

RESEARCH INTO CORE CHILD ALLOWANCES FOR FOSTER CARERS

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CARERS**

DANIEL BUTTON

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LIST OF ABBREVIATIONS

- LA – Local authority
- IVP – Independent or voluntary provider of foster care
- tFN – The Fostering Network
- COSLA – Convention of Scottish Local Authorities
- MIS – Minimum Income Standards
- CRSP – Centre for Research in Social Policy

EXECUTIVE SUMMARY

Allowances are financial payments made to foster carers in order to cover the cost of taking a looked after child or young person into their home. As well as providing allowances, some fostering agencies pay fees to foster carers – that is, a fee to reimburse carers for their time and/or skill. This report is concerned solely with allowances and not fees.

Current guidance states that fostering agencies should provide allowances to foster carers as they see fit, while giving due consideration to their responsibility to deliver an optimum level of care for looked after children.

The current framework for allowances in Scotland has recently been subject to the scrutiny of the National Foster Care Review. The government asked the review to consider a proposal to introduce a statutory core allowance set at a national level. To progress this discussion, the Review's independent chair requested that research be undertaken consisting of:

- A critical assessment of the methods used for setting national fostering allowance rates by other UK governments and the Fostering Network.
- A fact-finding mission including all Scottish fostering agencies to establish what allowances they currently provide; and
- A calculation of a national core allowance for Scotland.

Current national allowances

The lack of a nationally prescribed child allowance for foster carers puts Scotland at odds with the rest of the UK. The current national allowances set in England, Northern Ireland and Wales were explored, as well as the recommended rates of allowance set by the Fostering Network (tFN).

These current national and recommended allowances were found to differ according to:

- How comprehensive they are: in Wales and England, national allowances are limited to a weekly maintenance allowance. In Northern Ireland, by contrast, national provisions include not just a weekly maintenance allowance but also a range of one-off allowances to cover costs from holidays to initial clothing and footwear.
- How prescriptive they are: the national allowance in England is said to cover the 'regular costs of caring'; however, these regular costs are never outlined. The allowance for Wales, by contrast, includes a list of the costs that the allowance should cover, while the allowance for Northern Ireland provides not just a list of costs but also an outline of how much of the allowance should be spent on each part of the list (i.e. 10% on pocket money and 40% on food, for instance).

- How they are varied: all current national and recommended allowances vary according to the age of the foster child; however, the age bandings chosen differ for each allowance set.

It was found that the current national and recommended allowances were all reached by first calculating the cost of caring for a birth child, and then by accounting for the extra cost associated with caring for a foster child. Each calculated the cost of a birth child using data on what families currently spend, and all accounted for the extra cost of a foster child using a paper written by Nina Oldfield of the Family Budget Unit at the University of York.

It was found that all of the approaches taken to calculating current national and recommended allowances share a similar set of pitfalls:

- All allowance calculations made use of out-of-date data: from the findings of a survey conducted in 1995, to the findings of a paper published in 1997;
- All allowance calculations were based mainly upon what families actually spend on children and neglect to adequately address what families need to spend on children; and
- All allowance calculations mixed methods and findings in a seemingly ad hoc manner, resulting in a picture of allowances based upon the convenient and readily available rather than the most robust.

Survey of fostering agencies

An online questionnaire was constructed and sent to all 32 local authorities (LAs) and 27 independent and voluntary providers of foster care (IVPs) in order to gather information about the allowances currently provided to foster carers in Scotland. The survey received responses from 28 LAs and 20 IVPs.

The survey revealed that there is a large disparity between rates of regular allowance provided by fostering agencies: ranging from around £109 per week to £400 per week for LAs, and from around £134 per week to around £215 per week for IVPs. In between these comparatively low and high allowances, however, there tends to be much more continuity: 50% of LA rates fall within 5% of the average LA rate, and 44% of IVP rates fall within the 5% of the average IVP rate.

It was found that the current allowances in Scotland were calculated using a variety of means; however, the majority (64% of LAs and 65% of IVPs) did so using either past or present figures recommended by tFN. Most agencies (75% of LAs and 60% of IVPs) regularly uprate their allowances and the methods used to do this are numerous. Some agencies hope to uprate their allowances, but due to budgetary constraints are either unable to do so entirely or unable to do so according to their preferred method (i.e. in line with tFN).

Despite the fact that most allowances have been based upon the rates recommended by tFN, there is a lot of variety in the costs expected to be covered by these allowances: food is the only item universally covered by each and every

regular allowance. It was also found that most agencies (100% of LAs and 89% of IVPs) provide a regular rate of allowance with a number of additional allowances on top, the majority of agencies (46% of LAs and 55% of IVPs) provide carers with a general list of costs expected to be covered by the allowance and most rates of allowance (71% of LAs and 25% of IVPs) vary according to the age of the child (most commonly 0-4, 5-10, 11-15, 16+).

Survey of foster carers

Given their direct experience, it was thought to be important to give foster carers a chance to contribute to the research. An online survey was constructed to gather data on the views of foster carers. The survey received 263 responses, 40% of which indicated that they foster for IVPs and 57% for LAs.

The results show that the majority of foster carers agree that they are clear about both the rates of allowance they are entitled to (76%) and the items of expenditure that this allowance is expected to cover (70%). Most foster carers (67%) report being out-of-pocket (without reimbursement) as a result of caring, and the lower the rate of regular allowance received the higher the proportion of carers report being out-of-pocket (ranging from 80% out-of-pocket in the lowest quartile of allowances provided, to 53% in the highest quartile of allowances provided).

A core child allowance for foster carers in Scotland

In order to avoid the pitfalls identified with the allowances calculated for England, Wales and Northern Ireland as well as the allowances currently recommended by the Fostering Network, it is argued that an allowance for Scotland must be based upon up-to-date research that has the potential to stay up-to-date in the future. It must avoid relying solely on crude estimates of the cost of a foster child derived from data on what families currently spend on children and must seek to address what foster children need with more certainty. Finally, it must be based upon the most robust methodology, consistently applied.

In order to calculate such an allowance, it is recommended that the Centre for Research in Social Policy's Minimum Income Standards (MIS) research be extended to account for households with foster children in Scotland.

The aim of the MIS research is to determine the income needed to live a minimum socially acceptable standard of living in the United Kingdom. In order to reach this aim, discussion groups are asked about everything that a household would have to be able to afford to reach this minimum standard of living, defined as not just 'food, clothes and shelter', but 'having what you need in order to have the opportunities and choices necessary to participate in society' (Bradshaw et al, 2008, p1). The findings of these groups are then used to reach extremely detailed budgets for a number of family types, which are then checked for adequacy by fuel and nutritional experts.

