated social workers for all children in placements, along with care plans and timely reviews. Participation in training, foster carer groups and social events appeared to be positively correlated with satisfaction.

Furthermore, half of carers surveyed by Kirton *et al.* (2003) would have preferred maintaining support levels rather than receiving higher payments, with only 20% of foster carers feeling the contrary.

Increasingly professional aspect to the foster carer's role

The artificial line of separation that is imposed upon foster carers between familial roles and administrative duties would appear to accentuate the professional perspective to fostering, on the surface, at least, if not in the attitudes of the foster carers.

Indeed, Beecham and Sinclair (2007) review the findings of Selwyn *et al.* (2006), and note that the evidence, also found elsewhere, suggests that the outcomes of adoption may have been marginally better than those of foster care. The truncation of formal fostering at around 16 or 17 years old and the limitations to parental authority placed on foster carers present constraints to fully developing or benefiting from emotional attachment, having already expended the cost in finding and maintaining an appropriate placement.

Training of carers is increasingly thought of as an important part of developing a higher quality fostering service. This not only reflects a sense of professionalism, but, in the additional time requirements needed for participation, places more emphasis on the need for professionalism. For those foster carers who have other employment, the time burdens of attending training courses on top of handling placements may be prohibitive.

The influence that being paid a fee might have is shown in work by Ogilvie *et al.* (2006). They found statistically significant correlations between attending training and the following: feeling like fostering was a career, receiving a fee, and the fee being regarded as an alternative to paid employment.

This should be viewed in the context of a general positive attitude of foster agencies (both local authorities and independents) to foster carers being trained. Ten of the 13 local authorities and all five of the independent foster providers that Ogilvie *et al.* (2006) contacted provided regular, specific training.

Five of the LAs and four of the independents had clear training strategies for their carers; four LAs and two of the independents linked training to the fee payment.

Three of the five independent agencies made training compulsory for their foster carers, and, whilst this was mostly not the case for carers in LAs, there was an expectation that carers would undertake training, and have documentary proof of this, among the four LAs that linked fee payment to skills.

Their work presents mixed evidence on what gives rise to the correlation. There was no statistically significant relationship between satisfaction at the level of the fee payment and attendance of training, but measures of satisfaction with the support level of the agency was positively associated.

It also showed that female carers, who were not in other paid employment were more likely to attend training, as were those who dealt with more placements, older children, and a wider variety of placements (long- and short-term ones).

Evans *et al.* (2007) highlight the emphasis that WAG has already placed on training for foster carers. They note that Clough *et al.* (2005) deemed that training is imperative in dealing with children's challenging behaviour, promoting the child's education, and managing contact with birth families. Furthermore, they make reference to WAG's support of an annual Social Care Workforce Development Programme (SCDWP), which aims to increase the proportion of staff with the qualifications, skills and knowledge relevant to their work, and includes foster carers in its definition of staff. Other initiatives include the requirement of carers to maintain a training portfolio.

Foster carers who attended focus groups held by Ogilvie *et al.* (2006) were not universally keen on linking fee payment to formal qualifications (NVQs), and at least some of this disaffection stemmed from a belief, also held by some supervising social workers, that training and qualifications did not necessarily reflect, or even increase, ability.

Carers and supervisors alike thought that linking payment to training would discriminate against those who would be unable to attend training and those less academically-gifted, as well as those who already had the experience which the training sought to imbue.

Qualifications were thought to be useful to young carers for developing their careers, and raising professional standing and status, but the idea that the task of caring was less involved or less well done by inexperienced or less well-qualified carers was disliked by the carers in the two independent agencies that linked fee payments to skills.

Something that is not strongly addressed in the literature, is the increasing expectations that could be placed on (trained) foster carers to accept or cope with difficult placements, and, perhaps, a loss of the right to terminate a placement if a fee was being paid. Some of the comments from foster carers interviewed in focus groups by Kirton *et al.* (2007b, p.11-12) point to this being an issue.

Implied/perceived absence of love/emotional attachment

In the interviews with carers conducted by Kirton (2001b), there were several mentions of foster children being aware of payments being made to carers and, at times of tension or during arguments, raising the issue that the carer was motivated by money rather than affection.

Kirton (2001a) asked carers about their motivation and attempted to see if views changed over time. He found that there did not seem to be any difference in attitudes, though he notes that the ones that are most experienced are those that still foster, whilst there would have been foster carers who started at the same time but have decided not to continue for whatever reason.

Payments were welcomed by those interviewed by Kirton (2001a), which seemed to be for a few reasons. One reason, certainly, and especially among newer carers, was to ensure they were not out of pocket, with “modest expectations of earnings” (Kirton 2001a, p.201). This ties in with what Kirton noted to be a weak degree of distinction between fees and maintenance allowances amongst interviewees (Kirton 2001a, p.203). Other reasons were that improved payments were a welcome reflection of the challenges faced and the more professional service that was expected of carers.

However, payments were not found by Kirton (2001a) to be a motivation to foster for a small majority of carers, neither among more experienced carers (who had started fostering at a time when fees were not paid, and maintenance allowances were not necessarily sufficient) nor newer carers. This is corroborated by earlier work by Butler and Charles (1999) from a small-scale study which interviewed carers about their attitudes to placements and why they succeed or fail.

Further evidence from Kirton (2001a) of this is that carers, upon starting, had poor or no knowledge of the payments they would receive, nor of the challenges they would face, unless they had direct knowledge from other carers or previous work in the care system.

A hypothetical reduction in payments was thought to be problematic, not by diminishing the motivation to foster, but by making it less viable, and continuing, perhaps with an independent agency (to maintain levels of remuneration) was the most commonly expressed desire.

The change in the legal requirement to it being that the carer must treat the foster child as “part of the family”, rather than, as was previously the case, “one of their own” children does not seem to have had a large effect on the attitude that carers take in their relations with the children (Kirton 2001b).

Kirton picks up three defining dimensions in whether the role is seen more as parenting or more as a job, none of which is the presence of a fee, which again highlights the blurred lines between fee payments and maintenance allowances from the point of view of the carers.

The first dimension is that the actual care of the child is like parenting, but that fostering also involved elements of bureaucracy (Kirton 2001a mentions form-filling and attending meetings), which were more akin to a job. The second dimension was to do with the degree of separation from the birth family, given that some foster children are taken on permanently, whilst others are temporarily fostered, and, also given that there some children retain strong links with their birth family and others are much more removed. The third dimension is the difficulty of the placement: relationship with the child can become affectionate, or can become a burden, depending on circumstances, the latter then being seen as a chore and more as work.

However, the 20 carers interviewed by Kirton, despite receiving fee payments, were mostly against fostering becoming a salaried service (11 against, 6 for, and 3 undecided). Both viewpoints related the demands of the role to their interpretation of whether the same demands would be made by a job, all of which are true. The role was becoming more like a profession, and a salary would provide income security, according to those in favour. There were no set hours, or holidays, and no “clocking off”, according to those against.

A further argument against salaries was the perception and expectation that this would create, which carers felt was not present with a fee-payment system. The conversion of fostering to a salaried profession could create the perception of “an institution within the home” that was “clinical and cold”, the “antithesis of family life”, but, also, employed status could “remove independence, especially in relation to placement choice” (Kirton 2001a, p.202).

Aftercare presents a further wrinkle to the debate regarding income and emotion. Kirton (2001a) found that almost all 20 of the carers he interviewed had significant ongoing contact with at least some of their foster children after the placement had officially finished, even to the extent (in four cases) of the child continuing to live in the home. This evidence, which is supported by other studies (Wade 1997; Broad 1998; Pinkerton 2000), highlights the personal dimension and intrinsic reward that good relationships with the children in their care have for foster carers.

Development/risk of income dependency

There was a full range of responses to the question posed to foster carers on how often financial payments loom into their thoughts. Any time that they found themselves unexpectedly out-of-pocket was highlighted as a trigger, naturally, to think of finances. Reasons could be “expensive placements”, which could cover high travel costs or replacement costs from theft or damage, but could also be problems with bureaucracy, such as delayed payments or reimbursements (Sellick 1992).

There is a distinction to be drawn, however, between the cost of a foster placement (and the direct financial costs to the carer of that), and the financial considerations that a carer might make about the income generated from fostering (which may be used in other aspects of their life). For instance, Kirton (2001a) mentions a foster carer having to pay for respite care (when they needed a break from the foster child), lowering their income, and feeling financially penalized as a result of something they would consider a feature of the placement; this would appear to be more related to income dependency.

As is explored elsewhere in this review, blurred boundaries between the two strands of income from fostering (maintenance allowances and fees) and their relationship to expenditure on foster children make “reliance” slightly difficult to pin down.

Kirton (2001a) points out that the “official” position within fostering agencies is that foster carers should not be reliant on payments, since this might bias decisions to

take up or continue placements, and because the agencies cannot guarantee placements. However, reliance does actually help agencies, in that agencies are under pressure to find placements. Whereas a flat salaried scheme would remove the incentive to accept a placement for its financial reward, the piece-rate system of fee payments works in directly the opposite way.

Only three carers of the 20 interviewees explicitly confessed to “taking any placement” for the payment because of income considerations (Kirton 2001a, p.205), none of whom, perhaps surprisingly, were the five who had expressed worry about maintaining their income levels. Placement decisions (accepting and terminating) for the majority were based on the suitability of a foster placement in relation to the rest of the family, including any other foster children.

A survey conducted for Kirton *et al.* (2003), and summarised by Beecham and Sinclair (2007), found that foster carers did tend to be reliant on the income from fostering, and, although the income was not the primary motivation for choosing to foster, about three out of five thought that fostering should be salaried. Their findings were based on a survey of 2,000 carers. Only a third of the respondents had (other) employment, and income from other sources tended to be under £20,000.

Another example of the importance of the financial aspect is that, whilst three out of eight respondents had expressed an interest in adoption, only one in eight had done so, and many cited the perceived drop in financial and social support as reasons for this.

In contrast to the potential for income dependency on the part of the foster carer, those that commission fostering services should consider the need to retain the supply of foster carers by using retainer payments, when the carers are not actively involved in placements.

If income from fostering is the only source of income for a household, then losing this income, even temporarily, may result in a foster carer searching for other ways of earning income, and potentially remove them in the future from being available to foster.

Poor retention rates could be costly for commissioning services, since carers are increasingly the subject of training and other forms of investment, not to mention the constraint that leakage of skills might have on the quality of the foster care system.

A1.2.2 Quantifying the amount to be paid (if non-zero)

We would not advocate that historical fee payments unduly influence any decision about fee determination, but it would be important from a budgetary perspective to realise how much has been paid in the past.

A survey of 1,129 foster carers (Fostering Network, 2004) found that only half (49%) of foster carers received a payment, though it is pointed out by Swain (2007) that

the landscape has changed in favour of more and higher fees being paid to foster carers. At the time of the survey, though, in 2004, of foster carers who did receive a fee, three-quarters received under £200 per week and 39% received under £100 per week.

A more recent survey (2006), of 1,064 foster carers, of which 68 were based in Wales, shows that 60% of all respondents received a fee payment for fostering, and 53% in Wales (Swain, 2007). Among those who received a fee, 62% received under £200 per week and 25% received under £100 per week.¹⁹

This summary belies a schism within foster carer groups, wherein just 54% of local authority foster carers received a fee, but 94% of independent foster provider carers did. Within the respondents from Wales, 39% of local authority foster carers received a fee, whilst 94% of independent foster agency carers did. These proportions, although broadly in line with previous studies, should be treated with caution, since the sample size was small.

The amount to be paid depends, firstly, on what the fee is being paid for. Tapsfield and Collier (2005) identify three rationales for payment:

- Payment for skills, as measured by qualifications and experience;
- Payment for time and effort involved in the placement; and
- Flat fee across all foster carers.

The second dimension that could influence the amount paid is whether the fee is calculated on a per-child (per-placement) basis. If a foster carer is judged to expend more time and effort for additional placements, then a fee payment on a per-child basis is the appropriate solution. The impact of extra children may be considered less if the placements taken by a foster carer are a sibling group (for instance, contact visits would be likely to be combined as a result).

Tapsfield and Collier (2005) present an example schedule for different fees, based on skill levels and placement requirements, summarised in Table 8.

¹⁹ Our survey of foster providers (LAs and IFAs) provides more recent information about payments to foster carers in Wales. Further details are provided in Annex 4.

Table 8: Approximate levels of fee payment commensurate with carer and placement details, as suggested by Tapsfield and Collier (2005)

Level	Description	Fee per week	Equivalent per annum
2	Newly approved foster carers (1-2 years), may be beginning S/NVQ level 3 or equivalent level of qualification	£120	£6,240
3	Experienced working foster carers, most of whom have achieved S/NVQ level 3 or equivalent level of qualification	£185	£9,620
4	Experienced foster carers taking on additional responsibilities	£275	£14,300
5	Specialist schemes requiring an exceptionally high level of skill and commitment (including remand, treatment and intensive fostering and the care of children with multiple disabilities)	£385	£20,000

Note: Level 1 was assigned to most family and friends carers, and some prospective adoption placements, where they would receive no fee.

Source: Tapsfield and Collier (2005), pp. 13-14.

Swain (2007) identifies children's home residential care staff as a comparable occupation to the demands of fostering and highlights that a very small proportion (7%) of foster carers who responded to her survey received £400 per week, which equates to an amount similar to that earned by residential care workers (assuming a 40-hour week)²⁰.

²⁰ Based on data from Local Authority Workforce Intelligence Group (2006)

Annex 2 The cost of caring for a child

A2.1 Expenditure decision

The most important point to recognise in assessing expenditure levels is that overall expenditure is constrained by income. Credit lines such as loans and credit cards can extend current expenditure beyond current income, but, even here, the amount of credit available to an individual is dependent on that person's level of income.

Within this constraint, expenditure choices balance needs and wants, which themselves are dependent on the composition of the unit for which expenditure is made. For example, the spending pattern for a young person, working, is likely to be quite different to that of a pensioner.

The exact definition of necessary expenditure and discretionary expenditure is subjective. Although there would be a minimum level of nutrition required to stay alive, a minimum (socially) acceptable standard of living for someone in an advanced economy would be higher than this. The relevant measure of poverty in advanced economies is more commonly relative, rather than absolute.²¹ This is useful in the context of foster care, part of which is aimed at maintaining a socially acceptable standard of living for foster children.

A2.2 Approaches to costing the care of a child

There are two approaches that can be taken to assess the cost of caring for a child, each of which has its own shortcomings. Both of the approaches involve some notion of a standard of living, but use it in different ways. The first approach chooses a standard of living directly and hypothesises a pattern of spending to achieve this. The second approach considers an income level and its associated standard of living for a hypothesised family, then estimates the cost, based on observed spending patterns, of adding a child to the family, such that the standard of living of the family is unaffected.

The first approach constructs an artificial budget, based on the items that are considered necessary to realise a given standard of living. Immediately, the subjectivity of this approach is clear. Standard of living is subjective itself, as is the influence that different items of consumption have on an individual's standard of living, not to mention the intangible factors that are hard to quantify let alone

²¹ For example, the UK government uses the yardstick of less than 60% of the median household disposable income, after the cost of housing has been deducted. A full exploration of the thought process behind such a measure is available here: <http://www.poverty.org.uk/summary/income%20intro.shtml>.

quantify the effect of (such as stable family circumstances or a well-maintained, nearby, park).

The second considers the actual amount spent by households with children and compares this with the amount spent by childless households. This must be done carefully, however, since a lot rests on establishing the correct comparison family. Broadly speaking, this means identifying characteristics within the sample of childless households to ensure they are as similar to those with children in other respects.

We are trying to estimate the additional expenditure required on an additional child in order to maintain the existing standard of living for the family. In making this estimate, income is a very important factor. We would not correctly estimate the additional cost of a child if we kept the income the same but added an extra child as this would reduce the family's standard of living. Further to this, there is a general progression of income over an adult's life, which correlates with the number and age of children. This is a particularly tricky comparison. Younger adults tend to be on lower incomes than older ones, which may partially explain any higher expenditure by older adults.

Essentially, with either method, to arrive at the marginal cost of caring for a child, we want to compare the expenditure patterns of households with and without children, such that the two sets have the same standard of living.

A2.3 Introduction to the Expenditure and Food Survey

The Expenditure and Food Survey (EFS) is an annual survey commissioned by the Social Survey Division (SSD) of the Office for National Statistics (ONS) and by the Department for Environment, Food and Rural Affairs (DEFRA).

Information for the EFS is collected from people living in private households. The survey is made up of:

- a comprehensive household questionnaire which asks about regular household bills as well as expenditure on major, but infrequent, purchases;
- an individual questionnaire for each adult, which asks detailed questions about their income;
- a diary of all personal expenditure kept by each adult for two weeks, and of home grown and wild food brought into the home; and
- a simplified diary kept by children aged 7 to 15 years, also kept for two weeks.

Approximately 6,000 households respond each year, with the latest data being published about two years after the responses are collected. The survey has been

conducted on a calendar year basis since 2006. Prior to this, the survey was conducted on a financial year basis, with data available from 2001/02 to 2005/06.

