

<b>TITLE</b>	<b>Foster Carer Benefits and Entitlements: Exemption of Council Tax</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 29 March 2018
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Interim Director of People Services - Paul Senior
<b>LEAD MEMBER</b>	Executive Member for Children's Services – Mark Ashwell

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

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

Distance placements and those provided independently are significantly more 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.

The regulator requires Local Authorities to justify the reasons for each child placed at 'Distance' and apart from a few very select cases; Ofsted will not accept the lack of development of local resource by the Local Authority as a justifiable reason for a child to be placed away.

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.

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 that 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 'in borough' and 'out borough' carers is required, to underline that all carers are valued and part of the Wokingham community. It is proposed that either an annual fee would be paid in line with Wokingham Borough Council average council tax rates to out borough carers or negotiations are undertaken with neighbouring boroughs who wish to enter into a reciprocal arrangement.

### **RECOMMENDATION**

The Executive is recommended to:

- 1) approve the proposal for Council tax exemption or payment equivalent to council tax for those living outside the borough for Wokingham in-house foster carers as part of a retention and recruitment strategy to obtain sufficient in house foster carers for the children of Wokingham;
- 2) approve that the Council Tax Section 13A Policy will be amended to include this proposal;
- 3) note that the costs of this proposal are planned to be funded from the savings generated from transferring higher cost IFA carers to lower cost in-house 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 Haitham 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:**

1.1 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 35 foster carers.

1.2 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.

1.3 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.

1.4 Analysis of children's needs have meant that we will propose to 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.

1.5 Wokingham has to prepare for rising costs of placements for children in care. There is a national trend in the rise of the Children in Care population. In Wokingham in 2017 the children in care population has expanded from approximately **72 children in care to 103 children in care or a rate of 20.9 per 10,000 to 27.6 per 10,000**. We expect this trend to continue and predictive analysis in line with national trends appears to show that Wokingham should prepare itself to plateau around **140 children in care**.

1.6 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. The approximate cost for a foster care placement in-house is around £450 per child per week, but the cost to an IFA is a minimum of £850- 900 per child per week, with costs rising on average to £1,850 per week for children with any specialist needs. Given most of children, have specialist needs we are more often paying the higher brackets.**

The higher costs are incurred because we do not have enough in house carers and because we have to pay fees to the IFA organisation. Avoiding this agency fee will mean a substantial saving on every child we place with in-house carers and therefore avoid IFA placements because more than half the cost is paid to an agency and not for the carer.

1.7 In order to compete with IFAs, Wokingham Borough Council has to attract carers to register and foster for Wokingham. We estimate needing between a minimum of an additional 20 fostering households, but preferably closer to 30 new sets of carers. At the same time we have to retain our existing carers, and attract carers to swap from working for their current IFA's to become in-house carers for Wokingham, we have to encouraging members of the public to consider fostering and who will make a choice about with whom they wish to foster.

1.8 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.

1.9 Some Borough's report a mixture of views and reception by the community to this initiative. Greater Manchester / Cheshire East authorities report it positively; and in Southampton, there was a view that the fostering network was 'saturated' but that it assisted with retention of carers.

## **2. Initial Desktop - Financial Analysis**

2.1 This is an 'invest to save' model. For every in-house placement we use instead of an IFA placement, we save on average a minimum of **£430 per week per child**. Most Carers have two children in placement so **£860 saving per week**. Council tax exemption for a fostering household would be on average £1,741 (Band D equivalent). It would take **less than one month** for Wokingham Borough Council to recoup the initial outlay for the exemption per household.

2.2 The following options are 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 the current numbers of carers for February 2018. 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.

2.3 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.

2.4 As at February 2018, Wokingham Council had **35** in-house foster carers.

**Table 1 – Cost differential Independent Fostering Agencies vs In-house carers**

Current average IFA cost per child per week	£892
Current average in-house cost per child per week	£462
Difference per child per week	£430
<b>Annualised cost difference per child</b>	<b>£22,360</b>
<b>Payback in weeks of annual Council Tax of £1,741</b>	<b>4.05</b>

2.5 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 provides a rebate, this would have tax implications. It therefore is more beneficial to foster carers to be exempted in the first place.

