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|-----------------------------|---|
| <b>TITLE</b>                | <b>Foster Carer Benefits and Entitlements: Exemption of Council Tax</b> |
| <b>FOR CONSIDERATION BY</b> | Children's Services Overview and Scrutiny Committee on 23 January 2018  |
| <b>WARD</b>                 | Non Specific  |
| <b>DIRECTOR</b>             | Interim Director of People Services - Paul Senior                       |

## **OUTCOME / BENEFITS TO THE COMMUNITY**

The use historically of out of Borough placements has resulted from a lack of internal resource, foster carers and options for more specialist care.

Distance placements and those provided independently are costly in terms of the purchase of the placement, but also in terms of hidden costs such as staff travel and time. Distance placements are additionally more difficult to manage and support, primarily because social workers and Independent Reviewing officers are not on hand to respond to emergencies and progress care planning quickly.

Advocacy for children in care in distance placements is also more difficult to provide and the statutory requirements such as return to care interviews when a child has been missing or absent become more problematic.

Our aim is to provide locally for Wokingham children, except in exceptional circumstance where specific and complex needs dictate a specialist centre of care. Such examples would be for children with severe and complex disabilities who require specific care packages and those with specialist therapeutic or secure care needs.

In the 2016/17 Children's Social Care have made strides to change the pattern of placements of children by not placing one new child outside of Wokingham (excluding those Unaccompanied Asylum seeking- UASC, whose needs can only be met in specific accommodation). This success went some way to stemming spend on placements for children in care by more effective use of the existing in-house resource. We are however not going to achieve the type of progress and outcomes for children we desire by operating this system without extending further investment into fostering recruitment incentives.

The longer term benefits of an improved service will be a reduction in spend on placements for children in care, a commitment to Wokingham children that they can remain within their community, local schools and family/ friendship networks and more importantly improved outcomes for our children in care.

This delivers a positive public message that foster carers are valued members of the community and that Wokingham Borough Council is supportive of local residents meeting local needs

- The proposal for offering a council tax exemption for fostering households who care for Wokingham Children looked after, is a positive message. The use of council tax exemption may raise queries from other council tax paying groups about the application of these exemptions. It is clear that fostering is a public service to the local community and that the provision of one's household, time and day to day care is an exceptional commitment. Fostering is also an essential service which does not fall under the auspices of paid employment in the same way as other Council employees.

Foster carers provide a service often 24 hours a day 7 days per week. Fostering households provide recognised optimum quality of care for Wokingham children who cannot live with birth families, whilst at the same time being highly effective value for money, providing they are an in-house resource.

Not all foster carers who foster for Wokingham live directly within the Wokingham boundary, although they are committed to Wokingham and care for Wokingham children. In such cases equity between our own in-house carers and to underline that the carers are both valued and part of the Wokingham community, an annual fee would be paid in line with Wokingham Borough Council average council tax rates since an exemption cannot be granted for those living on the border but in other boroughs.

### **RECOMMENDATION**

It is recommended that Wokingham Borough Council approve the proposal for Council tax exemption for Wokingham in-house foster carers.

### **SUMMARY OF REPORT**

The purpose of the report is to outline options for specific incentives for foster carers and to attract prospective fostering households based upon the Children Looked After sufficiency strategy around placements for children in care; those supported under Kinship and connected persons and extended family and friends being assessed under Special Guardianship arrangements for children subject to court proceedings.

The financial modelling was commissioned by the Corporate parenting Board in the form of task and finish groups sponsored by the then Lead Member for Children's Services, Cllr Hailtham-Taylor and members on the Corporate parenting Board.

The priorities for the Corporate Parenting Board and for Children's Services for 2017/18 and beyond is a focus upon a strategy to reduce the numbers of children living outside the Borough (or within a 5 to 10-mile radius of the borough boundary), reduce the numbers of children placed in independent fostering placements or residential care.

## **Background to Fostering Benefits and financial modelling:**

As Part of the Corporate Parenting Strategy, Wokingham Children's Services department has been reviewing both the sufficiency strategy and marketing strategy to look at the support and incentives provided to existing foster carers and the active campaign of recruitment of new carers through new processes and marketing. This is envisaged to attract up to a further 20 new carers/ fostering households, whilst maintaining our existing cohort of 39 foster carers.

As part of a review of benefits that we could offer to carers and to new prospective carers, we wanted to be able to offer a clear gesture which is distinct from the fostering allowances, but which would attract members of the public to consider fostering. The fostering allowances in Wokingham are competitive and are benchmarked against national standards of remuneration. They are subject to annual increases in line with Wokingham Council wage increases/ cost of living/ inflation. In offering council tax exemption as opposed to a general increase in allowance we are ensuring a cost effective method of providing a benefit which is tangible and easily understood by carers.

For instance an increase in allowance would apply to each and every child placed with a carer. For a large sibling group or a number of children placed, so the increase in allowance would apply to each and every child, thereby doubling or tripling any intended benefit. Once allowances are set they cannot be reduced. Whilst council tax charges may vary or rise annually, the offer of council tax exemption as a benefit is something that can be revised by the council in the same way as market supplements can be removed if the need arises. We would of course need to make the exemption arrangements clear to foster carers.

Analysis of children's needs have meant that we will propose to be return some of our most complex children to local family placements and these children and their carers will need comprehensive wrap around care. We will only return children where a plan to do so meets their needs. No child will be disrupted for the sake of returning to a local placement. The change between children placed out of borough and those placed locally will be a slow 'sea change', but performance indicators in this area show that our policy and approach is delivering outcomes.