Surveys are conducted with households throughout the year, so there should be no seasonal bias in the data when considering averages for the year. However, outliers may affect the results if the sample sizes are too small, as potentially could be the case when we look at particular household compositions. We propose a possible avenue to investigate, in terms of increasing the sample size, in Section A2.6.

The household is the main unit of interest to this analysis. The EFS records the composition of each household surveyed. Firstly, the composition records the number of adults and the number of children in each household, with details of their genders and of their ages (grouped into bands).

Of particular interest to our analysis is one variable that classifies households as either wealthy, index or pensioner households, and which allows us to strip out those households with spending patterns that would be substantially different from those of working households with income constraints. There are also a very few foster families surveyed in the EFS that would also be excluded to avoid any bias inclusion would cause.

Further factors that we can use to identify better matches are whether the female in a couple's household is economically active and the geographic location of the household. If the female is economically active, this would plausibly increase childcare costs, which can be substantial. Knowing that London is a special case, as income weighting in very many arenas highlights, we exclude households based in London from the analysis and, as a check, test to see if the mean expenditures by families in Wales are statistically different from those in the rest of the UK (excluding London).

In summary, we exclude from the analysis the following: households from London, wealthy households and pensioner households. With the remaining households, we compare expenditures of households with the same number and gender make-up of adults.

The headline comparison is between total consumption expenditure, but the EFS also contains more refined information on the purpose of the expenditure. This is important, as we also make the same analyses for consumption expenditure excluding rent.

There are 13 broad categories of expenditure, which comprise activities listed in Table 9. Note that non-consumption expenditure is saving, though some of this may be considered as bequests to children in the future, such as capital payments on a mortgage or life insurance, which would most likely benefit those left behind after death. As such, this is not likely to enter any decision affecting foster children, so we do not consider non-consumption expenditure in assessing the cost of caring for a child.

Table 9: Contents of expenditure categories in the Expenditure and Food Survey

Expenditure category	Sub-categories
Food and non-alcoholic drinks	Food [in detail]; non-alcoholic beverages (brought home)
Alcoholic drinks and tobacco	Alcoholic beverages (brought home); tobacco and narcotics
Clothing and footwear	Clothing; footwear [both including separate entries for children's items]
Housing, water, fuel and power	Rental (but not mortgage) payments; maintenance and repair of dwelling; water supply and miscellaneous services relating to the dwelling; electricity, gas and other fuels
Household goods and services	Furniture and furnishings, carpets and other floor coverings; household textiles; household appliances; glassware, tableware and household utensils; tools and equipment for house and garden; goods and services for routine household maintenance
Health	Medical products, appliances and equipment; hospital services
Transport	Purchase of vehicle; operation of personal transport equipment; transport services
Communication	Postal services; telephone and telefax equipment; telephone and telefax services
Recreation and culture	Audio-visual, photographic and information processing equipment; other major durables for recreation and culture; other recreational items and equipment, gardens and pets; recreational and cultural services; newspapers, books and stationery; package holidays
Education	Education fees; payments for school trips, other ad-hoc expenditure
Hotels, cafés and restaurants	Catering services; accommodation services
Miscellaneous goods and services	Personal care; personal effects not elsewhere classified; social protection (including childcare, nursery/crèche); insurance; other services not elsewhere classified
Non-consumption expenditure	Housing (mortgage interest payments, council tax, etc.); licences, fines and transfers; holiday spending; money, transfers and credit; other items recorded (including insurance, income tax, mortgage capital payments and home improvements, savings and investments, debt clearances, windfall receipts from gambling)

Source: EFS documentation (5986_spec2006_userguide.xls and 5986_volume_f_derived_variables.xls)

A2.4 Household expenditure - descriptive statistics

A2.4.1 Aggregate statistics

In total, across the six editions of the EFS that we have combined for our analysis, there are 41,676 households. Of these, one-third (13,546) contained at least one child. The corresponding numbers for households in Wales were 2,073 and 688.

Within our restricted sample, of households we have identified as comparable, and on which we run the analysis, we have 17,401 households, with 8,695 (50%) with at least one child. For Wales, the numbers are 1,004 and 537 (53%).

For 2006, for which we present the analysis as an indication of the superiority of using several years' worth of data, the total sample was 6,645 households. Of these, just one-third (2,111) contained at least one child. The corresponding numbers for households in Wales were 311 and 92. Within the restricted sample, we have 2,682 households, with 1,351 (50%) having at least one child and 140, with 71 (51%) in Wales.

From here on in, we will focus almost exclusively on estimates based on the data from combining the six editions of the EFS. We suggest that this set of estimates are more reliable, and making reference to these alone avoids losing sight of the findings in a flood of dataset comparisons.

Our aim is to produce an analysis that is relevant to Wales. In light of this, we have excluded London households as we suggest that the composition of the cost of living is structurally different there than elsewhere in the UK. There will undoubtedly be differences in cost structures between other parts of the UK, and, indeed, within Wales.

Given that differences exist within regions as well as between them, we run our analysis separately on different income levels to capture some of the aspects of different costs of living, rather than focus on the difference between regional averages.

In this context, we note that families in Wales tend to have lower incomes and make lower expenditures than those of the rest of the UK (excluding London).

We also split our analysis between one-adult and two-adult households, because this is another way in which the cost pressures on a family are likely to be structurally different.

Within our sample, gross weekly incomes were on average £401 for one-adult households and £827 for two-adult households. Figures for Wales were substantially lower for both groups: £350 and £763, respectively – both around 90% of the averages for the aggregate.

For expenditure, we find that total consumption expenditure were on average £252 for one-adult households and £494 for two-adult households. Figures for Wales were substantially lower for both groups: £228 and £461, respectively – both just over 90% of the averages for the aggregate.

A2.4.2 Statistics by household composition

In a comparison of average expenditures by household composition, shown in Table 10, there is little statistical difference to be found between Wales and the rest of the UK (excluding London). We base our conclusion on making comparisons between the averages where there are at least 10 households in Wales, since we need a sufficient number to give us confidence that the average value is something that might represent that type of household in Wales.

Of the 13 household categories for which we do have a sufficiently large sample sizes, nine show no statistical difference in the average expenditure. There were three other household types that showed statistically significant results, but the sample sizes were so small that we cannot be confident of these findings.

Table 10: Average weekly total consumption expenditure by household composition, in the UK (excluding London and Wales) and in Wales, 2006

HH composition: <i>Number of men (M), women (F) and children (C)</i>	UK excluding London and Wales		Wales		<i>t-stat</i>
	Average expenditure	Sample size	Average expenditure	Sample size	
0M 1F 0C	247	1,646	228	82	1.31
0M 1F 1C	255	874	250	63	0.31
0M 1F 2C	292	683	241	51	2.54**
0M 1F 3C	284	234	285	12	-0.03
0M 1F 4C	301	74	307	5	-0.22
0M 1F 5C	308	20	389	2	-0.79
0M 2F 0C	426	224	432	4	-0.10
0M 2F 1C	423	73	374	7	0.85
0M 2F 2C	504	24	317	2	3.07**
0M 2F 3C	431	12	543	2	-0.28
0M 2F 4C	186	1			
1M 0F 0C	241	1,960	201	135	3.56**
1M 0F 1C	272	92	261	11	0.34
1M 0F 2C	301	56	246	4	0.61
1M 0F 3C	299	10			
1M 0F 4C	277	4			
1M 1F 0C	473	4,250	423	240	3.71**
1M 1F 1C	484	2,100	475	137	0.52
1M 1F 2C	539	2,753	497	169	2.45**
1M 1F 3C	548	850	503	58	1.44
1M 1F 4C	532	223	516	11	0.16
1M 1F 5C	466	56	401	2	2.47**
2M 0F 0C	456	159	259	6	2.64**
2M 0F 1C	332	15			
2M 0F 2C	492	3			
2M 0F 3C	644	1	578	1	

Note: Average is a weighted average, using the sample weights in the EFS, excludes wealthy households and pensioner households.

** denotes statistically significant at the 5% level

Source: 2001/2- 2006 Expenditure and Food Surveys, National Statistics and LE Wales calculations

A2.5 Household expenditure – regression analysis

The aim of our analysis throughout is to filter the sample such that the households with children and those without are comparable for the purpose of estimating the *additional cost* of looking after a child. This requires us to try to minimise the differences in standard of living between the two sets when we make the comparison. So far, we have concentrated on eliminating households where the preferences and behaviours are very likely to be different to those that include children.

A2.5.1 Method

Using the method used in Percival and Harding (2005), we can further refine our measure of the standard of living, and, thus, attempt a more precise estimate of the additional cost of looking after a child.

Their method begins with the same approach we took in the previous section, of discarding those households with systematically different preferences and behaviours, such as pensioner households and households with very high incomes.

Their next step is to determine the standard of living. This is done by defining categories of expenditure that are deemed necessary expenditure. Similar proportions of total expenditure on these items thus reflect similar standards of living.

Percival and Harding (2005) selected the following items to be measured as a proportion of all consumption expenditure to estimate the standard of living:

- Food at home;
- Fuel and power;
- Household non-durables for use inside the home (e.g., disposable nappies);
- Postal, telephone and telegram charges; and
- Personal care products and services (e.g., shampoo).

The estimation method would be based on two equations, the parameters of which would be estimated by ordinary least squares (OLS) regression analysis. The form of the equations is given below, reproduced from the aforementioned paper.

Equation (1) had the following form:

$$C = f(fY, fY2, Age_i \dots Age_n, \text{demographic controls}) \quad (1)$$

Where

C = household consumption expenditure

fY = total household weekly income

fY^2 = the square of total household weekly income

Age_i = number of persons of age i in household

Demographic controls = a series of variables denoting the education, economic activity, ethnic background and marriage history of the adults in the household

For the second equation (2) a functional form specified by Betson (1990) was used.

$$LNPF = g (LEFS, LEFS^2, LNF, CKA_1, \dots, CKA_n, \text{demographic controls}) \quad (2)$$

Where

$LNPF$ = the logit of the proportion of household consumption expenditure spent on the selected basic goods

$LEFS$ = the log of per capita consumption

$LEFS^2$ = $LEFS$ squared

LNF = the log of family size

CKA^i = number of persons of age i in household divided by family size

Demographic controls = a series of variables denoting the education, economic activity, ethnic background and marriage history of the adults in the household

Having estimated the parameters of the equations, we can estimate the marginal cost of caring for a child of a given age, for a given set of incomes that equates to a standard of living, by solving the simultaneous equations.

This process is as follows:

- Estimate Equations 1 and 2, using the observed expenditure data of a sample of families;
- Hypothesise a model family unit (income, number of adults and number of children, each by age, and various other demographic characteristics²²): Family A;

The demographic choices should not make a large difference to the findings, since we alter only the composition of children in the household to generate our estimates, holding everything else constant. For the purposes of this

- Populate Equation 1 with the characteristics of Family A to estimate the consumption level that would be expected of Family A;
- Populate Equation 2 with the characteristics of Family A and the consumption level estimated from Equation 1 to estimate the standard of living measure that would be expected of Family A;
- Hypothesise a model family unit that has one fewer child (of a given age) than Family A, but otherwise has the same demographic characteristics: Family B;
- Impose the condition that Family B and Family A have the same standard of living, and find the level of consumption for Family B, as suggested by Equation 2;
- The consumption level of Family A would be expected to be higher than the consumption level of Family B, since the cost of an additional child is likely to be more than zero.
- Subtract the estimated consumption expenditure of Family B from the estimated consumption expenditure of Family A to estimate the *additional* cost of the child to Family A, given Family A's income and demographic characteristics.

A2.5.2 Results

Our estimates are intended to illustrate broadly the level of additional expenditure required for a child, rather than prescribe exact numbers. The numbers themselves are interesting, especially in the context of other estimates of the expenditure and allowances pertaining to fostering a child.

We found that, based on expenditure patterns by families at an income level concomitant with being above the poverty threshold²³ from the United Kingdom (with the exclusion of London), excluding the cost of housing, the additional weekly cost of a 0-4 year old would be about £70, as would that of a 5-15 year old, and of a 16-17 year old would be slightly more at about £90.²⁴

report, we have made the following standardisations for the family demographics: any adult in the family is between 50 and 59 years old (reflecting what we found from the focus groups), has further education, but not higher education, and is not from a black or minority ethnic background; the household representative person (main earner in the family) is female in a one-adult family and male in a two-adult family; the female in the household does not work and the male in a 2-adult family works full-time.

²³ Using the UK Government's measure of relative poverty, as described on The Poverty Site (www.poverty.org.uk), which defines being in poverty as being in a household with an income less than 60% of the median household income.

²⁴ We use data for the UK (minus London), rather than for Wales, because the sample sizes for Wales only are much smaller. We saw earlier that in most respects the sample for Wales was not statistically significantly different,

For the most part, our calculations suggest that the additional cost of a child is positively correlated with income levels (a higher income is associated with a higher cost). This simply reflects that higher expenditure is usually associated with higher income. As should be kept in mind throughout the whole of this work, these findings are based on observed spending behaviour, rather than creating hypothetical basket of expenditure.

Economies of scale in the additional cost of children, whilst maintaining the same standard of living may or not apply, seemingly dependent on where in the income distribution a family is, according to our calculations, but in any case, these may not be applicable to foster families, where the children placed at the same address may not be blood-related. Nevertheless, inasmuch as economies of scale may apply, we have found that the greatest economy of scale occurs when considering the move from one child to two.

Stratifying the sample by the number of adults and income levels

In total, we ran 40 regressions on the data from the EFS to generate our estimates.

For each subsample, of which we have ten, we made two sets of estimates (that is, estimate equations 1 and 2 using two different sets of variables). The first set is used to estimate the marginal cost of an additional child, by age group, and the second set is used to estimate whether any economies of scale are apparent (with no distinction made between children's ages).

We estimated these four regressions on ten subsamples, rather than one sample, because of two further refinements, one a slight modification to the method used by Percival and Harding (2005).

The first refinement, which is used by Percival and Harding (2005), is to split the households into two groups, according to whether there is one adult or two present. The second, which is one we introduced, is to split each of the two subsequent subsamples into five groups, according to household income.

The average (mean) weekly household gross incomes of each of the ten subsamples are shown in Table 11. We would suggest that the second quintile (£216) for single adults and the first quintile (£337) for two adults are the appropriate ones to consider when focusing on the relative poverty threshold set by the UK Government²⁵.

though for four important family groups, Welsh families had statistically significantly lower expenditure.

²⁵ The UK Government's definition of poverty is a household income of less than 60% that of the median household. For clarity of message, the headline income threshold is based on all households, but this obscures the fact that differently-sized households would have different standards of living if they were in receipt of the same level of income. Thus, we use the thresholds, estimated by the Poverty Site (www.poverty.org.uk), which would apply if households were compared only against those with the same composition of people. The Poverty Site states that for 2006/7, the low income threshold was £189 per week for a single adult with two dependent children

We chose these quintiles for two reasons. We wanted to ensure that the value of the allowance was sufficient to provide for a standard of living that is above the poverty threshold.

Table 11: Mean incomes by number of adults and income quintile (Dec 2008 prices)				
Number of adults	Income quintile	Mean weekly gross income	Annual gross income equivalent	Number of households
One adult	1 (low)	£112	£5,841	1,216
	2	£232	£12,061	1,304
	3	£366	£19,024	1,204
	4	£516	£26,846	1,184
	5 (high)	£836	£43,457	1,110
Two adults	1 (low)	£361	£18,787	2,373
	2	£619	£32,163	2,252
	3	£791	£41,147	2,284
	4	£998	£51,916	2,231
	5 (high)	£1,398	£72,689	2,243

Note: Annual equivalent calculated as 52 times the weekly income.

Source: 2001/2-2006 Expenditure and Food Surveys, National Statistics and LE Wales calculations

under 14; and £270 per week for a couple with two dependent children under 14.

Data samples and measures of consumption

We have one main set of results on which to base our analysis, but we also present, for the purposes of comparison, and to inform policy and process decisions, three further sets of results.

The main set is based on the combined data from six editions of the EFS, with a measure of consumption that excludes expenditure on housing rent (net of any allowances for renters) on first and second dwellings.

The second-most important set also considers the combined data from six editions of the EFS, but does not make any exclusions from total consumption expenditure, as defined in the EFS. This is the variable that is pre-defined within the EFS, though we think that our modified definition is better for comparing households, since all rent and mortgage payments have been excluded.

The remaining two sets are presented to show that using multiple years to generate larger samples is a preferable approach for a more robust analysis. This is an important comparison, when considering future work, which, due to the break in the series, will require 2007 data to be estimated separately from the EFS releases that preceded it. These two sets correspond to the first two, except that they have been estimated using just one year: 2006.

Additional cost of one extra child by age of child

This section examines the individual results of our calculations on the additional weekly cost of one extra child for each subsample.

Our main results, the secondary results and those of the estimations using just one year's (2006) data are all shown in the charts that follow. Estimates for the main results and the secondary results are labelled on each chart. The four series illustrate that increasing the sample size helps to reduce (but not necessarily remove) the impact that some unusual spending patterns have on our calculations.

