

NORTH YORKSHIRE COUNTY COUNCIL
CHILDREN AND YOUNG PEOPLE'S SERVICE
CORPORATE DIRECTOR'S MEETING WITH EXECUTIVE MEMBERS
9 MARCH 2021

FOSTERING NORTH YORKSHIRE SERVICE:
Recommendations re 2021/2022 Payment Rates for NYCC Foster Carers

1.0 PURPOSE OF REPORT

- 1.1 To agree the increase in Payment Rates for NYCC Foster Carers (including Family & Friends Foster Carers, Short Break and Specialist Short Break Carers and Staying Put arrangements) for the 2021/2022 Financial Year. This will be for all Allowances, Premiums and Fees (including the Day Care rate) – with the exception of the original protected higher rate for Advanced Foster Carers (of £314.62 a week) that is being honoured for the duration of current placements from the introduction of the NYCC Fostering Framework in April 2015 (only two placements now remain under this legacy arrangement).

2.0 BACKGROUND

- 2.1 As an authority, NYCC is a member of the national charity The Fostering Network. In the past, The Fostering Network published their recommended Payment Rates for Foster Carers and North Yorkshire had always adopted these rates and thus increases.
- 2.2 Primarily due to the increasing differentials in housing costs across the country, in 2016 The Fostering Network ceased recommending Payment Rates and instead issued the following guidance:

Allowances should be reviewed annually and adjusted to keep up with costs; at least the annual rate of inflation should be applied. Allowances should not be shaved as a result of the financial pressures affecting the majority of services.

- 2.3 The Fostering Network did not indicate which would be their recommended or preferred measure of inflation.

3.0 METHODOLOGY ESTABLISHED FOR THE 2016/2017 PAYMENT RATES AND RECOMMENDATION FOR 2021/2022 PAYMENT RATES

- 3.1 Following the guidance issued by The Fostering Network, in March 2016 North Yorkshire County Council increased fostering payments by the rate of CPI (Consumer Price Index) in December 2015 (which at the time was 0.2%).
- 3.2 The 2016/2017 methodology was originally acceptable to the members of the County Foster Carers Group and informal discussions indicate that to continue with this methodology would also continue to be acceptable to our Foster Carers.
- 3.3 As such, the proposal for 2021/2022 Payment Rates is an increase by the rate of CPI in December 2020 – which was 0.8%.
- 3.4 A financial envelope to increase fostering payments by slightly less than 0.8% has been planned into the NYCC MTFS (Medium Term Financial Strategy).

3.5 Justification for utilising the December 2020 CPI rate of 0.8% is twofold:

- To use a month different to December 2020 to identify the rate of CPI to utilise for the 2021/2022 Payment Rates would differ from the evolving accepted practice and leave North Yorkshire vulnerable to the accusation of 'cherry picking' the rate, not being consistent with Foster Carers and stretching their goodwill
- To remain as competitive as possible with Independent Fostering Agencies and neighbouring authorities with respect to future recruitment and the Allowances, Premiums and Fees that North Yorkshire pays Foster Carers

4.0 DAY CARE RATE

4.1 The increase in the National Living Wage to £8.91 an hour in April 2021 means that the current Fostering North Yorkshire Day Care rate of £6.98 per hour (equivalent to £8.72 when not paying tax and £8.79 with a 0.8% increase) could look slightly out of step. As most Foster Carers do not pay Income Tax on fostering income an equivalent Day Care rate is calculated without including the basic 20% rate of tax – thus be 80% of £8.91 at £7.13 per hour. Increasing from £6.98 an hour to £7.13 is more than a 0.8% increase (it is approximately 2.2%) but as there are in the order of 5,200 hours Day Care claimed a year (on average about 433 hours a month) an increase of £0.15 per hour would cost approximately only an additional £780 a year.

5.0 RECOMMENDATIONS

- 5.1 For the 2021/2022 Payment Rates for NYCC Foster Carers (including Family & Friends Foster Carers, Short Break and Specialist Short Break Carers and Staying Put arrangements) to be increased by 0.8% (in line with the December 2020 rate of CPI) of the 2020/2021 Payment Rates.
- 5.2 To increase the Day Care rate of £6.98 per hour to £7.13 per hour (to keep in line with 80% of the level of the National Living Wage being introduced in April 2021).

*Report prepared by Alan Tucker
16 February 2021*