Extending this MIS research to account for families with foster children in Scotland would provide a solid basis from which to develop a national core allowance for a number of reasons:

- The method and findings of the MIS research identifies a level of need with far more certainty than data on what families currently spend on children: the research sets out to define what is needed to achieve a minimum socially acceptable standard of living, and does so using a combination of social consensus and expert opinion on the matter.
- The research would be up-to-date and have the potential to stay up-to-date in the future: the original MIS research is updated and rebased in frequent and regular intervals.
- Finally, an allowance based upon this research would be reached using a consistent and transparent methodology, which is a refreshing change to the seemingly arbitrary mix of methods and findings used in current national allowance calculations.

It is recommended that the figures reached from this research are used as a solid basis for developing a national core child allowance for foster carers, rather than as the allowance itself. This is for two main reasons:

- (a) Given that the research aims to determine a minimum income standard, rather than directly determining what is needed for an allowance, the exact role that these MIS figures should play in setting an allowance is open to discussion; and
- (b) The resultant figures are likely to be low – current MIS research into the cost of caring for a foster child in England are within the first quartile of allowances currently provided to carers in Scotland (all except for three regular allowances currently provided are above these MIS figures). Given that the survey of foster carers revealed that the lower the rate of allowance provided the more carers report being out-of-pocket as result of caring, this low rate may be problematic.

In order to move forward, therefore, it is recommended that further research is undertaken to extend the MIS research to include households with foster children in Scotland. Discussion should then be held about the exact role that these figures should play in setting a national core child allowance for foster carers and whether any part of the budgets need to be increased to reach an acceptable level of allowance.

It is recommended that a national allowance should be split into two parts – a core day-to-day maintenance allowance and an additional core allowance to cover costs such as birthdays, Christmas and holidays. All of these costs should be considered 'core' as they will be encountered during most placements; however, it makes more sense to provide Christmas, birthday and holiday costs, for instance, as separate one-off payments given their more irregular nature.

A guidance document should provide a list of the costs that the allowance is expected to cover. The survey of fostering agencies revealed the consequences of not outlining what an allowance was calculated to cover – tFN's rates have been used by the majority fostering agencies, but to cover different items of expenditure.

The guidance should not, however, outline how much of the allowance should go on the items in this list. Not every placement is going to be the same, and this approach will allow for some flexibility in expenditure and reflect the current practise amongst fostering agencies.

Finally, The rates of allowance should be varied according to the child's age, banded by 0-4, 5-10, 11-15, 16+. This would reflect the current school age banding as well as the most common practice amongst fostering agencies.

1 INTRODUCTION

- 1.1 Allowances are financial payments made to foster carers in order to cover the cost of taking a looked after child or young person into their home. The costs associated with looking after a foster child or young person can include food, clothing, toiletries and other day-to-day expenses. As well as providing allowances, some fostering agencies pay fees to foster carers – that is, a fee to reimburse carers for their time and/or skill. This report is concerned solely with allowances and not fees.

Current allowance regulations

- 1.3 The current regulatory framework for the payment of child allowances for foster carers is set out in Regulation 33 of the *Looked After Children (Scotland) Regulations 2009* (SSI, 2009, p18). Guidance on this regulation states that local authorities should provide allowances to foster carers ‘as they see fit’, and should give due consideration to their responsibilities to provide an optimum level of care for looked after children (Scottish Government, 2011, p113). This ‘optimum’ level of care is said to include:
- ‘a healthy diet and good physical care;
 - ‘opportunities for stimulation and exercise;
 - ‘development of social skills and participation in activities in the community;
 - ‘building self-esteem, including good presentation and acceptability by peers;
 - ‘a safe and comfortable environment;
 - ‘full inclusion in special celebrations such as birthdays, Christmas or other cultural or religious events’. (Scottish Government, 2011, p.113).
- 1.4 Foster children are also expected to have ‘the opportunities to fill some of the gaps in experience that are often found in looked after children’ (Scottish Government, 2011, p113), which is often interpreted as opportunities for out-of-school activities and trips/holidays, for instance. Finally, the guidance notes that ‘children should not experience any sense of disadvantage, nor should the lifestyle of the foster family be financially disadvantaged by the placement’ (Scottish Government, 2011, p.113).
- 1.5 The principles outlined above are underlined in the National Care Standards for Foster Care and Family Placement Schemes. This document sets out the standards that foster carers can expect from fostering agencies. Standard 9 of the National Care Standards deals with allowances, and states that ‘you can be confident that you receive payments to cover the cost of caring for any children or young person placed with you. Payments are based on their needs and in line with the cost of caring for them’ (Scottish Government, 2005, p.21).
- 1.6 There is currently no nationally set child allowance for foster carers in Scotland; however, guidance recommends that local authorities ‘pay attention’ to the

recommended rate provided by the Fostering Network (Scottish Government, 2011, p.114).

The Foster Care Review

1.7 The current child allowance framework for foster carers has recently been subject to scrutiny by the National Foster Care Review. The Review ran from December 2012 to November 2013, and was established to assess a number of potential reforms to the foster care system. The Government asked the Review to consider a proposal to introduce a statutory core allowance set at a national level. The Government believed such a national allowance would:

- Reduce the levels of disparity in allowance rates;
- Aid fostering agencies and local authorities to better control costs; and
- Guarantee that the Government can meet its responsibility for ensuring that Standard 9 of the National Care Standards for Foster Care and Family Placement Services is fulfilled. (Scottish Government, 2013a, p.34).

1.8 All members of the Review were supportive of the notion that carers should not be put out of pocket as a result of caring for a looked after child. It was also noted that:

- A national statutory minimum could potentially reduce costs for some services (if the rate was lower than they currently paid and if they choose to lower their rate);
- Could improve transparency and career satisfaction thus resulting in more consistent foster care placements;
- If a national allowance meant a rise in payments to foster carers, there may be resource constraint issues that could lead to the closure of a service; and
- The right of local authorities to set their own rates would diminish and some questioned the appropriateness of providing more financial support to foster carers than to biological families.

1.9 The Review concluded that it was necessary to know what a statutory minimum allowance for foster carers would look like before such a proposal could be approved or rejected, and so further research was flagged as necessary. Subject to the results of this further research, the Review recommended that national and local government should 'evaluate the impact of introducing a "national core allowance" for fostering, and consider how changes in the levels of allowances paid – if necessary – could be introduced over time' (Scottish Government, 2013, p.36).