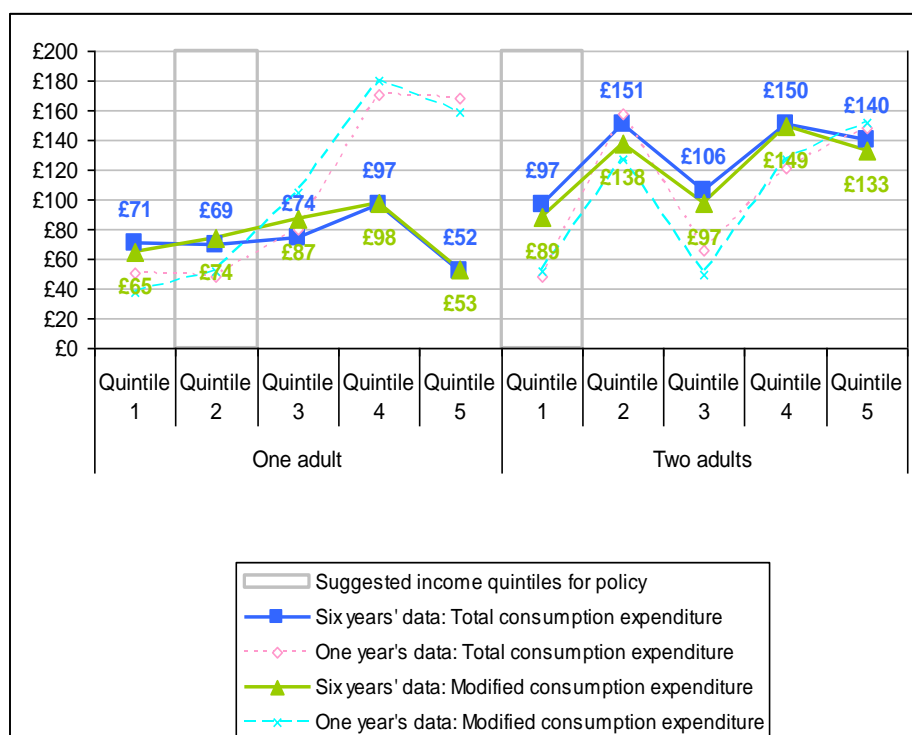
Overall, we find that the additional cost of a child is highest for older teenagers and is lowest for other school-age children, with the cost being somewhere in between for very young children. For any given age, the additional cost increases with household income (see Box 2 for an explanation of one exception to this).

Each chart has our suggested income quintiles for policy focus highlighted by grey-bordered columns. We distinguish between the main results ("modified consumption expenditure"; reflecting that this does not include various rent-related expenditure), and the secondary results ("total consumption expenditure"; this being the label for the variable in the EFS dataset).

We have three charts, showing our estimates for 0-4 year olds (Figure 1), 5-15 year olds (Figure 2) and 16-17 year olds (Figure 3).

Based on our suggested income quintiles, we estimate that the additional cost of a 0-4 year old will be about £75-£90, based on our definition of modified consumption (Figure 1). We can see that the estimates based on six years' data are smoother than those of the estimates based only on the 2006 survey for the most part (as mentioned above, see Box 2).

Figure 1: Additional cost of a 0-4 year old child, by number of adults in family and income quintile



Source: 2001/2-2006 Expenditure and Food Surveys, National Statistics and LE Wales calculations

Box 2 Note on our estimates for the cost of a 0-4 year old to a single adult

Unusually in our estimates, we do not find a clear relationship between the additional cost of a 0-4 year old as income rises for a lone adult, contrary to the trend seen in our other estimates.

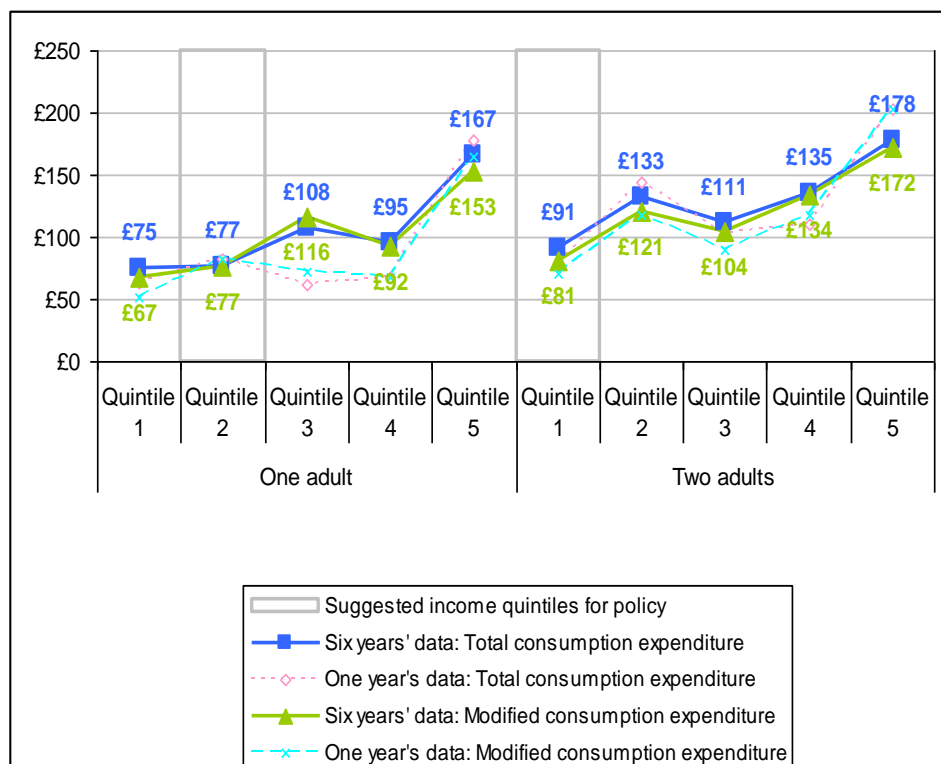
There are two problems in discerning a relationship for this set from our estimates. One is that the value of almost £100 in income quintile 4 appears to be unusually high, and this spike is present in all four estimation methods. The second is that the value of the additional cost of a 0-4 year old in income quintile 5 is markedly lower

when using the estimates from the six years' sample rather than the 2006 sample in isolation.

The multiple year sample exhibits smoother relationships throughout all of our work, so we would postulate that the high value in income quintile 4 is the unusual result, and that the relationship we have estimated is downward sloping. This being different from all other trends illustrated by our estimations suggests that there is something structurally different about this group which is not captured by our model.

The estimated additional cost of a 5-15 year old (Figure 2), within our suggested quintiles, does not differ much from our estimates for a 0-4 year old for a single adult. For two adults, the additional cost appears to be less for 5-15 year olds than 0-4 year olds. Again, combining samples from several years results in estimating a more stable relationship between additional cost and income quintiles, at least in the one-adult estimates, suggesting a better quality of estimation.

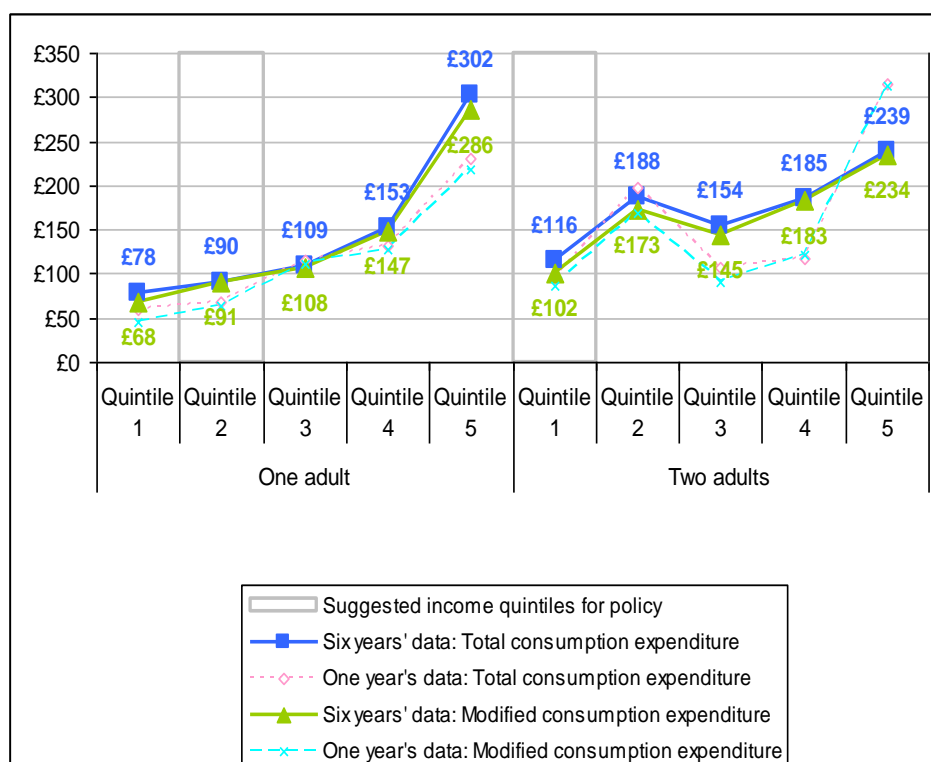
Figure 2: Additional cost of a 5-15 year old child, by number of adults in family and income quintile



Source: 2001/2-2006 Expenditure and Food Surveys, National Statistics and LE Wales calculations

At £90-100, the additional cost of a 16-17 year old is about £10-15 per week more than that of a younger child, according to our estimates (in our suggested income quintiles), shown in Figure 3.

Figure 3: Additional cost of a 16-17 year old child, by number of adults in family and income quintile



Source: 2001/2-2006 Expenditure and Food Surveys, National Statistics and LE Wales calculations

Cumulative cost of several children

We investigated the extent to which 'economies of scale' might exist in respect of expenditure on bringing up a child – i.e. is the expenditure per child lower when there are more children and where the standard of living in a family is constrained to remain constant.

Our results were mixed and did not show any clear overall pattern of economies or diseconomies of scale. For some family types economies of scale appeared to be present and for other family types diseconomies of scale appeared to be present.

Even if a clear pattern of either economies or diseconomies of scale were present, we are not convinced that this pattern would necessarily be relevant in the context of fostered children. Some of the factors that could drive economies of scale within a biological family, such as sharing of bedrooms, clothes and toys, may not always apply in the same way within families with fostered children.

A2.6 Ensuring the robustness of the estimates

One of the problems encountered with survey data is ensuring that it is representative. The EFS is designed with this in mind, but nevertheless can suffer from small sample sizes when looking at particular groups within the sample (such as we do here in looking at different household compositions).

The single-year sample sizes for the main types of household are usable, but we have found that combining the data from several editions of the EFS produces better estimates.

The EFS goes back to 2001/02 in its current form, which gives us six editions to merge, going up to the 2006 edition. There is a problem in extending this into the future, in that the 2007 edition uses different weights and, discussions with the ONS reveal that, the break in series makes joining datasets across these years statistically unsound.

A more basic pitfall to this approach is that it is only useful if we assume that tastes have not changed considerably in the time covered by all the combined datasets. Over a period of six years, we would argue that this is a reasonable approximation.

A2.7 Going forward - uprating and rebasing

Whatever the estimate made for the cost of bringing up a child, the amount will change from over time, influenced by price inflation and by changing tastes. We use the same terminology for the two adjustments as that used in the Minimum Income Standards work commissioned by the Joseph Rowntree Foundation (Bradshaw *et al.* 2008).

Keeping the same consumption basket and adjusting purely for price changes is called **uprating**, whereas adjusting the estimate of expenditure by re-estimating the basket of goods is called **rebasing**. Rebasing is preferable to uprating, since it is more thorough, but uprating is less intensive and easier to understand and communicate quickly.

Assuming tastes remain the same and that price changes do not result in different spending patterns (uprating) can be a fair approximation over short periods of time. However, the discrepancy between estimates of rebased expenditure and uprated

expenditure, created by ignoring such changes in taste, are likely to be greater the more time that passes.

If we assume that tastes have remained the same between the last estimate and the present data, we are still left with a decision to make regarding the index with which to uprate the expenditure amounts. The first choice is whether to use a single price index to uprate total expenditure, or whether to use separate price indices for different categories of expenditure. The next choice is then the appropriate price index or indices to use.

The two main types of index that could be used are indices based on incomes and indices based on consumer prices.

The WAG consultation document for minimum fostering allowances suggests using income to uprate the allowances.

We suggest that maintenance allowances should be rebased every four or five years. By its nature, this rebasing process would take account of any links between changes in expenditure and changes in income because it would be based on actual expenditures using the same approach outlined above.

For the intervening periods we suggest that maintenance allowances should be uprated using an income-based index. We believe that this would be more appropriate than a price-based index for two reasons.

First, income levels are a significant determinant of the level of expenditure on children. This means that as a family's real income rises, a corresponding increase in their expenditure on their children would be expected. On that basis, it seems reasonable to expect that a family's expenditure on fostered children should also rise in line with income. Second, an increase in line with income is likely to lead to payments that are more consistent with the rebasing process every four or five years and so would lead to less substantial step changes in maintenance payments at the time of rebasing.

The main obstacle to rebasing results from a quirk in the conduct of the EFS, for which there has been a structural break between 2006 and 2007. We have been advised by the ONS that the difference in weighting between these two releases means that the datasets should not be combined for analysis together as one. Therefore, we would need to wait a few years before being able to produce an analysis that corresponds to that we have used for the combined EFS data from 2001/02 to 2006.

Note that uprating is necessary in all instances, since the EFS is published with a two-year lag. Furthermore, if several editions of the EFS are combined, then the past values must be uprated to match that of the latest edition for performing the rebasing as well. For the estimates for 2009 presented in this report we have used the Average Earnings Index to uprate the 2001/02 – 2006 EFS data.

Annex 3 Fee framework template

Most providers pay fees, but the systems are not easily compared. An aim for a new framework is to create a basis by which fees are more comprehensible, equitable and, hence, comparable. Throughout this section, we will refer to “the fee”, or *F*. The fee is defined as an additional payment to foster carers beyond the payment for maintenance allowances, which are determined separately.

Synthesising the findings from our literature review and interviews with stakeholders leads us to propose a modular template for a fee framework, which would allow the combination of a variety of factors in determining the fee paid to a carer. However, although we will propose several models the exact determination of factors and the relative importance and weighting of those factors are likely to be best determined by providers or through negotiations between WAG and providers. Weighting may well also change over time as foster carer training becomes more available or other factors increase in importance. The framework options discussed in this paper are not intended to be an exhaustive list, but, rather, the basis on which these discussions can take place.

Contracts

It is important to note that allowances and fees do not cover all aspects of an agreed contract with an independent foster care agency or an individual foster carer. There may need to be other specifications such as the number of days assigned for paid leave or respite care, what is expected of carers when they do not have placements, and whether there are restrictions placed on the foster carer in relation to choice over placements or restrictions on taking other paid employment. It should be considered whether these terms should be constant irrespective of fee or should be related in some way to the fee received.

For simplicity, other existing requirements, such as those in Fostering Services (Wales) Regulations 2003 and the National Minimum Standards for Fostering Services could also be incorporated into a single fee framework contract.

The fee options

Our suggested framework calculates the fee on the basis of an individual place (per bed in a carer’s home, or per child to be placed), though the concepts can be adapted to represent the carer and their placements as a whole. We describe four options for the manner in which providers may set the fee:

- Option 1 – a flat fee for all carers;
- Option 2 – takes account of carer characteristics;

- Option 3 – takes account of child characteristics; or
- Option 4 – takes account of both carer and child characteristics.

These four options are summarised in Table 12.

Table 12: The four illustrative fees framework options							
Options	Flat fee	Carer characteristics			Child characteristics		Optional retainer
		Qualifications	Experience and skills	Child outcomes	Behavioural complexities	Special requirements	
1	✓						✓
2		✓	✓	✓			✓
3					✓	✓	✓
4		✓	✓	✓	✓	✓	✓

Source: LE Wales and Hadley Centre

We summarise the ideas in the main text and we also provide, in boxes, a more technical approach, suggesting the mathematical formulation required if the system were to be used. After the descriptions of each option, we describe some of the considerations and systems by which scoring might be determined.

Finally, we provide an illustrative example of how the fee might appear in practice.

A3.1 Options for a fee framework structure

Option 1: Flat fee and retainer fee

The simplest fee framework is to pay everyone the same. Providers would pay a flat fee for all carers *irrespective* of differences in their own personal attributes or the characteristics of the child(ren) they currently have.

A provider may wish to pay a retainer fee to carers in between placements, which could also be a flat fee, defined as some proportion of a “basic unit rate”.²⁶

Box 3 Option 1 fee formula

We can set a fee equation that summarises option 1, with the final fee (F) being determined by the basic unit rate (L), the retainer fee rate (r ; defined as a proportion applied to the basic unit rate, taking a value between 0 and 1) and whether there is an active placement (A ; equal to 1 if there is a placement and 0 if not). The fee equation would look like this:

$$F = L \times [A + (1-A)r]$$

Note that F is either equal to L (if there is a placement) or rL (if there is no placement and a retainer fee is paid).

In this framework, the values of r and L need to be determined by providers. It allows a simple transition between active fee and retainer fee, which could be determined immediately as placements begin and stop. If a provider decided not to pay retainer fees, this would be the equivalent to setting r to zero.

