

NORTH YORKSHIRE COUNCIL  
CHILDREN AND YOUNG PEOPLE'S SERVICE  
CORPORATE DIRECTOR'S MEETING WITH EXECUTIVE MEMBERS  
18 MARCH 2025

FOSTERING NORTH YORKSHIRE SERVICE:  
**Recommendations re 2025/2026 Payment Rates for NYC Foster Carers**

**1.0 PURPOSE OF REPORT**

- 1.1 To agree the increase in Payment Rates for NYC Foster Carers (including Family & Friends Foster Carers, Short Break and Specialist Short Break Carers and Staying Put arrangements) for the 2025/2026 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 NYC Fostering Framework in April 2015 (only two placements now remain under this legacy arrangement).

**2.0 BACKGROUND**

- 2.1 As an authority, NYC 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 2025/2026 PAYMENT RATES**

- 3.1 Following the guidance issued by The Fostering Network, in April 2016 North Yorkshire County Council (as it was then) 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 has been adopted every year since. In 2023/2024 there were also other additional payment increases: above inflation increase to the Accredited Foster Carer Premium, introduction of bridging payments for Accredited Foster Carers and payment to all Foster Carers of the first 100 miles of travel (that had previously been expected to be paid from the child's/young person's Allowance).
- 3.3 As such, the proposal for 2025/2026 Payment Rates is an increase by the rate of CPI in December 2024– which was 2.5%.
- 3.4 Sufficient budget provision has been incorporated into the North Yorkshire Council MTFs (Medium Term Financial Strategy) to cover a 2.5% increase in Fostering payments.
- 3.5 Justification for utilising the December 2024 CPI rate of 2.5% is twofold:
- To use a month different to December 2024 to identify the rate of CPI to utilise for the 2025/2026 Payment Rates would differ from the now established and accepted practice in North Yorkshire
  - 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 National Living Wage will rise by 77p per hour to £12.21 an hour in April 2025, the day care rate has in previous years been calculated in line with this figure with a deduction made for the basic rate of tax as the majority of carers do not pay Income Tax on fostering income.
- 4.2 It is proposed that the same methodology is adopted for this year's increase, with the day care rate increasing to £9.77 per hour ( 80% of £12.21 is £9.77 per hour, an increase of £0.62 per hour).
- 4.3 On average, about 500 hours of Day Care a month take place (equating to 6,000 hours of Day Care a year).
- 4.4 An increase of £0.62 per hour would cost approximately an additional £4,000 a year. Nearly half of this additional cost will be covered by the proposed uplift of 2.5% for all payments.
- 4.5 In previous years, the remaining difference (for this year approximately £2 K) has been absorbed by the Placement Budget and this is again the proposal for this 2025/2026 increase.
- 4.6 In January 2025 the Department for Education advised that the National Minimum Allowance (NMA) payable to carers would increase by 3.55% with effect from 1st

April 2025. Applying an increase of 2.5% to the allowances currently paid by North Yorkshire enables the authority to meet and exceed the minimum rate proposed.

## **5.0 RECOMMENDATIONS**

- 5.1 For the 2025/2026 Payment Rates for NYC Foster Carers (including Family & Friends Foster Carers, Short Break and Specialist Short Break Carers and Staying Put arrangements) to be increased by 2.5% (in line with the December 2024 rate of CPI) of the 2024/2025 Payment Rates.
- 5.2 To increase the Day Care rate to £9.77 per hour (to keep in line with 80% of the level of the National Living Wage being introduced in April 2025).

Sir Stuart Carlton  
CORPORATE DIRECTOR – CHILDREN AND YOUNG PEOPLE'S SERVICE

*Report prepared by Claire Mo 23rd February 2025*