Research proposal

1.10 To progress the aforementioned Foster Care Review discussion, Sandra Paterson, the Review's Independent Chair, requested that research be

undertaken into the current situation of fostering allowances and to assess what a national core child allowance might look like.

1.11 This report outlines the results of this requested research. It was proposed that the research should consist of three elements:

- 'Critical assessment of the methods used for setting national (fostering) allowance rates by other UK governments, and the rate published by the Fostering Network;
- 'A fact-finding mission including all Scottish fostering agencies (independent and local authority), to establish authoritatively what allowances they provide to foster carers; [and]
- 'On the basis of the findings established in the objective above – and in reference to a specified list of items to be included in a core fostering/ child allowance – a calculation for a national core allowance'. (Scottish Government, 2013b, p.3).

1.12 It is important to note that this research is concerned with a 'core' allowance – i.e. the regular costs incurred during most foster placements. The Foster Care Review suggested a list of costs to be included in a 'core' allowance, comprising:

- Food
- Toiletries
- Clothes
- Wear and tear
- Hobbies and activities
- Holidays (aspects of)
- Bedding
- Furniture
- Pocket money
- Toys
- Presents (from carer to child)
- Transport (core)
- Insurance and utility bill increases
- Information technology
- Mobile phone

1.13 One-off, start-up and extraordinary costs (such as purchasing a large quantity of clothes for a child placed with few of their own) were agreed as 'out-with' the scope of a core allowance.

Report outline

1.14 The report is split into four main parts following this introductory chapter. The second chapter looks at the rate, content and calculation of each of the national allowances set by other UK governments as well as the recommended allowances set by the Fostering Network. The third chapter then outlines the findings of a survey of fostering agencies concerning the

rates and calculation of allowances currently provided to foster carers in Scotland. The fourth chapter summarises the findings of a survey of foster carers views of their current allowance payments as well as their views on what a national core child allowance for foster carers should cover. The final chapter then turns to outline a preferred method for calculating a core allowance for Scotland.

2 CURRENT NATIONAL ALLOWANCES: RATES, CONTENT AND CALCULATION

- 2.1 The lack of a nationally prescribed child allowance for foster carers puts Scotland at odds with the rest of the UK.
- 2.2 This section of the report will look at the national allowances set in England, Northern Ireland and Wales as well as the recommended allowances set by the Fostering Network. Each national and recommended allowance will be explored in turn according to three criteria: rate, coverage and calculation. The calculation used to reach these allowance rates will be scrutinised throughout.

England

Rate:

- 2.3 The national foster care allowances in England were the first such allowances in the UK and have been set by the Department of Education and Skills since July 2006. Provisions for a set of national allowances and the power to enforce these allowances were laid out in the Children's Act of 2004. The current rates of allowance are presented below:

Table 2.1: Weekly minimum child allowances for foster carers in England 2013/2014

	0-2	2-4	5-10	11-15	16-17
Base (£)	116	119	132	151	175
South East (£)	129	133	148	167	197
London (£)	135	138	154	174	205

- 2.4 These rates are intended to apply to all foster carers, regardless of the type of foster care they provide. Moreover, the rates are intended to be clear minimums that fostering agencies cannot pay below, with agencies expected to pay above these rates to their foster carers according to the specific needs of the foster child (DfES, 2006, p.4).

Coverage:

- 2.5 The official guidance states that these allowances are to cover the 'regular costs of caring'; however, these regular costs are never explicitly outlined (DfES, 2006, p.5). The guidance does note that there are costs that will apply to most foster care placements which this allowance is not intended to cover, including:
- 'the additional costs of birthday; Christmas/other religious festivals;
 - 'the cost of holidays;
 - 'start-up costs associated with a new child arriving in placement [...] and other larger 'one off' items required during the course of the placement' (DfES, 2006, p.5).

- 2.6 The costs of adaption or extension to a home as well as the cost of acquiring a larger car are listed as expenses that in certain circumstances should be met, but are not covered by this minimum allowance.

Calculation:

- 2.7 The national allowance rates in England were calculated in two main stages: first, by calculating the cost of caring for a birth child; and second, by accounting for the additional cost of caring for a foster child.
- 2.8 There are many different approaches to calculating the cost of caring for a child, and little agreement about which of these is correct. The diversity of approaches, however, can be split into two broad categories: actual expenditure and budget standards approaches. Actual expenditure approaches calculate the cost of a child based on what families currently spend on children. Budget standards approaches, by contrast, calculate the cost of a child by identifying a basket of goods and services which children need.
- 2.9 To calculate the cost of caring for a birth child, an actual expenditure approach was taken and a survey called Small Fortunes was used for this. Conducted by the Joseph Rowntree Foundation and the University of Loughborough in 1995, the Small Fortunes survey sampled 1239 children, weighted to be representative of all children in Britain, and aimed to directly measure average regular expenditure on 'children's items'. Because the Small Fortunes survey did not measure the cost of wear and tear on a household as a result of caring for a child, the calculation for an English allowance included an estimate for this cost carried out by Nina Oldfield (1997, p.57).
- 2.10 To account for the widely held perception that it costs more to care for a foster child than a birth child, Oldfield's (1997) research was used once again. Oldfield held a number of in-depth interviews with foster carers, enabling them to describe the circumstances in which they experienced extra items of expenditure in comparison to birth children. The author found that:
- '[Foster children] will have significant costs related to health and physical deprivation [and] The monitoring process of foster care may result in extra journeys, higher telephone bills and additional activities. Special need or different needs to the natural child in the household may also result in a range of other costs such as higher food and heating bills, and extra wear and tear on personal and household effects'* (Oldfield, 1997, p.84).
- 2.11 Household budgets for families with foster children were then developed based upon the findings of these interviews. Oldfield put the extra cost of a foster child to be between 32% and 62% of the cost of caring for a birth child. As a result, the final step in calculating the allowance for England involved multiplying the figure reached for the cost a birth child by 50%.

- 2.12 Once allowances have been calculated, mechanisms must be put into place in order to ensure that the allowance remains an up-to-date. These mechanisms are referred to as *uprating* and *rebasings*: *uprating* means adjustment of the current rate of allowance in order to take account of rises in prices and/or living standards, whereas *rebasings* involves recalculating the allowance entirely using the original methodology.
- 2.13 The English allowance has been uprated annually in line with inflation since it was introduced; however, the allowance has not been rebased nor are plans for rebasing outlined in the allowance guidance document.