Option 2: fee based on carer's characteristics

The fee structure under Option 2 takes account of the qualities of the carer. A carer with better skills, better qualifications, or who succeeds in helping the child achieve target outcomes would be paid a higher fee. This option combines a basic unit rate with a multiplier which reflects these extra dimensions.

Providers would score carers on each of three different factors: (formal) qualifications, experience and skills, and child outcomes. A description of how these factors might be considered is given on page 93.

Providers would also decide the relative importance of each of the three factors. For instance, the provider may consider qualifications to be twice as important as child outcomes in setting a fee. Once this is decided, a single score for each carer can be produced, by a weighted-average of the scores.

The higher the aggregate score, the more a carer receives as a fee. This principle could apply to the fee whether in relation to an active placement or as a retainer fee.

²⁶ An extension to this might be to adjust the retainer fee dependent on the length of time since the carer's last placement.

Box 4 Option 2 fee formula

We propose that each factor should be based on a five-point scoring system, with WAG to give advice on how scores are to be determined. This would make the scoring system easy to understand for both providers and carers.

We propose three individual factors: qualifications (*Q*), experience and skills (*E*), and outcomes (*O*).

The three individual scores would be combined into one aggregate score (let's call it *C*) which would be a weighted average and take a value between 1 and 5. It would not necessarily be a whole number.

The weights (denoted d_Q , d_E and d_O , for *Q*, *E* and *O* respectively) reflect the relative importance of each factor. If qualifications are judged to be twice as important as outcomes, the value of d_Q would be twice the value of d_O . If experience was considered equally as important as qualifications, we would give d_E the same value as d_Q . If, on the contrary, the provider does not use outcomes to set the fee, d_O would be given a value of zero.

We use the sum of these weights' values to standardise the value of the aggregate score to be between 1 and 5, as follows:

$$C = (d_Q Q + d_E E + d_O O) / (d_Q + d_E + d_O)$$

The aggregate carer score fits into our previous equation for the flat fee as follows:

$$F = L \times C \times [A + (1-A)r]$$

Note that *F* now takes a variety of values, dependent on the value of *C*. In option 1, *F* was either equal to *L* or *rL*. Now, with the incorporation of *C*, *F* is equal to *CL* or *CrL*. If the value of *C* is higher, then *F* will be higher.

This option requires the provider to choose the values {*Q*, *E*, *O*, d_Q , d_E , d_O , *r*, *L*}. However, the rules by which *Q*, *E* and *O* are scored could be agreed nationally.

Option 3: fee based on child characteristics

An alternative to basing the fee on carer characteristics is to base it on the child's characteristics. The assumption being that a carer taking on a child(ren) that was more difficult or challenging to care for would receive a higher fee.

How the child's special needs or difficulties should be determined is debateable. We propose two possible options: one which measures the behavioural complexities of the child and one that assesses any special requirements of the placement (such as a solo placement, a mother and baby placement or remand fostering). There is likely to be some overlap between these criteria; but we would always expect this, however the components are specified.

Again, providers would decide the relative importance of each of the factors to produce a weighted-average of the scores. It may be more appropriate for the rules for scoring individual factors to be agreed nationally.

The higher the aggregate score, the higher the fee. As it is supposed to reflect the difficulty of the placement, the placement score would not affect the level of a retainer fee.

We suggest that the fee be scored on the initial characteristics of the child(ren). An alternative would be to base the score on the child(ren)'s current characteristics, updated as they change over time. We think that this latter method may send the wrong signals however, as an improvement in child outcomes could lead to a decline in the fee paid and a worsening in child outcomes could lead to an increase in fees paid.

Box 5 Option 3 fee formula

As with the carer characteristics, we propose that each factor's score should be based on a five-point scoring system, with WAG to give advice on how scores are to be determined.

We propose two factors: behavioural complexities (S) and special requirements (N).

The two individual scores would be combined into one aggregate score (let's call it P) which would be a weighted average and take a value between 1 and 5. It would not necessarily be a whole number.

Again, as with the carer characteristics, S and N will be given weights (denoted d_S and d_N , respectively), which will define their importance relative to each other.

We use the sum of these weights' values to standardise the value of the aggregate score to be between 1 and 5, as follows:

$$P = \frac{(d_S S + d_N N)}{(d_S + d_N)}$$

The placement score fits into the flat fee equation with A , since it is of relevance only for active placements. Thus the equation looks as follows:

$$F = L \times [A P + (1-A) r]$$

Note that F will depend on P if there is a placement, but will be standard across all carers if not. In option 1, F was either equal to L or rL . Now, under a placement, F instead equals PL , so if the value of P is higher, then F will be higher.

This option requires the provider to choose the values $\{S, N, d_S, d_N, r, L\}$. However, the rules by which S and N are scored could be agreed nationally.

Option 4: fee based on carer's characteristics and child's characteristics

The final option combines the consideration of the carer score (from Option 2) and the child's score (from Option 3). This means that carers with, for instance, better skills will get a higher fee for dealing with the same difficulty level of placement, but also that carers dealing with more difficult placements will receive a higher fee.

Box 6 Option 4 fee formula

The equation is as follows:

$$F = L \times C \times [AP + (1-A)r]$$

Note that F now depends on the value of C (in all instances) and P (if there is a placement). If the value of C is higher, then F will be higher. Similarly, if the value of P is higher with a placement, then F will be higher.

The composition of C and P are defined in Options 2 and 3, respectively. Option 4 requires the provider to choose the values $\{Q, E, O, S, N, d_Q, d_E, d_O, d_S, d_N, r, L\}$. However, the rules by which Q, E, O, S and N are scored could be agreed nationally.

We illustrate Option 4 in Figure 4 below, based on a spreadsheet tool.

Figure 4: Working illustration of fee calculator for Option 4

Variable	Symbol	Value / Score	Weights (d)
Basic unit rate	<i>L</i>	£25	
Carer	<i>C</i>	3	
Qualifications	<i>Q</i>	2	1
Experience and skills	<i>E</i>	4	1
Outcomes	<i>O</i>	3	1
Child (initial)	<i>P</i>	2.5	
Behavioural	<i>S</i>	1	1
Special requirements	<i>N</i>	4	1
Retainer fee rate	<i>r</i>	0.5	
Active placement	<i>A</i>	1	
The fee	<i>F</i>	£188	
Key:			
Cell entry by user			
Automatic calculation			
Cell has no purpose in the calculation			
Final fee			

Source: LE Wales and Hadley Centre

A3.2 Scoring considerations

Introduction

We have already highlighted the subjective choices to be made in selecting the criteria on which carers and children's difficulties should be scored.

Assigning values to the criteria, once chosen, is also subjective. For instance, a carer's experience score may differ if they have fostered for 2 years or for 20 years, but it is subjective whether the scores should be 1 and 5 (on a five-point scale), or something different.

The fee framework we set out makes the distinction between the rules by which scores are set and the importance of any individual score to the calculation of the fee.

Our proposal is that the rules by which the scores are set are agreed and set nationally, whilst the importance of individual scores is determined by providers, based on their own needs. However, we provide some examples of the ways in which scores may be determined.

The characteristics of carers and children

We listed five characteristics in Option 4: (formal) qualifications, experience and skills, child outcomes, behavioural complexities and special requirements. Some of these are easier to stratify and quantify than others.

Formal qualifications

The range of formal relevant qualifications may go from none to an advanced qualification in child psychotherapy, for instance. The most common qualification level currently used is Level 3 NVQ. However, this is in the process of being phased out, with the new system fully available from January 2011.

The new system of formal qualifications is known as the Qualification and Credit Framework (QCF). The basic currency of QCF is a credit, which represents 10 hours of learning.

Units of study come in three size bands (Award, Certificate and Diploma) and nine levels of complexity (Entry, Levels 1-8). The size bands relate to the number of credits: Awards are 1-12 credits, Certificates are 13-36 credits and Diplomas are 37 or more credits. The levels relate to the challenge and complexity of the unit.

Units can be combined for a variety of qualifications, and are transferrable between qualifications so learning is transferable.

The modular system of QCF lends itself well to a system of scoring qualifications, since the score could be directly related to the number of credits gained. Care should be given to judging which units have relevance to the skills needed in fostering.

Experience and skills

Experience and skills do not lend themselves as easily to quantification as formal qualifications. The length of time spent caring for looked after children, either as a foster carer or as a residential worker, could be considered relatively straightforwardly. Other considerations under this heading could include completion of specified tasks and the contribution that the carer makes to the development of the capacity of the agency (which could include training, mentoring and referrals).

A more qualitative assessment of the communication and social skills of the carer should also be considered; though quantifying this will be more difficult.

It is especially important that any nationally agreed scoring system is transparent for less quantifiable factors.

Child Outcomes

It is important that all placements enable children to meet the Seven Core Aims of Children and Young People: rights to action. However, it has not been common social work practice to clearly outline exactly what is expected from a placement and to link these expectations to the seven Aims.

Initially, child outcomes may be judged qualitatively, but if outcomes were agreed as an important element of a fee, more quantitative measures could be agreed. For instance, an aim of the placement may be for the child to achieve 90% attendance at school. However, the complexity lies in the outcomes being within the control of the foster carer. In the previous example, the school may decide to exclude the child and therefore the carer cannot help the child achieve 90% attendance. Nevertheless, we would argue that thinking about exactly what the placement is intended to achieve is better than simply wanting a foster placement for a child.

Once the aims were agreed (young people could also have a say in establishing the aims), the review system could monitor how successful the carer had been.

Behavioural complexities

We would suggest that a classification system such as the *Strengths and Difficulties Questionnaire (SDQ)*, as used in England since 2009, would provide a good basis for scoring the difficulty of a placement. It does not need to be this classification system specifically; there may well be alternatives that would be equally useful.

The Strengths and Difficulties Questionnaire is a well validated mental health screening and research instrument that measures whether children's emotional and behavioural development is problematic or within a normal range.

The Scale has 25 items and provides a total difficulties score as well as four 'subscales' that indicate whether a child has problems of one or more types. These types are the four most common areas of difficulty: emotional problems (anxiety and depression), conduct problems (oppositional or antisocial behaviour), over-activity, and peer relationships.

There is also an additional scale that shows the extent to which the child is pro-social: friendliness, volunteering help, getting on well with others etc. So, the scale measures strengths and difficulties and takes a few minutes to complete.

The SDQ has been used in the general population and in high risk populations, such as looked after children, adopted and fostered children, and is used in many other countries. The questionnaire provides a good indication of the level and kind of difficulties children are currently experiencing. An advantage of the scale is that

teachers can also complete a form which would give an independent score and would therefore not be totally reliant on the carer's score.

The SDQ provides a total difficulties score that is categorised into normal, borderline and abnormal. Each of these could be related to payment.

Special requirements

There are a variety of reasons why a placement might entail special requirements. It is not restricted only to children with special needs, though this will be major group. A different special requirement score might be suggested for mother and baby placements, solo placements, sibling groups, remand fostering, respite care or any other particularly uncommon circumstances inherent to the placement.

The variety and difficulty of quantification make this a particularly important area for discussion in setting the rules for scoring.

A3.3 Illustrative example of fee calculations

We describe below a hypothetical situation that providers, carers and children might find themselves in, explaining how the parameters from Option 4 might be determined, and what the final fee would be on that basis.

Example

Abernant LA has a pool of carers with Level 3 NVQs, but relatively many were inexperienced carers. Few had experience of dealing with difficult children. Abernant's opinion is that experience is more influential in the success of placement of difficult children than formal qualifications. It thinks that previous outcomes are very important, but that experience is so rare within its pool that it values this higher.

Therefore, Abernant places much more emphasis on the merits of experienced carers, because they are rarer and it values these attributes higher, in determining fees. For this reason, it chooses that $d_Q = 1$ and $d_E = 3$. Based on its opinion of the importance of previous outcomes, it chooses that $d_O = 2$.

Abernant finds it equally difficult to place children with behavioural problems as it does to place children with special requirements.

Therefore, Abernant places equal emphasis on the difficulties present because of behavioural problems and those because of special requirements, in determining fees. For this reason, it chooses that $d_S = d_N = 1$.

Anna Thomas has been fostering for 30 years and has successfully cared for many very aggressive children, whose behaviour has improved measurably whilst in placement. She does not have any formal qualifications of relevance to fostering.

According to the nationally agreed scoring system, Anna has a 1 for qualifications (Q) and a 5 for experience and skills (E). Her last placement was very successful, so she received a score of 5 for the outcomes from it.

Anna's carer score is calculated as follows:

$$\begin{aligned}
 C &= (d_Q Q + d_E E + d_O O) / (d_Q + d_E + d_O) \\
 &= (1 \times 1 + 3 \times 5 + 2 \times 5) / (1 + 3 + 2) \\
 &= 4.33
 \end{aligned}$$

Abernant is trying to place Megan, who is very disruptive, to the extent of being frequently excluded from school and requires supervision to ensure she does not cause damage to property. She does not have any mental or physical illnesses and requires no special care beyond the level of supervision, but would constitute an enforced solo placement.

According to the nationally agreed scoring system, Megan scores 5 for behavioural difficulties, and 3 for special requirements. The burden of supervision required influences the latter score, which is not at its highest value because the child is capable of feeding, bathing and clothing herself.

Megan's placement score is calculated as follows:

$$\begin{aligned}
 P &= (d_S S + d_N N) / (d_S + d_N) \\
 &= (1 \times 5 + 1 \times 3) / (1 + 1) \\
 &= 4
 \end{aligned}$$

Abernant has a basic fee unit of £25 per week, which it determined based on its expected budget constraint and the local availability and pay conditions of similar work that foster carers might otherwise choose. It chooses to pay retainer fees at a rate equal to half of the basic fee level.

Putting all this together into the calculator, we find that Abernant LA will pay a weekly fee of £433 to Anna Thomas to take in Megan.

$$\begin{aligned}
 F_{Megan} &= L \times C \times [A P + (1-A) r] \\
 &= 25 \times 4.33 \times [1 \times 4 + (0) \times 0.5] \\
 &= £433
 \end{aligned}$$

If Anna did not take Megan or another placement instead, she would be paid a retainer fee of £54 per week. Note that, since there is no placement, the value of P is not relevant to the calculation.

$$\begin{aligned}
 F_{none} &= L \times C \times [A P + (1-A) r] \\
 &= 25 \times 4.33 \times [0 \times ? + (1) \times 0.5] \\
 &= £54
 \end{aligned}$$

Annex 4 Engagement with foster providers

A4.1 Introduction

All the twenty-two Welsh local authorities (LAs) and 11 of the 14 independent fostering agencies (IFAs) responded to the electronic survey. Most of the surveys were completed by workers at team manager level and four IFAs and 8 LAs also provided their handbooks. The lower response rate from the IFAs was probably linked to concerns about divulging commercially sensitive information. Some IFAs also expressed suspicion that the information might be misused to drive down the costs of commissioning placements and this unease needs to be considered in relation to their responses.

The survey took place in January/February 2009 at time when regional commissioning of foster placements was the subject of a renewed focus to derive the maximum value from each placement. Some IFAs reported that they were concerned that commissioning and procurement were taking precedence over care plans for children. They gave examples of refusals to add services, when children's needs emerged that had not been known about at the time the basic package was agreed, or of refusal to pay inflationary uplifts to carers, and written permission from the LA being needed before a carer would be reimbursed if they had driven more than 20 miles.

At the time of the survey the majority (55%) of looked after children in Wales were being cared for by LA foster carers. However, there was great variation in the proportions of children in different types of placement. Some LAs had only about 4% of their looked after population placed with IFAs, while others had 41% of their whole looked after population in these placements. Two LAs placed about 10% *more* children with IFAs than they placed with their own carers. The use of residential care also varied by authority: 1-15% of all looked after children were in residential care.

The IFAs who responded to the survey tended to be smaller than the fostering sections of LAs. The IFAs had an average²⁷ of 44 carers, with some very small Welsh based agencies having just 15 and a few large national agencies with over 100 Welsh foster carers. In comparison, local authorities had on average 98 carers with a range of 42-184 foster carers.

²⁷ Average is measured by the mean value.

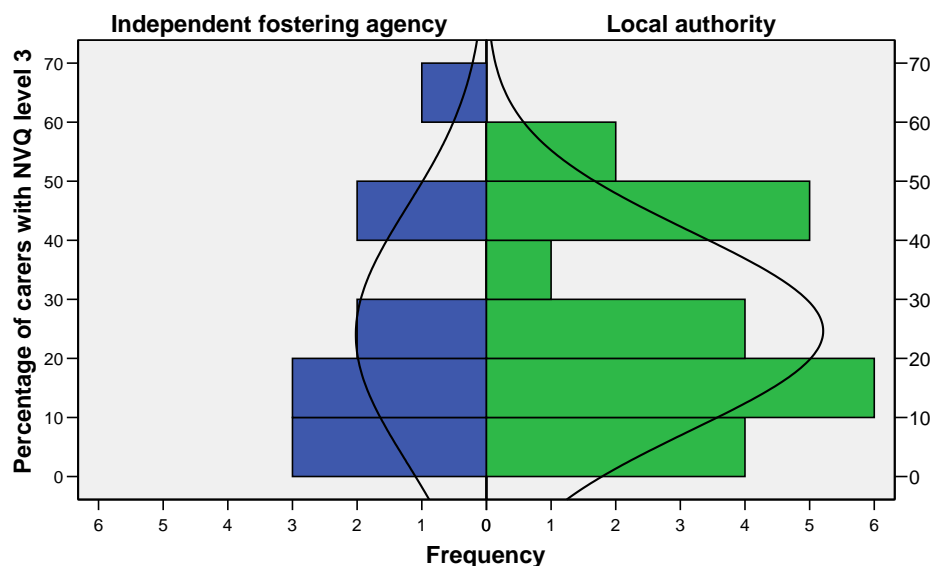
A4.2 Training for foster carers

There was some variation reported in the availability of appropriate training across Wales. More LAs (96%) than IFAs (73%) stated that appropriate training was readily available in their area.