We have scoped out the costs of providing an increasingly attractive package for our existing carers and a package designed to attract registered carers in the local vicinity who are currently working for Independent fostering agencies (IFA). It should be noted that the cost of an IFA is usually double or sometimes triple the cost of an in-house placement because we are required to pay a weekly fee to the IFA, which does not apply to our own carers. Therefore, it would mean a substantial saving if we could avoid IFA placements. In order to compete with IFA's we have to attract carers to register for Wokingham, both those who are existing carers and those who are making a choice about with whom they wish to foster.

We have already developed a comprehensive training package and the proposal around team structural changes through the 21<sup>st</sup> Century Council will provide the required support for additional fostering households.

We therefore posed questions and undertook financial modelling on recognised incentives for fostering carers. The exemption of foster carers for council tax has been successfully launched some years past in Cheshire and some Manchester unitary authorities, Southampton Council and the London Borough of Southwark.

Borough's report a mixture of views and reception by the community to this initiative. It is reported positively by Cheshire authorities and in Southampton there was a view that the fostering network was described as 'saturated' but that it assisted with retention of carers.

### **Initial Desktop - Financial Analysis**

The following options have been reviewed to assess the potential financial costs for each option. The aim to reduce the number of Independent Foster Agency placements has a financial benefit through cheaper weekly rates. The potential savings could be used to help fund the potential options in the tables below. The data is based upon financial modelling undertaken in August and September 2017. This will of course change over time dependent upon the number of carers, however any increase in carers and therefore increase in exemptions will continue to be offset by increased saving on placements.

Additionally whilst calculations have been modelled on average band D, of course there will be carers who live in housing of greater or lesser band levies. Due to the smaller number of carers, we would be in a position to calculate annually the cost of exemption for each and every carer.

WBC currently have **39 children** with in-house foster carers.

|   |                  |
|---|------------------|
| Current Average IFA cost per week       | £875             |
| Current Average In-houses cost per week | £425             |
| <b>Cost difference - per week</b>       | <b>(£450)</b>    |
|   |                  |
| <b>Cost difference - per year</b>       | <b>(£23,463)</b> |

As part of the financial modelling we have explored the implications for tax and self-assessment for foster carers. If the exemption of council tax is applied to fostering households then there is no taxation difficulty. If however foster carers are required to pay council tax and then the Council provide a rebate, this would have tax implications. It therefore is more beneficial to foster carers to be exempted in the first place.

The question of precepts for local services (such as Parish Council, Fire & Rescue and Police services) has been explored and the arrangements which apply to all council tax exempted groups such as those in receipt of benefit, could be extended to apply to foster carers. In any event as a commitment to the foster carers by the council, the deficit in council tax revenue would be absorbed by the council. The savings made within children's services placements spending will more than cover the loss of income.

### **Cost Options**

The use of council tax exemptions to households who foster for the Council is becoming a well-established benefit for foster carers and has been launched by a number of Local Authorities including Cheshire East, Southampton, and London Borough of Southwark.

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### **Cost Options**

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Many foster carers maintain a much larger house than their family requirements, providing the additional bedrooms for foster children that they would otherwise not require. Committed foster carers have reported through their forums and to Corporate parenting that they would welcome this gesture from the Council and would see this as a signal of feeling valued.

Any loss in council tax to the Council when compared to the cost savings of placements outside the Borough means there would be a significant saving. It is also a clear message from the Council that our foster carers are valued members of the community and that we support local families and children staying locally.

**1. How much would it cost to give a council tax rebate/refund to all in-house foster carers?**

Based on the current number of households with in-house foster placements and a council tax rebate equivalent to Wokingham Borough Councils average band D cost for 2017/2018.

|   |                |
|---|----------------|
| Current In House Carers - No. of Households | 19             |
| Wokingham Band D - Average Council Tax*     | £1,650         |
| <b>Total Cost per annum**</b>               | <b>£31,357</b> |

**Additional cost for every 1 new in house carer      £1,650**

\* Based on 2017/18 rates and includes Police, Fire and Parish precepts.

\*\* Subject to annual % increases in Council Tax.

**Wokingham Fostering Household on the Borough Boundary or just outside:**

A proposal for a council tax exemption for Wokingham foster carers will be an attractive incentive. Not all Wokingham foster carers live within the borough boundary and therefore in order to equitably receive the incentive, an agreement for an annual allowance paid to those carers at the same rate as the council tax exemption for in borough households will need to be considered. This would also form the same basis as the council tax exemption in that we would have clear arrangements that this was an additional supplement and could be withdrawn with notice, should there be grounds to do so.

**Recommendation:**

The cost benefit analysis of council tax exemption/ rebate/ allowance is a positive one for the Council. Early consultation about whether foster carers would welcome this type of incentive indicated that carers would find this type of incentive supportive and attractive. The task and finish group recommended taking this proposal forward at Corporate Parenting Board and therefore through the process of agreement by committee. The revenue loss to the council will be offset by reducing the number of independent foster placements which are more costly than our in house provision.

**FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

*The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.*

|                                   | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1)   | As above                      |   |                     |
| Next Financial Year (Year 2)      |                               |   |                     |
| Following Financial Year (Year 3) |                               |   |                     |

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|--|
| <b>Other financial information relevant to the Recommendation/Decision</b> |
| N/A  |

|                                   |
|-----------------------------------|
| <b>Cross-Council Implications</b> |
| N/A                               |

|                                  |
|----------------------------------|
| <b>List of Background Papers</b> |
| N/A                              |

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