Critique of calculation:

- 2.14 While this approach to calculating an allowance is the most conceptually simple and straightforward - it invokes a survey which attempts to directly measure the cost of a birth child, and factors in a figure for the extra cost of caring for a foster child - it is far from an ideal method of calculation for a number of reasons.
- 2.15 First, this method takes an actual expenditure approach to calculating the cost of a child. The issue with using an actual expenditure is that actual expenditure is what families do spend and not what they need to spend. What families do spend is going to be influenced by what they can afford: on one end of the scale some families will go without what they need, while on the other end of the scale families may extravagantly spend on their children simply because they can afford to do so and not because it is necessary.
- 2.16 Second, a number of problems arise from the use of the Small Fortunes survey specifically. The Small Fortunes survey gives a figure for average regular expenditure on children's items, yet at no point in any of the accompanying allowance documentation is the decision to use this figure justified. Average expenditure seems a rather crude and arbitrary means of calculating an allowance.
- 2.17 Additionally, the Small Fortunes study was conducted in 1995 – nineteen years ago – and has not been repeated since. While the rates have been uprated since they were calculated, they are unlikely to still reflect the cost of caring for a child in the present day. Similarly, further problems arise when we consider that the research used to reach the additional cost of caring for a foster child was published in 1997. Once again such out-of-date research is unlikely to continue to be relevant to the present day.
- 2.18 Overall, the approach to setting a child allowance for foster carers in England appears rather ad hoc. It is grounded in a makeshift mixture of methods and findings, and thus appears to be based on the readily available and convenient, rather than the most robust.

Northern Ireland

Rate:

2.19 Northern Ireland's system of national child allowances for foster carers, referred to as the 'model scheme', was also set up in 2006. The most up-to-date rates of allowance are presented below:

Table 2.2: Weekly child allowance for foster carers in Northern Ireland from April 2012

	0 - 4	5 - 10	11 - 15	16+
Scale rate (£)	115.40	127.51	146.78	170.02
Reduced rate (£)	83.09	91.81	105.68	122.41

Coverage:

2.20 Instead of setting minimum allowances, the model scheme of allowances are intended to be standard rates. As a result, the allowances are applied much more prescriptively than in England. For example, the basic allowance rate in the model scheme (the 'scale rate') includes provisions for:

- 'Food (40%)
- 'Household costs (25%)
- 'Clothing and footwear (18%)
- 'Pocket money (10%)
- 'Travel costs (7%)' (DHSCPS, 2012, 1).

2.21 For 'enhanced allowances and respite payments' a reduced rate is applied, which is the same as the aforementioned allowance less the component for pocket money and clothing and footwear (DHSCPS, 2012, p.1).

2.22 On top of these two basic rates, there are four extra allowances available that are explicitly laid out in the allowance guidance:

- An allowance that is paid automatically without the need for application and is intended to cover the cost of holidays and outing, birthdays and Christmas, for instance.
- An allowance that must be applied for and is provided at the demonstration of need to cover school activities, educational holidays, tuition and special activities, setting up costs, spectacles and mileage. These allowances are paid at a set rate.
- An allowance that must be applied for, is paid at a discretionary level and covers initial clothing and footwear, final clothing, personal items, absence from foster home, cultural events and exceptional circumstances.
- An allowance to reimburse any exceptional cost relating to a care plan. (DHSCPS, 2012, pp.3–10).

2.23 Provisions are also laid out for the allowances available to cover the cost of caring for children with special needs and children of working age (DHSCPS, 2012, pp.11–12).

Calculation:

2.24 Northern Ireland did not come up with their own calculated rates, but rather based their allowances on the rates set in England. These rates were applied in Northern Ireland with one less age band (just 0-4 instead of both 0-2 and 2-4) and have been updated in line inflation.

Wales

Rate:

2.25 The national allowance in Wales was implemented in April 2011. The current rates are outline below:

Table 2.3: Weekly minimum allowances for child allowance for foster carers in Wales 2013/2014

	0 - 4	5 - 15	16+
(£)	£149	£136	£170

2.26 Much like the English allowance, the Welsh allowance is intended as a minimum that agencies cannot pay below. The amount that carers receive is expected to be higher than this rate, and dependent upon the child’s specific needs. The wording to express much of the allowance guidance is taken verbatim from the English allowance guidance.

Coverage:

2.27 Where the Welsh guidance differs from the English guidance is in the fact that it provides an explanation of what the allowance is expected to cover, including:

- ‘Food (including eating out);
- ‘Clothes;
- ‘Utility and energy costs;
- ‘Toiletries and cleaning products;
- ‘Costs associated with general wear and tear, and repair, of furnishings and linen;
- ‘Insurance policies;
- ‘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; and

- ‘Some aspects of holidays are covered: travel and accommodation costs, whether home or abroad, **but not holiday spending abroad**’ (WAG, 2011, p.4).

Calculation:

- 2.28 The national allowance rate in Wales was reached by first calculating the cost of a birth child using an actual expenditure approach, and a household expenditure survey – the Expenditure and Food Survey – was used for this.
- 2.29 Rather than directly measuring expenditure on children’s items like the Small Fortunes survey, the Expenditure and Food Survey measures the expenditure patterns of whole households. The cost of a child was then derived by calculating the difference in expenditure between households with children and households without children given a constant standard of living. This is a process called *equivilisation*.
- 2.30 An issue here is how to define a standard of living that can be used to compare the incomes of families with and without children. For the calculation of the national allowance in Wales, standard of living was defined as ‘the proportion of total expenditure devoted to food at home, fuel and power, household non-durables for use in home; postal, telephone and telegram charges; and personal care products and services’ (London Economics Ltd, 2010, 76).
- 2.31 To account for the extra cost associated with caring for a foster child, the findings of Oldfield (1997) were once again used by multiplying the figure reached for the cost of a child by 50%. The allowance is annually updated in line with incomes, and is advised to be rebased every four or five years.

Critique of calculation:

- 2.32 Using the Expenditure and Food Survey and an equivalence measure in order to calculate the cost of caring for a child has a number of clear advantages. The Expenditure and Food Survey (now called the Living Costs and Food Survey) is a large scale, government survey carried out on a regular basis. Given this, up-to-date data is going to be readily available with the opportunity to rebase the calculation when needed.
- 2.33 However, there are also serious downsides to this approach. First, using a family expenditure survey and an equivalence scale becomes quite statistically complex, and is therefore far less transparent than the English method of calculation. Moreover, when using a family expenditure survey an equivalence measure has to be chosen in order to arrive at the cost of a child. For the calculation of the national allowance in Wales, this involved a rather abstract and contestable definition of a standard of living, a change to which would alter the calculated rate.