All the LAs and most IFAs were recommending Level 3 NVQ for their carers, but one IFA was using modern apprenticeships, as they believed this training was of a higher standard.

Twenty-six percent of all the IFA carers and 22% of LA carers had achieved Level 3 NVQ. However, there was again wide variation. Within LAs, one authority had only a few carers who had achieved this level whereas others had 50% of their carers qualified. Those LAs that had linked the payment of additional fees to the completion of training had higher numbers of qualified carers. There were similar differences among IFA agencies, as can be seen in Figure 5 with one IFA having 70% of all its qualified carers at Level 3 NVQ.

Figure 5: Percentage of carers with Level 3 NVQ, by type of agency



Source: LE Wales and Hadley Centre survey of foster care providers

A4.3 Did foster carers have difficulty in paying bills?

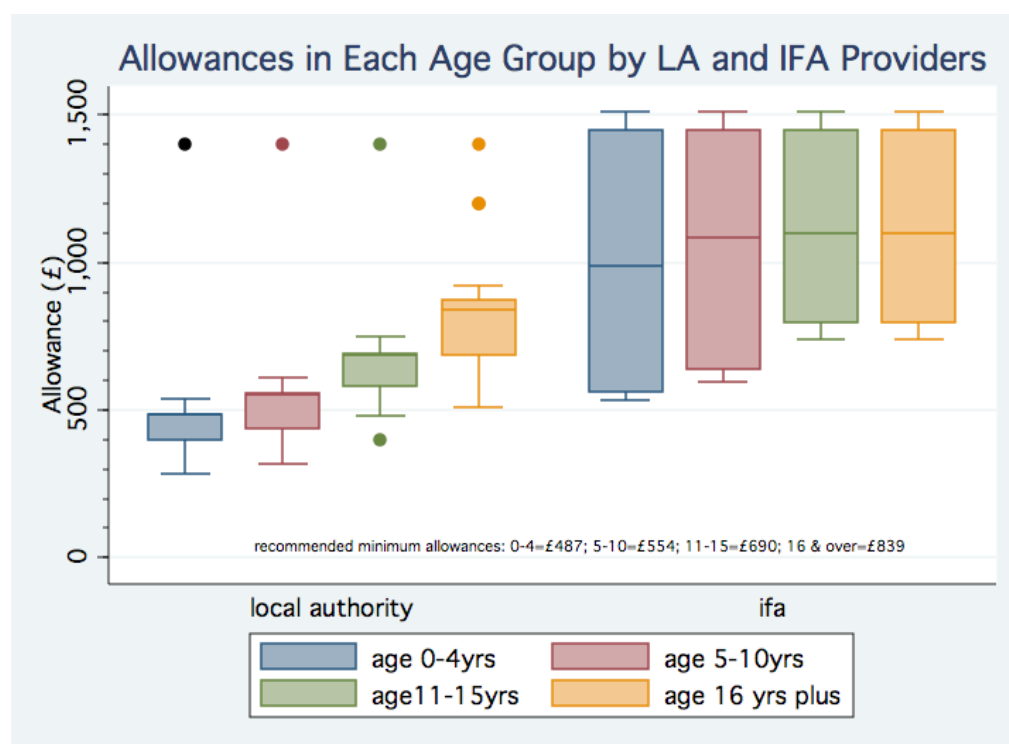
The LAs and IFAs were asked how often in their experience carers expressed difficulty in paying for common household expenditure items. None of the agencies stated that foster carers frequently complained about their ability to pay the bills. The LAs and IFAs reported that their foster carers complained most about meeting the costs of leisure activities, such as holidays, sports and hobbies. Kinship carers sometimes asked for help with housing costs. Only the LA carers had expressed concerns about meeting the extra costs associated with education such as school trips and funding babysitting or child care.

A4.4 Maintenance payments

The basic rates of payment to foster carers were examined against Fostering Network's national minimum recommended monthly amounts in 2008 i.e. 0-4yrs £487; 5-10yrs £554; 11-16yrs £695 and over 16yrs £839.

Most LAs were paying at the minimum recommended level with 5 (23%) LAs paying more. However, a third of LAs were not achieving the minimum standards (Figure 6). All the IFAs were paying more than the minimum recommended amounts and they considered the payment to be a 'fee' rather than a maintenance allowance. One LA and three IFAs had a flat rate for *all* carers that did not differ by the age of the child or the skills of the carer. The flat rates were round about £1,400 per month. The LA concerned was therefore paying significantly more than the basic allowances paid by other Welsh authorities but surprisingly the LA still had 19% of its care population placed with IFAs.

Figure 6: Allowances in each age group, by type of agency



Source: LE Wales and Hadley Centre survey of foster care providers

When comparing maintenance rates by type of agency it is Important to note that those paying higher rates offered no or few additional financial payments. Many of those paying lower rates also paid fees to a proportion of their carers which brought the total amount more in-line with the higher paying agencies. However, as will be described in 'The current fee structures' (on page 107) the eligibility criteria for the higher rates was complex and only a small proportion of carers received the top rate. None of the agencies provided pension benefits to foster carers.

A4.5 Payments for birthdays, holidays and religious festivals

As can be seen in Table 13 most of the IFAs (73%) did not give carers four additional weeks of payments for birthdays and holidays. The higher allowances paid to their carers were expected to include this expenditure. Three IFAs did make additional payments to cover these costs, as they stated that they were aware of the extra demands placed on carers during holiday periods. One IFA had a more flexible system where carers could choose respite or additional money to cover holidays, plus additional payments for birthdays.

Table 13: The payment of an additional four weeks allowance to cover the costs of birthdays, holidays and religious festivals, by type of agency			
Type of agency	Frequency of payment	Number of agencies	Percent of agencies
Independent fostering agency	Never	8	72.7%
	Usually	3	27.3%
	Total	11	100.0%
Local authority	Never	3	13.6%
	Usually	19	86.4%
	Total	22	100.0%

Source: LE Wales and Hadley Centre survey of foster care providers

Most LAs did pay additional allowances equivalent to four weeks maintenance allowance, but two LAs only paid an additional two weeks. The one LA paying the high weekly flat allowance expected carers to meet these costs from the allowance.

A4.6 Reimbursement for travel

Most IFAs and LAs reimbursed carers for travel. The LA that was paying a high flat rate to all their carers did not pay travel and expected carers to meet the costs of travel from the allowance. Each agency had their own formula for reimbursing carers. Some LAs paid carers the casual users' rate or that paid to volunteer drivers. Others (41%) paid a rate closer to that paid to social workers and rates ranged from 37.1p per mile to 40.4 p per mile. A few LAs commented that although their carers did not receive the social worker's essential users' allowance, unlike social workers, carers' mileage rate did not reduce when a certain number of miles had been reached.

Three IFAs stated that their carers were reimbursed at higher rates than their own staff and the majority (54%) paid at least the equivalent of that paid to social workers. One IFA paid a lower rate for travel, connected with carer training or support groups and a higher rate for travel that was connected to arrangements for the child such as contact visits or school transport.

A4.7 Extras

Local authorities provided more 'extras' than the IFAs, partly because they were able to draw upon the range of council services such as special offers only available to council staff and leisure passes. LAs also provided computer equipment, internet connections, household furniture, extra equipment (stair gates, equipment for babies etc) and free tickets to events. One LA stated they had a discretionary budget to pay for anything the child needed. It was unclear whether this budget was unlimited.

We pay generous extra but non specific payments focussed on leisure activities pursued by children. These can be holidays, but can also be sport, art, drama, anything pursued by the children. (LA)

Table 14: Frequency of additional provision, by type of agency		
Additional Provision	LAs	IFAs
Free pass to council leisure services for the whole foster family	55%	0%
Basic resource box- toys, games, books	17%	27%
A computer	81%	18%
Access to a toy library	47%	18%
Digital camera	6%	18%
Additional reimbursement associated with child's religious/cultural needs	79%	36%

Source: LE Wales and Hadley Centre survey of foster care providers

Most IFAs expected carers to meet additional costs from their higher allowances. They were expected to behave like any other family, saving up for items. A few IFAs did provide additional resources, such as computers and internet connections and one IFA used extra payments specifically to meet the needs of individual children:

The generous extra payments reflect the individuality of the child, and indeed the philosophy of the agency. We don't rely on the foster carers meeting these extra payments. These payments arise from excellent communication between agency support workers, foster carers and children, which highlights extras to be paid. Examples of extra payments made are foreign holidays, sports equipment, riding lessons, music/drama lessons,

replacement/additional education, sponsorship of children achieving at a national level, specialist equipment/toys for disabled children, indeed anything that reflects the individuality of children. None of these extra costs are passed onto Local Authorities, but all of them substantially enhance placement stability and quality, and the wellbeing of children. A crucial part of the above philosophy is that we pay our foster carers well, but retain monies centrally to specifically target children's needs and interests. (IFA)

A4.8 Providing financial help for large one-off expenditure

Agencies were also asked if they would generally provide additional help if the foster carer asked. The IFAs and the LAs paying larger allowances were more likely to report that they would not provide additional help, although some stated that they would consider individual circumstances. Forty-one percent of LAs reported that they would consider requests for help with the replacement of white goods, such as washing machines in comparison to 27% of IFAs. Nearly a third (32%) of LAs stated that they would provide additional financial help for a larger car in comparison to 18% of IFAs and the same proportions would also provide additional help for a family holiday if requested. None of the IFAs thought they would offer help with mortgage payments, insurance or utility bills. Three LAs stated that they would help with mortgage payments and insurance but only one LA stated that they would help with utility bills.

A4.9 Retainers

Retainers were paid by 46% of all LAs but often only to carers who were already offering more specialist placements. Retainers were paid by 18% of IFAs.

A4.10 Payments while an investigation is on-going

Eighty-one percent of LAs and 73% of IFAs stated that they would usually continue to make payments if an investigation was ongoing AND the child remained in placement. If the child had been removed a few LAs stated they would continue with a retainer until the issue was resolved, while the IFAs commented that they would endeavour to support the carer. The policy in one IFA was to continue with payments for a period up to 4 weeks. Four LAs and three IFAs stated that all payments would stop in the event of an investigation. However, in one LA if the allegation was later found to be without foundation and care resumed, fees suspended *beyond* three months would be reimbursed.

A4.11 Payments for other types of foster care

Some LAs paid the same rate (on a pro-rata basis) to respite foster carers as to their fee earning foster carers: others paid less than the minimum weekly recommended allowances. Very low rates were paid to foster carers who continued to provide supported lodgings for young people who remained with them after the age of 16 years. Carers providing supported lodgings were sometimes described as “landladies” and this term suggests that the emphasis is on the provision of accommodation rather than on support.

A4.12 Giving foster carers information on financial matters

The majority of agencies stated that they gave clear information on the range of financial payments available from the agency, although there were slight differences in practice. Most LAs and IFAs reported that rates were included in foster carer handbooks or leaflets and some sent an annual letter informing carers of any increases. One IFA’s practice was for a finance officer to visit every carer at the outset to go through details and give a financial pack.

More IFAs (54%) than LAs (22%) reported that they gave good information on the tax and national insurance implications of becoming a foster carer. Some LAs reported that tax was the sole responsibility of foster carers and if carers had queries they would be steered towards Fostering Network. More IFAs referred to these issues in their handbooks and several mentioned their use of leaflets provided by the Inland Revenue and referred their carers to the Inland Revenue web site.

Few LAs (18%) and IFAs (9%) stated that they gave good information on welfare benefits. LAs referred carers on again to Fostering Network with just three stating their foster carer handbooks had a section on welfare rights. One LA was able to help carers by using the expertise of their own in-house welfare rights advice group. Some IFAs stated they would give advice as needed and referred their carers onto the appropriate benefit agencies.

A4.13 The adjustment of allowances to reflect the cost of living

All the LAs reviewed their fostering allowances each year. Eight LAs stated that they uprated their allowances each year in accordance with Fostering Network’s recommendations. Three other LAs were giving above inflationary increases to catch up with the recommended minimum allowances. A few mentioned that increases were determined by the settlement from WAG. One LA thought that the four age

bands were problematic as percentage increases each year made the gap between the age bands wider.

IFAs also reviewed their payments annually, with most mentioning Fostering Network rates. Three IFAs used the cost of living index to uprate annually while another increased in line with the amount provided by the LA. There was some pessimism about future increases:

With the current economic climate and restrictions on uplifts of fostering fees we will need to consider how we increase carers allowance (IFA)

A4.14 The current fee structures

Five LAs had no fee structure, although two of these were considering the introduction of a fee paying scheme. LAs recognised that they needed to increase the number of LA foster carers and needed to compete with the IFAs on payments.

Just over three-quarters of LAs (77%) were paying fees and these payments were linked to the ability to care for 'hard-to-place children' or to carers achieving a Level 3 NVQ. Fee schemes had names such as 'Fostering Plus' or were described as 'Professional foster care payments' and these titles reflected the additional demands made on carers and their clearly defined contractual arrangements. Some fee based schemes required one carer to make fostering their main occupation to ensure sure they were available at home during the day. Other schemes prohibited carers from refusing to take a child who was within their approval range. Some LAs specified that family and friends carers would only be paid the lowest band. So, for example, one fee structure was Level one family and friends carers; Level 2 mainstream foster carers; Level 3 trained carers; Level 4 trained carers and with a hard-to-place child.

The fee structures were very complicated and differed by agency. Some schemes were based on the number of children in a placement or the age of the child. The age, at which a higher payment was triggered, varied by agency. Other criteria for higher payments included sibling groups, (although some agencies had reduced fees for a third sibling) whether the placement was long-term or short-term, the child's disability or lack of a school place, solo placements, and mother and baby placements.

The number of bands within a scheme varied from three to nine different payment bands. Moving between bands was not always automatic. Some schemes demanded that progression had to be approved by a manager or by the fostering panel and sometimes carers were only allowed to progress if there was sufficient money in the budget. LA bands varied from an additional £2,600 -£24,000 per child per annum.

Although the IFAs were paying higher basic rates, three (27%) also provided additional fees. They had developed other criteria to reward their carers. Some gave

a bonus for length of service, or for attending additional training, another provided a bonus for introducing prospective foster carers to the agency who successfully completed the assessment process and fostered a child for three months. This latter approach is interesting because research has consistently found that ‘word of mouth’ is the best form of recruitment. Most IFAs reported that higher rates would normally have to be negotiated with the LA.

A4.15 Linking training and experience to increased fees

Eighty-one percent of LAs stated that some foster carers received higher rates as recognition of experience or achieving Level 3 NVQ. With the increase came additional responsibility, such as mentoring new carers and being involved in the training of new carers. IFAs rarely (9%) linked training to the level of payment.

A4.16 Linking children’s behaviour and complex needs to increased fees

Just over half the LAs (54%) had linked their fee schemes to placements for children with complex needs. Some LAs still made one-off payments in response to a child’s particular needs but most had specific schemes. For example, the Swansea ‘1-2-1 scheme’ has been recently introduced to recruit 1-2-1 carers for teenagers at a fee of £22,122pa + fostering maintenance allowances. Without a foster placement many of these young people would have to be placed in more expensive residential provision. One IFA had also negotiated an enhanced package for their scheme, which also involved caring for teenagers.

One LA reported that they used to offer a scheme based on the child’s behaviour but had phased this out and instead were considering moving to payment for skills. Previous research has highlighted the dilemma with schemes based on children’s challenging behaviour: there is a disincentive to ‘make a difference’. If the carer does a good job and the child’s behaviour improves, the fees are reduced.

A4.17 Views on the payment of fees

Agencies were asked if they were in favour of the establishment of a fees structure. All the local authorities but only 55% of IFAs were in favour of additional fees being paid to foster carers. This was not surprising given that the IFAs are already paying fees and many IFAs (46%) responded “don’t know”, as they wanted more details of schemes before being willing to give a positive response.

Just over three-quarters of LAs (76%) thought that fees should be set at a national level compared to 27% of IFAs. There were some strong comments about fees. Some respondents thought it would be helpful if everyone (LAs and IFAs) were working to

the same criteria for determining the rate of fees, believing that it would be fairer and prevent some Councils from paying less. Other LAs were concerned that the fees might be set too high and fees needed to be sustainable for all agencies. On the positive side it was thought that if carers moved from agency to agency they would not be disadvantaged and that the haggling between IFAs and LAs would stop. Others recognised that a national fee structure might take away some of the competition and that different areas of Wales had different needs.