2.6 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.

### **3. Cost Options**

3.1 The use of council tax exemptions to households who foster for the Council is becoming a well-established benefit for foster carers.

3.2 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.

3.3 The prospective loss in council tax to the Council is surpassed by the cost savings generated by a relatively small increase in the number of placements provided in-Borough and / or avoidance of any potential reduction in the current volume of carers who would have to be replaced – at least in the short term – with agency providers. 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 2018/2019:

**Table 2 – Cost of proposed exemption to current carers**

Current cohort of in-house foster carers	35
Wokingham Band D Average Council Tax *	£1,741
Current cohort annualised cost	£60,935
Additional costs re: out of borough carers and related tax: c10 carers * £1,741 *40%	£6,964
<b>Estimated total cost current cohort</b>	<b>£67,899</b>
<b>Payback – number of children transferring from IFA to In House required to break-even**</b>	<b>3.04 therefore 3</b>

**Table 3 – Cost of proposed exemption including current & additional carers**

Estimated total cost current cohort (Table 2 refers)	£67,899
Average cost current cohort £67.9k / 35 carers	£1,940
Additional 10 carers at £1,940	£19,400
<b>Total cost to support 45 carers</b>	<b>£87,299</b>
<b>Payback – number of children transferring from IFA to In House required to break-even**</b>	<b>3.90 therefore 4</b>

\* Based on 2018/19 rates and includes Police, Fire and Parish precepts.

\*\* costs divided by cost differential referred to in Table 1

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

4.1 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 net council tax exemption for in borough households will need to be considered. This would have the effect on increasing the amount paid by the Council so that the benefit net of tax would equate to the £1,741 benefit received by those carers living in borough. Further work is required to identify the volume, the above table assumes 10 of the current cohort are out of borough with an additional cost of c£7k. The estimated total cost of £67.9k (Table 2 refers) breaks-even if this initiative enables three children to move from IFA to in-house care.

4.2 If the proposal was applied to existing and new carers the overall cost would be c£87.3k (Table 3 refers), this would be paid for if 4 children moved from IFA to in-house provision. It is anticipated that in-house provision will care for a minimum of 10 additional children.

4.3 In communicating this proposed benefit to existing and new carers it would be clear that this was an additional supplement and could be withdrawn with notice, should there be grounds to do so.

#### **5. Recommendation:**

5.1 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.

5.2 This proposal is a key part of our marketing strategy to attract the number of in house carers required to meet the needs of Wokingham children. We will pay substantially more per child if we rely upon the private sector in terms of IFA placements.

5.3 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)	£0	N/A	Revenue
Next Financial Year (Year 2)	- Cost approximately £77.6k per year - Potential Savings are estimated at c£112k (see note below)	Yes	Revenue
Following Financial Year (Year 3)	- Cost c£87.3k - Potential Savings c£224k	Yes	Revenue

#### **Other financial information relevant to the Recommendation/Decision**

The financial implications are based on the following assumptions;

Exemption of Council Tax would apply for 2018/2019 onwards and number of additional carers would be;

- 2018/2019 – 10 Carers (5 In House and 5 IFA)
- 2019/2020 – 20 Carers (10 In House and 10 IFA)

Due to the profiling of the number of new carers (5 new in house carers), the costs and potential savings in 2018/2019 would be lower whereas 2019/2020 represents the full number of additional carers (10 new in house carers) which is reflected in the financial tables earlier in the report.

**Potential savings** have been included to reflect the aim from WBC with regards to using in house carers rather than IFA carers in future where possible. These are calculated based on the number of additional IFA carers multiplied by the annualised cost difference in Table 1.

- 2018/2019 – 5 Carers transferring from IFA to In-house x £22,360 - 2019/2020 – 10 Carers transferring from IFA to In-house x £22,360
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<b>Cross-Council Implications</b>
None

<b>List of Background Papers</b>
None

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