2.34 Finally, this method of calculation shares a number of common criticisms with the English method of calculation. It is based on actual expenditure and therefore does not necessarily identify need; it accounts for the extra cost of caring for a foster child using a paper written in 1997 and overall seems fairly ad hoc.

The Fostering Network

Rate:

2.35 The Fostering Network (tFN) has published recommended child allowance rates since 1975. The current rates that tFN recommend are presented below:

Table 2.4: The Fostering Network's recommended weekly minimum allowances 2013/14

	0 - 4	5 - 10	11 - 15	16+
Outside London (£)	137.18	156.26	194.53	236.64
London (£)	161.01	183.55	228.57	277.57

2.36 As can be seen, the rates recommended by tFN are a considerable amount higher than the national rates set in England, Wales and Northern Ireland.

Coverage:

2.37 TFN state that their allowances are intended to cover the full cost of caring for a foster child; however, they do not explicitly state what these costs are. On top of this allowance, they recommend paying an additional four weeks of allowance to cover the cost of birthdays, holidays and a religious festival.

2.38 TFN recognise that some foster children will incur more costs than others, and so they state that additional allowances should always be available to cover 'exceptional travel, equipment costs or other costs and any reimbursement for loss of salary arising from keeping appointments, etc.' (the Fostering Network, 2013).

Calculation:

2.39 In order to reach these rates of recommended allowance, tFN first calculated the cost of caring for a birth child using an actual expenditure approach. Much like the Welsh calculation, tFN used the Expenditure and Food Survey to arrive at a figure for the average expenditure of a whole household and then applied an equivalence technique to derive a figure for the average cost of a birth child. Instead of defining a standard of living and calculating their own equivalence scale, however, the McClements equivalence scale is applied to the data. The McClements scale used to be the standard equivalence scale in official poverty statistics and household surveys until 2003.

- 2.40 Once the cost of caring for a child had been reached, tFN used the work of Oldfield to account for the extra cost of caring for a foster child. The rate is varied according to age and region and updated annually in line with inflation.

Critique of calculation:

- 2.41 The approach of tFN to calculating recommended allowances shares a similar set of advantages and disadvantages to the calculation used to set the national allowance in Wales. Given that the calculation is based mainly on the Expenditure and Food Survey, the potential to rebase the calculation for the cost of a child is present, and therefore this part of the calculation is likely to stay up-to-date.
- 2.42 However, once again, this approach is based upon a contestable equivalence scale. The McClements scale was calculated using data from the 1970s, and so is unlikely to still adequately calculate the cost of caring for a child. Moreover, the approach is based on actual expenditure and so does not necessarily reflect need, it used an outdated study to account for the extra cost of a foster child and overall seems to be based on an ad hoc mixture of methods and findings.

3 SURVEY OF FOSTERING AGENCIES

- 3.1 A major component of this piece of research was to gather information from Scottish fostering agencies (both local authority and independent and voluntary providers of foster care) about the allowances that they currently provide to foster carers in Scotland.
- 3.2 An online questionnaire was constructed, which was then piloted with three agencies. Once the questionnaire was finalised, the Convention of Scottish Local Authorities (COSLA) sent the survey to both social work directors and directors of finance at each of the 32 local authorities, and all 27 independent and voluntary providers were contacted by email with a link to the survey. The fieldwork took place in January/February 2014. The survey received responses from 28 of the 32 local authorities and 20 of the 27 independent and voluntary providers of foster care.
- 3.3 The purpose of this section of the report is to present the results of this survey. The analysis is split into four sections:
- Rate, structure and scheduling.
 - Calculation.
 - Coverage.
 - Information.
- 3.4 In each section, the allowances provided by local authorities (referred to from now on as LAs) will be discussed first, followed by the allowances provided by independent and voluntary providers of foster care (referred to from now on as IVPs).

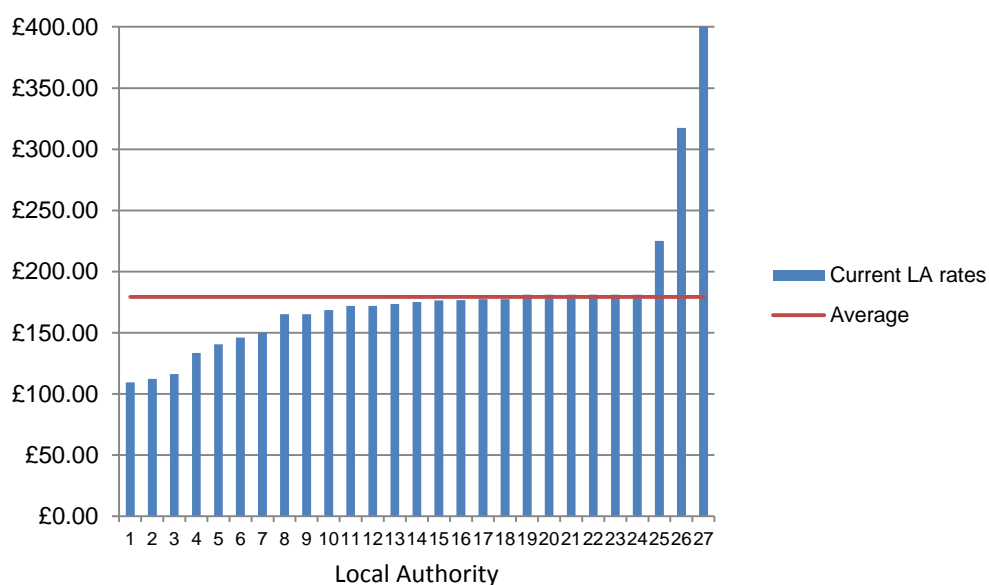
Rate, structure and scheduling:

- 3.5 Out of the 28 LAs that responded to the survey, 93% (26) provide both fees and allowances to foster carers while 7% (2) provide only allowances.
- 3.6 Out of those LAs that provide both fees and allowances to foster carers, 50% provide these in a single payment along with information about how the payment is made up – i.e. the proportion intended as an allowance and the proportion intended as a fee. A significant minority – 46% (12) – provide their fee and allowance payments separately. 4% (1) of the LAs provide their allowances and fees in a single payment and could not provide information on how this payment is made up.
- 3.7 The regular allowances provided by LAs are structured in a number of different ways:
- 71% (20) vary their rates of regular allowance according to four age bands (most commonly 0-4, 5-10, 11-15 and 16+);
 - 11% (3) according to five age bands (0-4, 5-10, 11-13, 13-14 and 16+);

- 11% (3) according to two age bands (most commonly 0 to 10 and 11+); and
- 7% (2) have a flat rate of allowance for all age groups.