Each area has different pressures in relation to market forces. National minimum allowances are useful as these maintenance payments reflect the cost of looking after a child. However fee levels should be flexible so each agency can set fees which reflect the market price within their locality (LA).

Some IFAs were worried that a national fee might be set **lower** than current levels of payments and therefore payments to their carers would reduce. Most IFAs were opposed to any national fee structure, as outlined in the quotes below:

I fundamentally and strongly oppose any and all national fee levels. Children are individuals and foster carers allowances including all extras should reflect this individuality and specific needs (IFA).

Foster care is not a job just for foster carers. (The) fostering agency support/social workers have a crucial role, and all must work in partnership to enhance the life of looked after children. None of the above would be possible if independent agencies lost control of their business plans to any form of national fee or allowance structure. Such a move would ultimately drag us all into restricted Local Authority local budgets, thereby restraining the meeting of children's needs and the enhancement of their lives (IFA.)

A4.18 Summary

- ❑ 100% of LAs and 79% of IFAs responded to an electronic survey asking about payments made to foster carers. Overall the analysis highlighted the large variations in policy and practice between and within LAs and IFAs.
- ❑ The majority of looked after children in Wales are in foster placements provided by the authority but there is great variation in the type of placement by local authority.
- ❑ LAs that had linked the payment of foster care fees to the completion of Level 3 NVQ had more trained carers but overall IFAs had more trained carers than LAs.
- ❑ LAs and IFAs reported that carers did not frequently complain about being able to pay household bills. The most frequent complaint was about meeting the costs of leisure activities such as holidays and hobbies. Only LAs reported that their carers sometimes complained about the extra costs associated with school and funding babysitting/child care.

- ❑ Most LAs were paying the minimum recommended maintenance allowance; 23% were paying higher rates as were all the IFAs. However a third of LAs paid less.
- ❑ Some LAs paid the same rates to respite foster carers whereas others paid a lower allowance. The lowest rates were paid by LAs to carers who were offering supported lodgings and this is of concern if young people are to be encouraged to stay with their foster carer after the age of 16 years.
- ❑ One LA and three IFAs paid a high flat rate. From this, carers were expected to meet all necessary day-to-day expenditure and save for the future.
- ❑ No agencies provided pension benefits to their foster carers.
- ❑ LAs were more likely than IFAs to pay additional allowances for holiday, birthdays and festivals.
- ❑ Most LAs and IFAs reimbursed carers for travel but the rates of reimbursement differed by agency.
- ❑ LAs provided more 'extras' than IFAs such as free access to council leisure facilities. A few IFAs were able to make additional payments if the child's needs warranted this.
- ❑ About half of LAs were able to pay retainers to their carers but usually only to those already offering more specialist payments. Four LAs and three IFAs stopped all payments to carers in the event of an allegation and an investigation.
- ❑ The majority of agencies thought that they gave good financial information to their carers, although it was weakest in the area of welfare rights/benefits. LAs directed any queries from their foster carers to Fostering Network. IFAs used universal services such as the Inland Revenue.
- ❑ All agencies reviewed their allowances annually but the way they were uprated differed by agency.
- ❑ Just over three-quarters of all LAs had developed a fee structure although all were in favour of fees. These were complex, differed by authority with some based on 'payment for skills and linked to training' and other based on skills linked to providing a placement often for older children with complex needs.
- ❑ There were opposing views about whether fees should be set at a national level or decided by each agency.

Annex 5 Questionnaire completed by foster care providers

1. Default Section	
1. Date you completed this survey	
Date	MM / DD / YYYY <input type="text"/> / <input type="text"/> / <input type="text"/>
2. What type of agency are you?	
<input type="radio"/> Local authority	
<input type="radio"/> Independent fostering agency	
3. How many foster carers do you currently have?	
Number	<input type="text"/>
4. For local authorities- How many of your authority's children are placed with:	
Authority's own foster carer	<input type="text"/>
Another local authority's foster carer	<input type="text"/>
IFP placement	<input type="text"/>
5. Do you give foster carers clear written information about the range of financial payments available to them?	
<input type="radio"/> Good information given	
<input type="radio"/> Some information given	
<input type="radio"/> No information given	
Comment	<input type="text"/>
6. Do you give foster carers clear written information about National Insurance and tax liabilities?	
<input type="checkbox"/> Good information given	
<input type="checkbox"/> Some information given	
<input type="checkbox"/> No information given	
Comment	<input type="text"/>
7. Do you give foster carers clear information about state benefits and access to universal services?	
<input type="checkbox"/> Good information given	
<input type="checkbox"/> Some information given	
<input type="checkbox"/> No information given	
Comment	<input type="text"/>

8. How is foster care remunerated in your agency? Please tick all that apply☐ Maintenance allowance☐ Fee☐ Retainer☐ Higher rates☐ Extras

Other (please specify)

9. What are your basic maintenance allowance rates?Age 0-4 years Age 5-10 years Age 11-15 years Age 16 years + **10. Does your agency pay an additional four weeks allowance to cover the costs of birthdays, holidays and religious festivals?**☐ Usually☐ Rarely☐ Never

comment

11. Does your agency provide other benefits and allowances? please tick all apply

	Yes	No
Free pass to council leisure services for the whole foster family	<input type="radio"/>	<input type="radio"/>
Basic resource box- toys, games, books	<input type="radio"/>	<input type="radio"/>
A computer	<input type="radio"/>	<input type="radio"/>
Access to a toy library	<input type="radio"/>	<input type="radio"/>
Digital camera	<input type="radio"/>	<input type="radio"/>
Additional reimbursement associated with child's religious/cultural needs	<input type="radio"/>	<input type="radio"/>

12. In your experience please indicate how often carers express difficulty in meeting the following costs:

	Never	Not very often	Often	Very often	Always
Housing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Food	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clothes and footwear (includes school uniform and shoes)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transport for contact visits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transport - day to day	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Children/young person's personal care(nappies, menstrual products, toiletries)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Household goods (includes school books)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Energy (electricity/gas)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Leisure (holidays, Xmas, birthdays, sports, out-of - school activities)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health/medical	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other school expenses (trips)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pocket money	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Babysitting/child care for foster child	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. How are foster care maintenance allowances adjusted to reflect changes in the cost of living?

- ☐ Don't know
- ☐ ad-hoc
- ☐ annually but not linked to inflation
- ☐ annually and indexed to inflation

Other

14. Does your agency employ any foster carers?

- ☐ Yes
- ☐ No

15. Does your agency pay a contribution to a pension scheme for foster carers?

- ☐ Yes
- ☐ No

Comment

16. Do foster carers approved by your agency receive higher rates for additional skills gained through training and /or experience?

☐ Yes

☐ No

Comments

17. Do foster carers approved by your agency receive higher rates in recognition of a child's more complex needs?

☐ Yes

☐ No

Comments

18. Is reimbursement of a foster carer's travel costs paid at the same rate as those of an employee (e.g social worker)?

☐ Yes

☐ No

Comment

19. Generally, if a foster carer asked would your agency provide additional finance for:

Provide Finance

A larger car

Replacement of household goods e.g washing machine

A holiday for the foster family

Heating bills

House insurance

Help with mortgage/rent payments

20. Does your agency continue to pay foster carers if an investigation is taking place as a result of a complaint or allegation made about the carer?

☐ Always continuing with payments

☐ Sometimes continue payments

☐ All payments stop

Other (please specify)

21. Is the NVQ available for your agency's foster carers?

☐ Yes

☐ No

comment

22. How many of your agency's foster carers have achieved NVQ level 3?

Number

23. In your view, should a fee (on top of the maintenance allowance) be paid?

☐ Yes

☐ No

☐ Don't know

24. In your own opinion do you think that any fee structure be set a national level?

☐ Yes

☐ No

☐ Don't know

Comment

**25. Does you agency operate (or is considering) a fee structure for foster carers?
Could you tell us how this operates?**

Annex 6 Engagement with foster carers

A6.1 Introduction

Local authorities and IFAs were asked to send out a total of 620 letters to foster carers in Wales, asking if they would agree to complete a spending diary and join a focus group discussing the fostering allowances and fee structures. Consent was received from 101 foster carers (16%) and spending diaries were sent to each of them. Carers were asked to complete the diary over a two-week period and bring it with them to the group. However, when we notified them of the location of the focus groups, only a few said they would attend. Phonecalls soon established that many carers regarded the spending diary as “too complicated” or the questions as “too personal” and they had chosen to opt out of the focus groups for this reason. These carers were assured that they could attend a focus group without bringing a completed diary, and this enabled the groups to go ahead.

Five focus groups discussions were held in Wales, and the attendance was as follows: Cardiff (6), Swansea (11), Merthyr Tydfil (6), Llandrindod Wells (4) and Colwyn Bay (6). Altogether, 33 foster carers took part (33% of those who initially gave consent), and this included 24 working for local authorities, 8 working for independent foster care providers and 1 kinship carer approved as a foster carer. Two of these foster carers were respite carers. In one focus group the number of men exceeded women (quite unusual in a gathering of foster carers), but overall there were 22 women and 11 men.

Out of the 27 returned expenditure diaries, 24 provided information on the family characteristics. The average size was 4.6 people, with the vast majority (87.5%) of carers being partnered. Some households contained more than two adults, mainly because they contained grown-up children, who attended or had just recently finished university.

There were on average 1.5 foster and 0.8 biological children (aged between 0 and 17) within each household. The most foster children in any one household was four; 13 households contained no biological children (aged between 0 and 17) alongside the foster children.

There was a fairly even mix of employment patterns amongst the 24 responding households. Five did not have any adults in employment (full-time or part-time), whilst six had all adults in the household in employment. The rest mostly contained one adult in employment.

There were no ethnic minorities represented in any of the households, either in the carers' biological families or the placements.

The average weekly consumption expenditure was about £797 (ranging from £378 to £1,469) among the 27 households who returned expenditure records.

A6.2 Concerns about the spending diary

Why did so many foster carers refuse to fill in the spending diary, when similar questionnaires are completed every year by thousands of families and used as evidence for government decisions on expenditure? Some carers said that they knew of other foster carers who had decided not to complete the spending diary, because they were afraid that the information would be shared with the local authority or the benefit agency. It was suggested by carers that the questions about weekly income and savings were particularly sensitive.

Another explanation lay in foster carers' beliefs that payment rates were 'confidential' and that it was 'not good practice' for foster carers to discuss what they were paid. Indeed, one carer stated she had been "told off" by her supervising social worker for doing so, and another thought that her local authority had organised separate support groups so that experienced foster carers would not give newcomers information about the allowances they could claim. Some carers were afraid that if they talked about financial issues, their motivation for fostering might be questioned.

During the focus group discussions it became clear that many of the foster carers felt very insecure financially, particularly those who depended on fostering for all or most of their income. For example, some carers (this applied to single carers and married couples) had given up work to become full-time foster carers and had bought larger homes and cars so fostering income was essential to meet mortgage and interest payments. In contrast, carers who were older and had paid off their mortgage or had an employed partner, were less dependent and consequently less anxious about payments. Many carers appeared to be worried about doing anything that might make their social worker less willing to place children with them. The threat that no further children would be placed had apparently intimidated one carer into dropping a complaint.

However, our follow-up phone calls to foster carers also revealed other reasons for the low attendance. These included issues relating to the children (e.g. emergency placements, LAC reviews or having nobody to look after the children); families being on holiday; foster carers having operations or not being able to get time off work, or the distance being too far for those living in outlying rural areas.

It is perhaps worth emphasising that, although only a third of the foster carers who initially wanted to take part in the research actually did so, the views expressed in the five focus group discussions were remarkably consistent.

A6.3 Did anything surprise the foster carers when completing the spending diaries?

Twelve carers brought completed spending diaries to the groups (a further 14 returned them later). Common responses to filling in the spending diary included comments on how quickly small amounts of money added up. One carer stated that in the last two weeks it had been Mother's day, Red Nose day and World Book day and on one occasion the school had asked that all children attend in fancy dress. All of these events had involved small donations but it added up to a substantial amount of money. Others realised that they had spent "a huge amount on food", and some attributed this to neglected children feeling that they had to eat everything in sight just in case there was no food the next day. Several noticed that their utility bills were very high, and they thought this was because babies needed constant heat or because their foster child "had to have the light on all night", forgot to switch things off or wet the bed frequently.

Several foster carers commented on how little they spent on their own personal needs. Some said they did not often eat out as a couple, while others complained that 'eating out' was the inevitable result of distant contact visits. The money available to support their own children could also be very limited, especially if the family's income depended entirely on fostering:

My son has his 'prom' next week and I've had to save all year to ensure that he has good clothes to go in and can travel in the limo with the others.

My husband and I don't buy each other Christmas presents. Our kids have sometimes asked for things, and we have had to tell them 'It's not your turn this time. You'll have to wait.'

[IFA] told me to open an account for the child, but the money is coming from my pocket. And my own son asks: 'Where's my savings?' There aren't any.

Three foster carers said they were alarmed to realise how much they were using their overdraft facility. Filling in the spending diary also made two foster carers, who had not claimed mileage for years, realise that they needed to do this. This included a carer, who said that she had not claimed expenses from the local authority, because she was receiving the Disabled Living Allowance for her foster child. The kinship carer said that several times in the past she had not claimed expenses "because he's my family".

Although only 12 out of the 33 participants had completed the spending diary before coming to the focus groups, their experience of doing this reinforced a view held by many of the others that the allowances they received did not cover all their expenses. Those who had a working partner often complained that the partner's income was "subsidizing the care system". Here are some of their comments:

The money that's coming in didn't seem to balance with the money going out, so we are always using our £500 overdraft.

I had quite a shock doing the spending diary. I was using an overdraft of at least £500 per month. I don't smoke or drink so all that money is going on the children.

I didn't realise how much we subsidise our foster children.

Fostering is the only reason I'm in debt.

A6.4 What kind of children were the foster carers looking after?

The carers described children whose behaviour was often challenging or who had severe learning and health difficulties. In each focus group, some participants reported that their foster child had threatened them with a knife or smashed their property, while others said they had to be very vigilant because they were caring for children who had sexualised behaviour or were committing crimes. The foster carers generally showed a remarkable commitment to the children and tried in numerous ways to compensate for their poor start in life. It was clear from their comments that they certainly did not view fostering as an easy or lucrative sideline. One carer stated:

We thought a foster child would fit into our lifestyle, but we have to fit into his.

A6.5 Who provided the best rate of pay?

While all the foster carers were interested to know about the allowances and fees paid by other local authorities and independent fostering agencies, it soon became clear that nothing was standard and those providers who appeared to be more generous in one respect were often less so in relation to other payments. Even the seven local authorities in Wales, who paid below the minimum fostering allowance recommended by the Fostering Network, did not necessarily pay less than other authorities when additional allowances such as mileage were taken into account. Foster carers who received high flat rate payments generally appreciated not having to argue about expenses, but as the higher rate was intended to cover almost everything, they did not always receive more than other foster carers who could claim a wide range of allowances. Two participants had returned to work for the local authority, because their IFA could not provide a constant supply of children and did not pay a retainer between placements.

Experienced local authority foster carers stated that payments were sometimes negotiable, particularly with regard to children with extreme needs or very

challenging behaviour, but they emphasised that it was essential to agree the full package before the start of the placement. In contrast, IFA carers said that they had little room for negotiation, as the agency “had already agreed an overall rate with the local authority”. In every group some carers complained about not being given information about all the allowances they could claim and only finding out about this later.

A6.6 What did the foster carers have difficulty in paying for?

We asked each group what they had difficulty in affording and then asked them to identify three things that they considered most problematic. There was some variation in the responses of different groups but five key issues emerged consistently.

A6.6.1 Holidays, Christmas and birthdays

Holidays were a major issue for most (18) of the foster carers. Although LAs usually paid two weeks maintenance allowance for holidays, the foster carers pointed out that school holidays and half-terms add up to much more than two weeks (typically 15 weeks per annum). So how could they afford days out during the rest of that time? Another problem raised in every group was being required to pay for a foster child to have a separate or “inter-connecting” room. This increased the cost of staying in a hotel so much that many carers said they had to look for self-catering accommodation instead. Some viewed the separate room as an example of foster children not being allowed to have a ‘normal life’, and others spoke about how the emphasis on ‘safe caring’ had the reverse effect and created distance in families.

Carers with adolescents also pointed out that hotels charge adult rates for children over the age of 12 or 14. Other foster carers complained about social workers refusing to authorize payments for school trips which were “not educational” or insisting that compassionate leave payments should come out of the holiday allowance. Almost everyone agreed that the allowances paid for holidays were insufficient:

If we go abroad, there is nothing left for the Easter holidays, half terms and the rest of the summer. My social worker told me to hold back the clothing money and [child's] pocket money, but that's easier said than done.

We get the holiday allowance in July but you need to book in advance. We're going in May and won't get the local authority allowance till July. It's only about £270 and the actual cost for the child is more than £315. If the child moves before July, I won't get that allowance.

We had to pay adult prices and a single supplement for young people over the age of 16, but we wouldn't show them rejection by putting them in respite.

Similarly, almost half of the foster carers (15) complained that the allowances for birthdays and Christmas were too low. In one LA the £50 birthday allowance had remained unchanged for seven years. One carer said there wasn't enough money for the foster child to buy Christmas presents for his own family ('looked after' children's families are known to be much larger than the average). Another spoke about having to buy presents for a foster child who arrived just before Christmas, when she had not yet received the allowance. A key issue here was the need to be as generous to the foster child as they were to their own children:

It's important to have no discrimination between the foster child and your own children. The foster child will look to see what your own children are having, so they have to be treated the same.

For the children to fit in like your own children do, they want nice things like your own kids have got.

A6.6.2 Transport

The cost of transport was identified as a serious problem by half the foster carers (16), particularly those who were living in rural areas. Three carers in the north of Wales had found that fostering involved very high mileage: 20,000 miles a year, 1,200 a month and 250 miles a week respectively. One stated that the high flat rate paid by his IFA was supposed to include everyday transport, so he could not claim anything for journeys, which regularly amounted to 250 miles a week. In another area, foster carers could do "lots of small trips each day and never get mileage", because the LA would not pay for journeys of less than 6 miles. Others deeply resented LAs who checked their mileage claims on websites that calculated distances and were "always trying to avoid paying". Some foster carers were receiving travel allowances, which they considered totally inadequate. For example, one carer, who was paid £10 per week for transport, said there was 'no way' in which this covered the journeys to school (33 miles) and to girl guides and trampolining (both 22 miles).

Taking children to contact visits could also involve high mileage, particularly if contact occurred several times a week – as often happened with babies, who had been placed at a considerable distance from their parents for safety reasons. While LAs usually covered such expenditure, this was by no means guaranteed.

Some foster carers also complained that the allowances were insufficient to cover the cost of maintaining, taxing and insuring a car. This was especially an issue for four foster carers who had bought a larger car, so that the entire family including the foster child could go out together. Whether or not the LA or IFA contributed to the cost of purchasing the car, these carers were dismayed to find that they had to pay

higher tax and insurance on a larger car, which increased their monthly or annual expenditure:

We had to buy a bigger car, which cost £4,500. That was because of fostering – otherwise we wouldn't have bought one! And our car tax has doubled from £160 to over £300 for an eight seater – which is not claimable.

One person thought that foster carers should be allowed to join the local authority's car lease scheme.

A6.6.3 Damage or wear and tear

Over a third of the foster carers (12) expressed concern about having to pay for damage and wear and tear. Those who had incurred high bills for damage, generally attributed this to the children's previous upbringing, saying that "they don't value things because they have not been brought up to value things." These carers said that because foster children did not know how to look after their clothes, shoes, toys and bikes, they needed replacements much more frequently than their own children, and their bedrooms often had to be redecorated and furniture repaired. Here are some of their comments:

The little boy I've got he goes through his school shoes every three weeks! He takes the leather off the front. I think he must drag his feet along the ground or something. The social worker didn't believe it till she saw it with her own eyes. He also goes through trousers really fast.

You have to be good at DIY. The kids have broken the settee three times by jumping on it.

You say to him: 'What happened to this?' ... 'Don't know. It just came apart...'

We took her away and she didn't like the wallpaper, so she peeled it off.

Sometimes property was smashed by children, who were very angry and could not control their emotions. Inevitably, insurance companies viewed such damage as deliberate and refused to cover it. Foster carers reported that not all agencies met the costs of the damage and reimbursement could take months. In two cases where the foster children had caused damage amounting to thousands of pounds, both carers stated that their LA had refused to pay towards the cost of repairs.

A6.6.4 Activities and hobbies

Almost a third (10) of the foster carers identified activities and hobbies as one of the three things they had most difficulty in affording, but several others also mentioned this issue. This was not a problem in one local authority area, where after-school

activities were provided free under the E3 programme²⁸ and were highly valued by the foster carers. Nor was this an issue for those caring for babies. Other foster carers stated that while social workers were keen to get children involved in activities, the authorities were far less keen to meet the on-going costs of participation. For example, the initial costs of joining a group were paid for a young person, but when the costs of the annual summer camp and uniform were raised, the authority told the carer she had to pay for this.

Taking part in activities was viewed as a crucial way of enabling foster children to experience new things, to catch up on what they had missed and to develop socially. For some carers this inevitably meant extra expense:

The children are suffering the consequences of long-term neglect. They need individual specialist help with their swimming, so that is £10 per child for half an hour. It is much more expensive to provide one-to-one instruction.

One carer commented that foster children need structured activities, because they have a short attention span and are unable to entertain themselves. Others thought that leisure activities helped to keep their foster child out of trouble:

I was doing 150 miles a week just to take him for boxing classes three times a week. He needs his activities otherwise he will go off the rails.

A respite carer, who often looked after children when their foster carer was on holiday, felt that she had to do lots of interesting things with the children because staying with her was *their* holiday. This was expensive (“£35 a day is cheap”), because she always had to supervise the child (e.g. during a football match or a boat trip) which doubled the cost, and she did not receive a holiday allowance.

A6.6.5 Housing costs

Ten of the foster carers (just under a third) said that they had difficulty with housing costs. Most of them had made alterations to their houses in order to be approved as foster carers, to accommodate more children or to comply with new regulations, and three had moved to larger houses for similar reasons. Often this involved significant capital expenditure. One family had “used up all their savings” on moving to a larger house, because the local authority said that the foster child had to have a separate bedroom. Another family had replaced all the electric wiring in their house at the insistence of the local authority, who refused to offer any financial help. Although LAs and IFAs sometimes contributed towards the cost of an extension (e.g. to enable a foster carer to take a sibling group), some carers subsequently found that such improvements resulted in higher ongoing costs in terms of council tax, insurance or heating bills.

²⁸ An investment by Rhondda Cynon Taf, building upon the Community Schools initiative.

One carer had obtained a larger mortgage and bought a bigger house, so that she could take sibling groups. However, she said that she was then given a very difficult child who required a 'solo placement', and the LA refused to place another child with her or to fund the empty beds. As a result she got into debt, because she needed to have at least two children to break even. She said that she had only survived with financial help from a relative. Another carer, who needed a mortgage to buy a larger property, said that her IFA had referred her to a finance company. She knew how much she would need to borrow and said she was shocked when the finance company encouraged her to take on a mortgage for twice as much – she declined this offer.

A6.6.6 Other financial difficulties mentioned by the foster carers

Caring for siblings had caused major financial problems for two foster carers. One said he was horrified when his IFA announced on the day the children were placed that they would only pay half the professional fee for two siblings – a difference of £400. He found this incomprehensible, because "every child is an individual with their own individual needs, and they would've paid the full rate if the children weren't siblings". He felt unable to opt out at this stage, as the children were expecting to move in that day.

Indeed, the feeling of being financially trapped by their commitment to the children was a theme emerging from the focus groups. This was felt acutely by carers, who had given up a job or moved to a larger house in order to do fostering. However, such difficulties could sometimes be resolved or exacerbated by an individual social worker, and having a good or bad relationship with your social worker could create variations in how foster carers were treated within a LA as well as between authorities or agencies. Here are some of the carers' comments:

It's very difficult. Once you are in and looking after the children, you can't let them down.

The whole trouble with fostering is they've got us over a barrel.

If you've got a good children's social worker, you'll get what you need – otherwise you get nothing.

Other foster carers frequently raised the issue of clothing, because foster children often arrived with hardly any clothes (e.g. a baby wearing only a nappy) and new clothes often disappeared when the child went on contact visits. Some experienced foster carers were able to build up a useful supply of clothing, but a repeated theme in every group was that they were not allowed to use second-hand clothes. One carer commented on a "feeling of being watched and judged" and needing to ensure that clothes and shoes were of good quality and in good condition. While some LAs paid a weekly clothing allowance varying according to the age of the child, others paid quarterly, and often the initial clothing grant was described as insufficient:

The local authority only paid £50 clothing allowance, but it cost me £200 to provide shoes, underwear and other clothing for that child.

Setting-up costs could also be a concern for foster carers, particularly as the children usually needed so much:

Most of them come with nothing so you have to lay out for a full wardrobe of clothes, uniform, toys, books, shoes etc furniture...

Several carers were annoyed about not being reimbursed for the cost of setting up for a new placement “that never arrives or is cancelled last minute”. However, some LAs were praised for providing basic items such as cots and pushchairs, and one foster carer claimed that her LA had provided everything she asked for, including a nursery place two days a week for a child who needed more stimulation.

There were also concerns about the need to ensure that adolescents had enough possessions and savings, when they left their foster home to live independently. While foster carers were instructed to set up a savings account for the child, there was no guarantee that teenagers would not spend most of their pocket money.

Other issues included pocket money rates set by LAs and IFAs conflicting with what carers paid their own children; pre-adoption expenses being insufficient (e.g. only £5 to provide food and drinks for adopters who had travelled some distance to meet the child); and a LA refusing to contribute to the cost of contact lenses. Safety rules also differed between authorities, and some foster carers had to pay for annual checks of fire extinguishers and all electrical items in the home.

A6.7 Is it more expensive to care for a foster child than your own child?

In each focus group we gave the participants slips of paper and asked them to write down their answer to this question then put the slip face down on a plate. We used this procedure because this question is fundamental to the research and we wanted to ensure that nobody felt pressurised by the views of others. The participants all said that it is more expensive to care for a foster child – except for three foster carers. Two carers could not answer this question, because they had never had children of their own. The other carer replied ‘no’ but explained that this was only because she had a reliable retirement income, always looked after babies and only took one child at a time.

A6.8 The best and worst things about the current system

We gave each participant some post-its and asked them to write down what they thought were the best and worst aspects of the current system. Although the emphasis was supposed to be on payments, often the foster carers commented on other things which they considered important.

A6.8.1 The best things

The foster carers generally appreciated knowing what they were going to be paid and having regular payments made direct to their bank account. The BACS payment system was said to be “more efficient as opposed to the old cheque system”. Only one carer mentioned being paid “a week in advance”. Three foster carers expressed satisfaction with the allowances or fees, with one commenting that this had allowed her to be a full-time carer.

Other factors appreciated by the foster carers included “good support”, “respite”, “training opportunities”, “free use of local authority sports facilities” and carers being “recognised as more valuable than they used to be”. Two carers also reflected on their motivation:

I love what I do and would find a way to manage whatever problem arises.

I foster care for social awareness reasons (I believe it is a good thing to do). Also – I get a huge amount out of looking after babies and moving them on to adoption.

A6.8.2 The worst things

Inevitably in this section most of the foster carers focussed on what they did not have. The following statements are quoted exactly as they were written:

Not having a salary

Not being able to afford to buy the same things for my children

No money if no placement

No pension

Not being paid fairly

No help to buy a larger car

No clarity.

Often they reiterated points already made in this chapter. However, they particularly resented having to wait for reimbursement, late payment of allowances, and “having to ask for money that is owed to you”. They also complained about “variations in what is paid by local authorities and agencies”; allowances which do not cover what foster carers have to pay for; the “unwillingness of local authority to discuss money”; and authorities and agencies which “only pay the minimum”. The kinship carer thought that it was probably because she was a family member that she had not been “properly informed of what is available (...) with regards to costs”, but others had also been given “no information about what we are entitled to”. Both the respite carers said they had to chase irregular payments, and one commented: “You get paid when you shout.” There were also complaints about “too many unworkable rules... too much interference”.

Some participants commented on the pressure of being a foster carer and, in particular, a sense of obligation to try to make things better for the foster child;

I feel some pressure to allow foster child to do more than my child as I want him not to miss out. Sometimes this is a cost I hadn't expected.

Feel you need to compensate for absent parents/family.

If you want to improve child's education and they aren't in year 10 or 11 it is practically impossible to get any help financially.

Others commented on what they thought needs to change:

We (carers) must not feel ashamed to talk about money.

If you want professionals (or want to keep professionals) you need to pay professional rates! How about an incremental pay scheme like education.

As foster carers we are at the bottom of the food chain. Foster carers need to be empowered to give them more say in what they do.

A6.9 The foster carers' views on fees

Generally the foster carers thought it would be a good idea for a standardised fee to be paid to all foster carers in LAs and IFAs. They said that “everybody needs to know the criteria nationwide” and this would make the system fairer and more open. They also thought that a standardised fee would prevent agencies from “trying to undercut each other” or “poaching” foster carers from local authorities. One insisted that this “would encourage younger carers to take older children and sibling groups”, while another claimed that it would stop children from being placed “at the other end of the local authority area”. They said that foster carers *should* receive a fee, because “you can't do work and do fostering”; local authorities “want one

person to be at home all the time”, and “the fee has to replace lost income, if you are giving up work.”

More fundamentally, a professional fee would be an acknowledgement of the value of their work. This was a crucial issue for the foster carers: they pointed out that they were “not recognised or treated as professionals”, not “paid as a professional” and “only receiving a minimum wage”. They also spoke about feeling excluded: “not being invited to some meetings”; social workers “expecting carers to be stupid” and having “hush-hush conversations before or after meetings”, and decisions being “made elsewhere”. While a few carers said that “things have changed over the years” and they felt more valued now, again this depended “on the relationship with your social worker”.

However, there was no agreement about what a standardised fee should cover and the foster carers frequently took opposing views when discussing what conditions should be attached to the payment of a standardised fee. As one carer commented:

The complication is what it includes and what it doesn't.

A6.9.1 Should a standardised fee be linked to training and qualifications?

Most of the foster carers were already receiving a fee based on the training and skills they had acquired. It was not unusual to have different bands of payment linked to attending training courses and obtaining Level 3 NVQ. However, this system was not without problems. Some carers spoke about the top bands being restricted and “having to wait two and a half years to go on the band for NVQ3 due to limited funding”. Others said that local authorities were “not willing to pay the skills fee twice, if both foster carers in one household get NVQs”. One said that she was not approved as a “career carer” because her husband (who was employed) “had not done enough training”. Although some foster carers had received “excellent training”, there were complaints about the poor quality of some training courses, which were not relevant to caring for looked after children or were not updated. One carer insisted that those carers who rarely attended training, “should not get additional fees”, but others viewed this issue differently. Here are some of their comments:

Every new foster carer does their basic training and then NVQs.

We have 3 different stages of skills payments: beginning rate/ have attended training/ NVQ3. You get an extra £66 a week for the NVQ.

Sometimes it's just the same old information being put out again.

If you say people have to have qualification, you might lose good parents.

In one focus group all the foster carers agreed with the idea of a standardised fee but insisted that it should not be based only on training or experience but on the **quality** of the care provided. They felt that there was no agreement in Wales about the level of care that should be provided. They argued that a carer could have an Level 3 NVQ and still provide a poor quality placement. One commented that some foster children had “hardly any clothes”, because their carer was pocketing the money or spending it on their own children. Another stated:

I would be in favour of a wardrobe check. It does make me cross that some carers are not using the money for the child. Some foster carers will pay above and beyond to care for the children, but others don't.

They also talked about the lack of agreement about what standards should be expected and quoted the example of a social worker, who on learning that a foster carer was buying five fruit and vegetables a day, remarked: “We don't expect carers to provide that level of care!”

A6.9.2 Should there be a flat rate payment?

Many foster carers favoured the idea of having a flat rate fee, as a welcome relief from having to know about and claim expenses:

Working for an IFA you get a flat rate per child, and I think local authorities should take that on board. I like having a flat fee, because you know where you are.

I prefer having a fee upfront – it's much easier as you are not chasing payments all the time.

If there was a set fee at salary level, that would bring more people into fostering.

There was widespread agreement that the rate needed to be higher. One carer thought that this might “attract the wrong sort of people” into fostering, and another insisted that “you must have the caring element in there – you couldn't just do it for the money”. However, the rest of the group argued that the assessment process was sufficiently rigorous to deter unsuitable applicants and that having a placement would soon open people's eyes.

A6.9.3 Should the fee vary according to the age of the child?

While it was recognised that the behaviour of adolescents was generally more challenging, there was no consensus that foster carers looking after teenagers should be paid a higher amount than those with young children. The length of time in placement affected expenditure. Indeed, one long-term foster carer with two teenage boys claimed that it was much easier to care for teenagers when they had “settled down and lost their rough edges”. Another foster carer pointed out the long

hours involved in caring for a baby – she had worked out that she was being paid 37p an hour to do this. Here are two more comments on this issue:

It should be a flat rate fee for all ages. Teenagers may be difficult but at least they go to school, whereas you have to care for babies all the time.

If the rate was higher for older children, you could have foster carers turning away young children.

A6.9.4 Should a higher fee be paid for “very difficult” children?

This appeared to be happening in some LAs and IFAs. One carer said she knew that some foster carers were negotiating special rates, saying “This is a really difficult child. I will do it for...” Another carer thought that you should be paid more, if you had “a nightmare of a child”. Others saw this approach as misguided and gave examples of well behaved children who were never offered the range of activities that children displaying challenging behaviour got. Paying more for ‘very difficult’ children was seen as unfair and rewarding bad behaviour.

Other foster carers saw it as their job to help “difficult” children to deal with their emotions and to behave reasonably. Here are two of their comments:

Who makes the decision that a child is particularly difficult? That child gets corrupted so the social worker can fit them into a special category.