3.8 The rates of regular allowances provided by LAs vary substantially. In the chart presented below and the discussion that follows, rates have been averaged across age bands in order to avoid issues of comparison.

Chart 3.1: Rates of regular allowance provided by each LA¹



3.9 The highest regular allowance is £400.00 while the lowest is £109.34, representing a range of £290.66. In between these extremes, however, there is more continuity in allowance rates: 50% (14) of LA rates are within 5% of the average (mean) rate of all LA rates.

3.10 It is most common for LAs to make fortnightly allowance payments (64% (18)) and most payments are made in advance (67% (19)). For 86% (25) of LAs, these rates apply to all types of placement; however, 14% (4) pay a separate rate for either respite care (11% (3)) or shared care services (4% (1)). All 28 LAs pay some form of additional or extra allowances on top of this regular allowance.

3.11 Out of the 20 IVPs that responded, 100% (20) provide both fees and allowances to foster carers. 45% (9) of IVPs provide these fees and allowances in a single payment with information about how this payment is made up. A further 50% (10) provide fees and allowances as separate payments. 5% (1) of IVPs provide their fees and allowances in a single payment, but do not give any information about how this payment is made up.

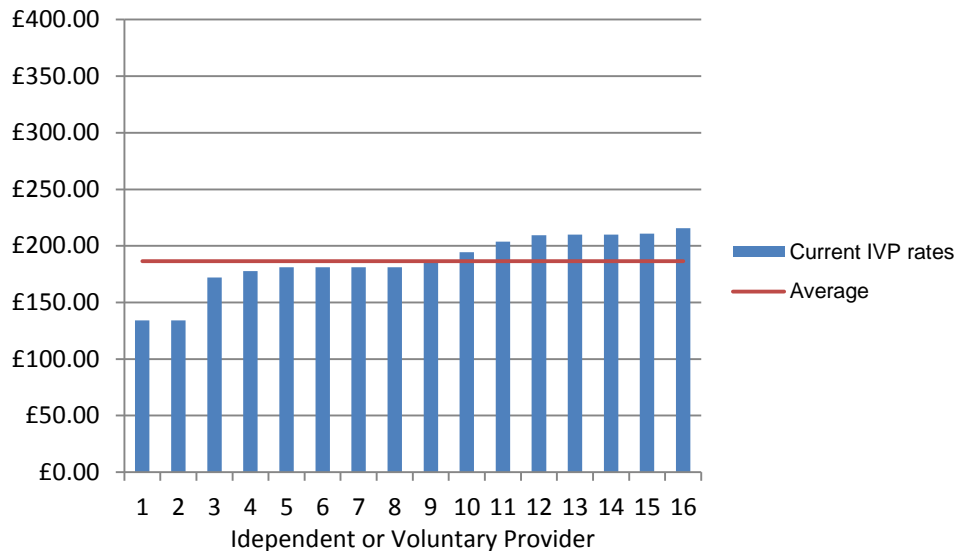
3.12 Unlike LAs, most IVPs (60% (12)) provide a flat rate of allowance regardless of the age of the child. However:

¹ Averaged across age bands, expressed as if paid on a weekly basis and excluding LAs that could not provide figures for allowances alone.

- 5% (1) vary their allowance according to two age bands;
- 10% (2) vary their allowance according to three age bands; and
- 25% (5) vary their allowance according to four age bands.

3.13 The rates of regular allowances provided by IVPs also vary considerably.

Chart 3.2: Rates of regular allowance provided by each IVP²



3.14 The highest regular allowance rate provided by IVPs is £215.59 while the lowest rate is £134.00, representing a range of £81.59. Much like with LAs, in between these comparatively low and high allowances there tends to be much more continuity: 44% of IVP rates fall within the 5% of the average (mean) rate of all IVP rates.

3.15 It is most common for IVPs to pay allowances on a monthly bases (65% (13)) and in arrears (32% (6)). These regular rates apply to all placements 60% (12) of the time; however, 21% (4) answered that they provide a separate rate for either respite care, for placements with enhanced or complex needs or for specialist solo or other specialist contracts. 15% (3) of IVPs provided respite or short breaks only, and so their rates only applied to this type of placement. Most IVPs (80%) provide additional allowances on top of this regular allowance.

Calculation

3.16 Most LAs have used tFN's recommended rates as guidance when calculating rates of allowance. 18% (5) of LAs' allowances are based upon the most up-to-date rates recommended by tFN; however, a further 46% (13) use past tFN rates (with one described as 'historic').

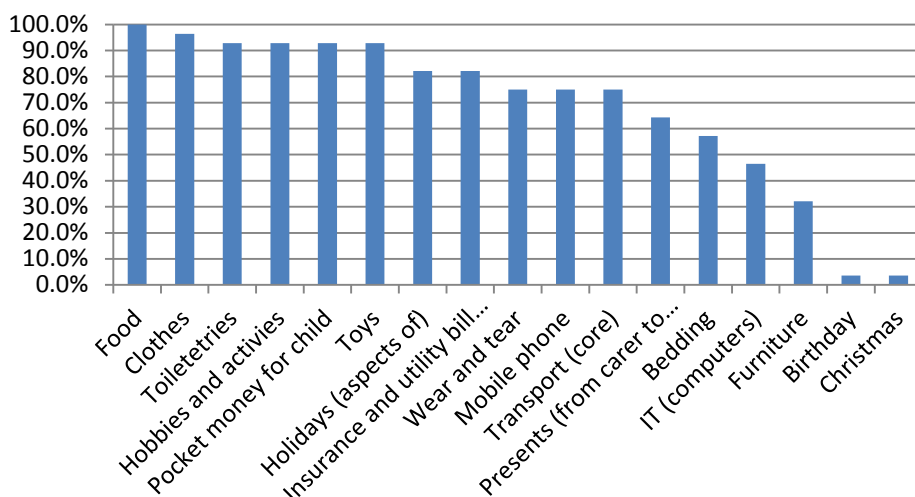
² Averaged across age bands, expressed as if paid on a weekly basis and excluding IVPs that could not provide figures for allowances alone and IVPs that only provide respite and short break services.

- 3.17 7% (2) of LAs had benchmarked their rates against the rates of neighboring LAs, 21% (4) had based their rates upon a combination of methods (i.e. a combination of tFN rates and a consideration of budgetary constraints, for instance) and 4% (1) had set their allowances based upon the rates that COSLA used to publish.
- 3.18 75% (21) of the LAs usually uprate their allowances on a regular basis:
- 29% (8) seek to do so in line with tFN (with some citing that they are not always able to keep up due to budgetary constraints).
 - 29% (8) uprate in line with inflation.
 - 14% (4) uprate in line with a combination of methods (i.e. inflation and tFN rates, for example).
 - 4% (1) uprate their allowances by a factor of 1% each year.
- 3.19 Much like LAs, most of the IVPs have used tFN's recommended rates as guidance when setting allowance rates. 25% (5) of IVPs allowances are based upon the Fostering Network's current recommended rates; however, a further 40% (8) use past tFN rates (some from 'around 10 years ago').
- 3.20 5% (1) of IVP rates are benchmarked against the rate of a local authority and 30% (6) of IVP allowances are based on a combination of methods (i.e. an annual appraisal and a consideration of tFN rates).
- 3.21 60% (12) of IVPs regularly uprate their allowance rates:
- 45% (9) aim to uprate in line with tFN recommendations (with some citing an inability to keep up due to budgetary constraints).
 - 15% (3) aim to uprate in line with a combination of methods (i.e. inflation and consideration of budgetary constraint).

Coverage

- 3.22 Just as there is variation in the structure, rates, scheduling and calculation of child allowances for foster carers, there is also variation in the items expected to be covered by these allowances.

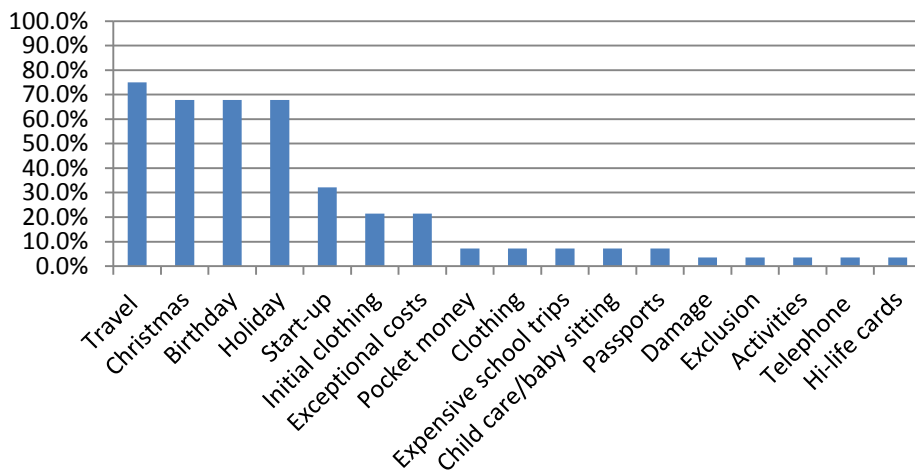
Chart 3.3: Costs covered by LA's regular allowances



3.23 The only item said to be universally covered by each LA's regular foster care allowance is food. Such variation in the costs that these allowances are expected to cover may come as a surprise given that most of these allowances were calculated using the same resource – tFN's recommended rates. It was noted in chapter two, however, that tFN do not explicitly outline the costs that their recommended allowances are expected to cover.

3.24 On top of these regular allowances, however, each LA pays some form of additional allowance:

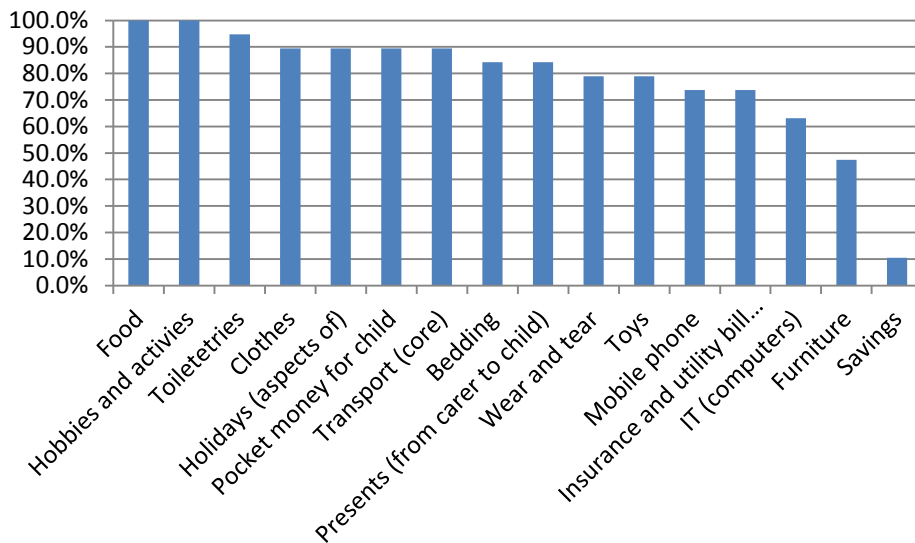
Chart 3.4: Additional allowances provided by LAs



3.25 Additional allowance to cover the cost of travel, whether additional to coverage in the regular allowance or not, are the most common. Providing additional allowances for Christmas, birthday and holidays is also typical, and these are usually paid at a rate of one week of allowance for Christmas, one week for birthdays and two weeks for a holiday.

3.26 The chart below presents the costs covered by IVPs' regular foster care allowances:

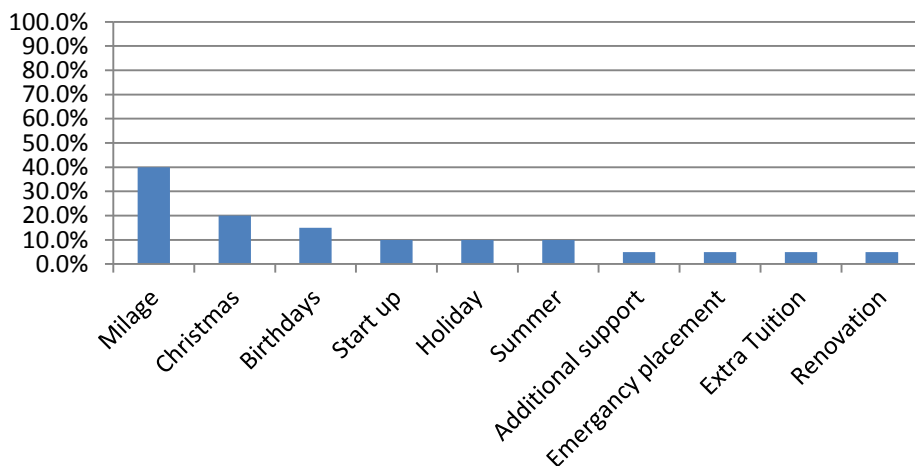
Chart 3.5: costs covered by IVP's regular allowances



3.27 Food, hobbies and activities are the only items of expenditure universally covered by each allowance. Again, such variation in the costs that these allowances are expected to cover may come as a surprise given that most were based upon tFN's recommended rates.