You have to slog at it, until you turn them round – I like that challenge.

A local authority foster carer commented that if a child was so difficult that s/he required a “solo placement”, the foster carer should be compensated for not being able to take other children at the same time. Apparently some IFAs did provide extra payment for carers in these circumstances, so long as they had an empty bed.

A6.9.5 Should conditions be attached to the payment of a higher fee?

One foster carer expressed concern that there would be “extra rules”, if foster carers were paid the equivalent of a salary. This appeared to be happening already, as it was clear from the discussions that LAs and IFAs tended to attach conditions to higher rates of pay e.g. insisting that the foster carer should take two or even three children and have less right to refuse a placement. This was the point at which the needs of foster families could come into direct conflict with their duties as foster carers. One foster carer pointed out that you have to consider the needs of your own children. Another, who had rejected the offer of much higher payments, stated:

I turned it down because you have to take whoever they throw at you. I want to have a say in who comes into my home. I turned one boy down, who had a habit of torching cars and damaging neighbours’ property.

However, these considerations did not alter the firm conviction held by most of the foster carers that they were being paid too little for fostering and that the system needed to change. Here are three of their comments:

All carers will say “We are not in it for the money”, but we are also not in it to pay out for caring for other people’s children.

If you break it down to an hourly rate, nobody in their right mind would go into fostering.

If you want people to keep fostering, you need to make it worth their while.

A6.9.6 If you had a magic wand...

We asked the foster carers, “If you had a magic wand and money was no object, what do you think would make a real difference to your foster child?” Some foster carers interpreted this question in terms of what they could buy for their foster child and they mentioned things such as “more individual living space”, “a massive house so you can keep siblings together”, a holiday abroad, private education, one-to-one support in school and medical help for allergies. The needs of their foster child(ren) were clearly reflected in some of their comments:

Make sure that when they leave care, there is a savings pot for them like a golden handshake, because otherwise they have nothing.

Interestingly, money did not feature in the responses of most of the foster carers. They wanted to “turn the clock back”; “to give her back her lost years”; to “make their childhood normal – no social work visits”, and to provide “stability” and “a mum and dad who really wanted them”. They wanted the children to be “happy and successful” and to be able to return “to somebody who loves them”. One foster carer wished that social workers would listen to her more, when making decisions about the child. She thought it was “the beginning of the end” for a child under the age of three, who was being taken to contact visits every morning and nursery every afternoon when she needed to stay at home. Carers were sad that the children felt insecure, knowing that foster care was not a permanent arrangement, and three said that they would have obtained an adoption order or a special guardianship order, if they had not feared the loss of all support:

I would adopt them. I would have done it years ago, but all the financial and therapeutic help goes.

A few mentioned the lack of financial support when the young person reached 16-18 years old and were concerned about how they could afford to continue to offer a home with only a supported lodgings allowance. The magic wand question did not bring forth a long list of material goods but a wish to be enabled to provide greater stability and permanence for children.

A6.10 Summary

- ❑ Welsh LAs and IFAs were asked to send out a total of 620 letters to foster carers and 101 carers expressed interest in the research - but only 33 actually attended the five focus groups (24 LA foster carers, 8 IFA carers and 1 kinship carer).
- ❑ Many of the foster carers were worried about confidentiality and felt insecure financially, particularly if fostering was their main source of income. Those who had a working partner often claimed that the partner's income was "subsidizing the care system".
- ❑ Allowances and fees varied enormously, and even foster carers on high flat rate payments did not always receive more than other carers who could claim a wide range of allowances. However, those receiving high flat rate payments generally appreciated not having to argue about expenses.
- ❑ Most (18) of the foster carers said that holiday allowances were insufficient to cover all the time that children have "off school". Staying in a hotel was usually too expensive because the foster child had to have a separate room and adult rates were charged for adolescents.
- ❑ Carers were unhappy about allowances for birthdays and Christmas, because they felt they could not give the foster child less than their own children.
- ❑ The cost of transport was identified by half the foster carers (16) as a serious problem, particularly if they lived in rural areas, were not close to the school, or had to take the child to contact visits frequently.
- ❑ Over a third of the foster carers (12) expressed concern about having to pay for damage and wear and tear. This problem was attributed to foster children not having "been brought up to value things" and insurance companies refusing to pay for property smashed by children who could not control their emotions.
- ❑ Almost a third (10) of the foster carers said they had difficulty in paying for activities and hobbies, although they were crucial for the child's development.
- ❑ Almost a third (10) of the foster carers said they had difficulty with housing costs. Making their home suitable for fostering often involved significant capital expenditure.
- ❑ Some carers felt financially trapped by their commitment to the children – especially if they had given up a job or bought a larger house to do fostering.
- ❑ Nearly all the foster carers (30) said that it is more expensive to care for a foster child than for your own child.

- ❑ The “worst things” about the current system included having no salary, no pension, not being paid fairly and having no money if there was no placement. Foster carers also resented late payments and having to wait for reimbursement.
- ❑ Generally the foster carers said they would approve of a standardised fee being paid to all foster carers in LAs and IFAs. They said that a professional fee would be an acknowledgement of the value of their work.
- ❑ There was no agreement about what a standardised fee should include.

Annex 7 Engagement with fostered children and young people

A7.1 Introduction

Young people who were in touch with an advocacy project and who were or had been recently looked after, were asked if they were willing to complete a questionnaire about foster carer allowances. Young people contacted were known to Tros Gynal, NSPCC, NYAS, Powys advocacy service and NWCRC. The questionnaire asked about young people's view and perceptions of how their carer spent the allowance; how satisfied they were with pocket money; whether there was enough money to participate in activities in and out of school, and whether the amounts they received made them feel different from their peers. Young people did not always answer every question and therefore the total responses differ per question.

Questionnaires were completed by 100 young people: 61 girls and 39 boys. One of the young people received a disability living allowance. The young people had been or were currently looked after by 12 Welsh local authorities and most (78%) had had foster placements within their local authority area. Fifty percent had been looked after for more than three years with one young person stating that she did not know how long she had been in care, although it was clearly many years. All except six young people were currently looked after.

Table 15: Young people's age and length of time looked after and time in current placement

Young people	Mean	Range
Age	15 years	11-22 yrs
Length of time in current placement	2 years	1 month-15 years
Length of time looked after	5 years	2 months-15 years

Source: LE Wales and Hadley Centre

A7.2 The fostering maintenance allowance

Only seven (7%) of the young people stated that they knew how much their carer received in allowances. This may seem low, but it would be surprising if many children in the general population knew how much their parents were paid. Seven young people thought that their carers were paid from £24 - £1,440 per month in maintenance allowances. Three thought this was not enough, three about the right amount and one thought the highest allowance paid, was too much.

What young people think the allowance is spent on

All the young people answered a question asking what they thought fostering allowances were spent on. Several (10) recognised that the expenditure was to support them and simply replied “me” and that foster carers topped up the allowances from their own resources. The majority stated it was spent on food, clothes, activities, travel, holidays, school items, and household bills. Other items identified were computers and internet use, presents, and toiletries:

Food, clothes and general stuff to look after me. They also save for me.

In my case good food.

Me - like clothes and stuff that we need.

However, seven young people replied that they did not know how the money was spent or “hadn’t a clue” and a further five young people gave angry responses stating that the money was used for the carer’s own personal use:

Never bought anything, just in it for the money.

On their caravans and cars and themselves.

Is the allowance enough?

Young people were asked whether they thought their carers had enough money for them to be able to do the things they wanted to do. Most young people (67%) thought it was sufficient. A fifth thought there wasn’t enough money, although only 22 also stated that they had to go without as a result. There was no relationship between the carers identified as receiving lower allowances and young people saying they had to go without.

Young people identified social activities with friends, clothes, new Playstation games, phone credits and personal items as the things they went without most often.

Like if my friends go to the cinema I don’t go because £5 is not enough.

Sometimes you can't meet up with friends to buy make up and perfume.

Individual young people complained that there was not enough money for items such as driving lessons, maternity clothes, buying Christmas presents for others, cigarettes. One young person stated “*but I save my pocket money for things if they cost a lot*” and another recognised that when there were more children in the placement there was more money available.

A7.3 Education

Young people were asked if there was enough money to be able buy items for school such as pens and folders. The majority (78%) replied ‘yes’ with a further 18% responding sometimes. Three-quarters stated that they sometimes went on school trips. The main reasons for not going on school trips was that their schools no longer provided this activity (10 responses); or that they hadn’t been able to go because the social worker had not got the consent forms back in time (5 responses); costs were too high (3 responses); and trips were not disabled friendly (1 response). Six young people stated they disliked school trips and did not want to go or that their behaviour (6 responses) excluded them from attendance. Three young people gave answers that suggested they were not confident about asking for support for school trips:

Because I am in care and not allowed.

I don't really want to ask.

I can't go on ones overnight.

A7.4 Sports and activities

Young people were asked whether they were able to participate in sports and other activities outside of school. The majority (71%) gave a positive response.

Non-attendance was related to lack of money (10 responses) or to lack of available activities (6 responses) close by:

I only get £5.

Said I wanted to join (X) but told it was too expensive.

Would like to do rap dancing but there is nothing nearby.

A7.5 Pocket money

All except five young people who were currently looked after stated they received pocket money and the majority (44) thought it was about the same as their friends; 28 less than their friends and 14 more than their friends got.

There was an obvious expected relationship between the older the child and the higher the amount of weekly pocket money as shown in Table 16 below. However, there was also quite a lot of variation and this could not be explained by local authority variations in payments. For example, if we examine the three young people aged 13-14 years who were being looked after by Conwy, one young person stated they received £5, another £10 and the third £15. From other comments it was also clear that some children were expected to use their pocket money to fund many more activities than other children.

Table 16: Amount of weekly pocket money by age of the young person				
Amount of weekly pocket money	Number of children aged:			
	11-12yrs	13-14yrs	15-16yrs	17-18yrs
£5.00 or less	8	4	3	2
£5.50-£9.50	3	4	3	3
£10.00- £14.50	2	15	21	9
£15.00	0	1	6	2

Note: Four young people older than 18yrs excluded, five young people stated they did not receive pocket money at all and a further five did not complete this question

Source: LE Wales and Hadley Centre

A7.6 Clothes

Young people were asked whether they got new clothes and whether they were able to dress like their peers. This question provoked the most and the strongest comments. The majority (88) of young people stated that they did get new clothes. Many commented on how much they liked being able to choose their own clothes "my clothes are fab"... "Happy I get to choose what I get" ... "better we have a monthly clothing grant."

Some stated they only got new clothes at the start of the placement or only at Christmas and birthdays or that they had less and needed to make clothes last longer than their peers. Two young people's comments suggested they were paying for their own clothes: "*I buy my own out of my EMA*"... "*I never have much money to buy clothes*"

Those (7) who complained about the lack of new clothes sometimes commented on the reasoning or motivation of their foster carer:

Poor behaviour was used as an excuse not to buy them.

I do sometimes especially around meetings when my foster carer knows I'll complain.

Most (62) young people thought they had similar clothes to those of their friends. Those who described differences did so through choice because they had their own particular style or wanted to stand out from the crowd. A few (8) expressed sadness about the quality and amount of their clothing:

I feel horrible about that.

Scabby.

They [foster carers] go into crap shops.

A7.7 Equitable treatment

Young people were asked if they thought they could do the same kind of things as other young people of their age. The majority (76%) thought they could, with two young people stating that they did more. In some ways the responses were what would be expected from any teenager, with complaints about having to come home or going to bed earlier than friends, or that other young people had more. However four stated they were treated differently because their friends were police checked:

Loads of reasons All my friends have to be police checked before they come here. Not enough independence. (16 years old)

Young people were asked if they were treated the same as other children in their foster placement. Just under half (48) of the young people were in a sole placement with no other foster children present. Thirty young people shared their foster home with one other foster child, 14 with two foster children and seven with three other foster children. We did not ask if these other foster children were siblings. In addition 49 foster homes also contained birth children: 48 had one birth child and one had two birth children. A quarter of the young people lived just with their foster carer with no other foster children or birth children present. Most thought that their carers treated them the same as other foster children and as their birth children:

Good because my foster mum is like my real mum to me.

Really good because they treat me the same as their own children.

Twelve young people thought they were treated differently from other children living with them. This was because of adults treating children differently according to their age, but also some thought boys and girls were treated differently. A few described birth children being treated better by the carers. For example, birth children could have friends to stay whereas the foster child could not, or they didn't have a mobile phone or laptop like birth children. One young person wrote that you: *"only need to look in their bedrooms to see the difference."* Some young people who were sharing with other foster children thought it was only those who *"got into trouble that got load of treats."* One young person did not comment on differences in material goods but wrote about difference in the following way: *"It's upsetting seeing the love between the carers and their children and knowing you don't have that."*

A7.8 Day trips and holidays

Eighty-six young people had been on day trips with their carers. A few stated they did not want to go on trips, because the carer had no car or the carers were too old. Three young people stated that the carers tended only to go on trips that were for their own needs such as car boot sales, or that the carers did not go on trips at all.

The majority (58) had been on holiday with their carers but some (15) young people said that they had not been in placement long enough to have a holiday, or that they were *"hoping to go somewhere if I start behaving"*, or that their foster carers were too busy to go on holiday. Only one mentioned that money was the issue that had prevented them going on holiday with carers. Three young people reported problems in obtaining a passport and this had prevented them from going abroad with their carers. Seventeen young people from nine different local authorities (the majority came from one LA) had no luggage of their own. A few reported that they had been to *"loads of places"*, or had *"just got back from Spain"*.

Young people were asked where they lived when foster carers went away without them. The majority of youngsters wrote respite carers. Only a few went to a known carer: four were able to stay with a grandparent or other family member, three were looked after by a relative of the carer and three went to previous foster carers or to a carer who was looking after their sibling.

Of the 50 young people who provided an additional text response to the question on respite care, the majority (32) stated that the alternative arrangements were "OK" and some liked the change:

Fine, they need a break sometimes.

Not bothered.

Excited about going to a different foster carers.

It's cool to get away from home sometimes.

However, 18 young people stated that it made them sad:

Feels like I'm a nobody.

Felt like not really being part of the family.

Lonely outsider.

A7.9 Other comments about financial allowances

Young people were given the opportunity at the end of the questionnaire to write about any other issues that concerned them about money. Four young people wrote that their carers should be given more money as it was not sufficient and they were doing a terrific job. Three older young people wanted to know and understand more about how allowances were spent: *"Think there should be an open plan for budgeting that should be shared with the young person and clear outlines about what this should be spent on."* One young person argued that every child should receive £15 pocket money, another that more should be available for taxis especially when placed at a distance from the birth family and three wanted more checks on how carers were spending the allowances. Three young people commented that allowances for their carers should not stop at 18 years of age: *"It's not fair that people have to leave their placements when they are 18 years."*

A7.10 Summary

- ❑ 100 young people who were in contact with an advocacy project completed questionnaires on their views of the amount of allowance their carer received and the way the money was spent.
- ❑ The questionnaire was completed by 61 girls and 39 boys who were aged 11-22 years with the average being 15 years old. All except six were currently looked after.
- ❑ Very few (7) knew how much money their carer received to care for them but most thought that the money was spent on caring for them, food and household bills. A few wrote that their carer used their own income to meet the foster children's needs. Five young people thought the money had been used for the carer's own needs.
- ❑ The majority of the young people thought that their carer received enough and that they did not often have go without. Some young people identified going out

with friends, buying phone credits, clothes and new games as the things they had to go without the most often.

- ❑ Most (78%) young people had been able to go on some school trips. The reasons for non-attendance were that the school did not provide trips, the young person disliked trips, the consent forms had not been signed in time by the social worker, the trip was too expensive, and some trips were unsuitable for disabled children.
- ❑ Most (71%) young people participated in activities outside school. Non-attendance (10 responses) was related to lack of money or activities not being close enough to home.
- ❑ All except five young people stated that they received pocket money. There was a great deal of variation in the amount young people received and what they were expected to pay for with their own money. This was not related to difference in local authority rates.
- ❑ New and fashionable clothes were important for young people. Most (88) got new clothes and particularly liked being able to choose what they wore. A few stated they had to make their clothes last longer or had less than their peers and expressed feelings of sadness and lack of self worth as a result.
- ❑ Most young people thought they received the same quality of care as other foster children or the birth children in their placement. Some described their foster mother as like a real mother. A few (12) thought they were treated differently, had fewer possessions, were less able to have friends round, or that only those foster children who misbehaved got “treats”. In contrast, young people who described their own behaviour as challenging thought they missed out on school trips, holidays and new clothes as a result.
- ❑ Most young people had been on day trips and away on holiday with their carers. Seventeen young people did not have their own luggage and problems in obtaining passports had prevented three young people going away.
- ❑ Most young people did not particularly mind going to a respite carer when their own carer was away. A few enjoyed the experience and found it exciting. However, 18 young people described respite care as lonely and felt they did not really belong in their foster family.
- ❑ Older young people expressed a wish to understand more about allowances and budgeting and three commented that they should not have to leave their placements at 18 years of age.



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