3.28 On top of these regular allowances, 89% of IVPs provide additional allowances.

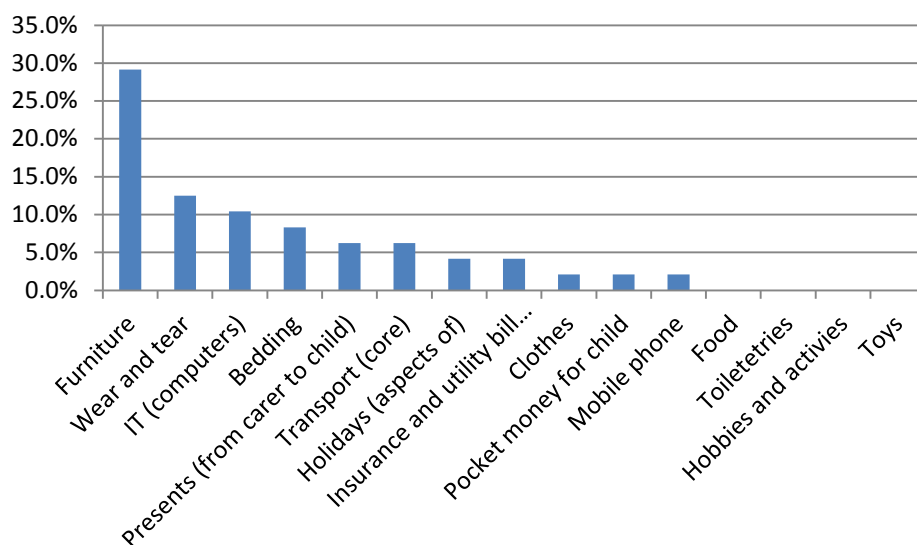
Chart 3.6: Additional allowances provided by IVPs



3.29 The most common additional allowance provided by IVPs is for mileage. Birthdays, Christmas and holidays are sometimes provided for as additional allowances, but far less frequently than with LAs.

3.30 As well as gathering data on the coverage of current allowances, the survey sought to gather views from both LAs and IVPs concerning what they thought should be included in a national core allowance. The list of core costs proposed by the Foster Care Review was put forward, and respondents were asked to add or remove items as they saw fit.

Chart 3.7: Items identified for removal from list of core costs by LAs and IVPs



3.31 Furniture was frequently seen as something out-with the scope of a core allowance, with fostering agencies citing this as an item of one-off expenditure unsuited to a core allowance. Nappies, childcare and funds for a special interest or expensive hobby were identified as potential additions to the core cost list, but the vast majority of respondents did not identify any extra items to add.

Information

3.32 LAs give varying levels of information about what their allowances should cover. 46% (13) of respondent local authorities provide a list of what their allowance should cover, while 25% (7) provide a list as well as some guidance as to how much of the allowance should go on certain parts of this list. A further 29% (8) provide either 'general' guidance or no guidance at all.

3.33 61% (17) of LAs publicise their rates of allowance: 57% (16) of which publicise their rates on their website and 50% (14) publicise their rates in information packs, leaflets and recruitment material. Most of those who do not publicise their rates of allowance cited either that their rates are too complex and may be misunderstood, or that they do not want to attract potential carers for financial reasons.

3.34 25% (7) of LAs publicise information on the expected coverage of their allowance, 86% (6) of which are on their websites and 57% (4) are publicised in information packs, leaflets and recruitment material. Finally, the majority of LAs do not provide any information to foster children and young people about what they can expect from an allowance (64% (18)), although 18% (5) do provide this information.

3.35 IVPs also gave varying levels of information about what their allowances should cover. Most (55% (11)) provide a list of what their allowance should

cover, while 20% (4) provide a list as well as some guidance as to how much of the allowance should go on certain parts of this list. A further 25% (5) gave either 'general' guidance or none at all.

- 3.36 42% (8) of IVPs publicise their rates of allowance, 25% (2) of which do so on their website and 75% (6) of which do so in information packs, leaflets and recruitment material. Only 15% (3) of IVPs publicise information about what their allowance is expected to cover. Of the IVPs that do publicise information on the expected coverage of allowances, 67% do so on their website and 67% do so in information packs, leaflets and recruitment material. Finally, 40% of IVPs (8) provide looked after children and young people with information about what they can expect from their allowance.

4 SURVEY OF FOSTER CARERS

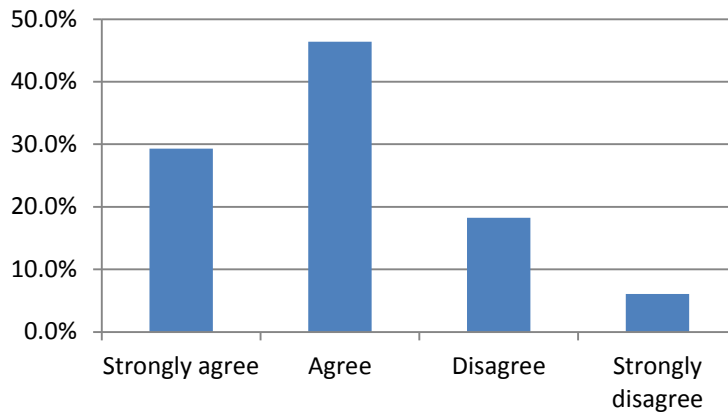
- 4.1 Keen to include and take on board the voice of foster carers in this piece of research, an online questionnaire was constructed which set out to gather data on foster carers views of both their current allowance payments as well as on the coverage of a national core allowance.
- 4.2 Once the questionnaire was finalised, a letter with a link to the survey was sent to each LA and IVP with a request to circulate via email amongst their foster carers. An email with a link to the survey was also circulated amongst both tFN's list of contacts and a Scottish Government list of foster carers.
- 4.3 It must be noted here that there are two potential limitations to this approach. First, the survey was sent out via email and potentially excludes those foster carers without email access. Second, the survey was not based on a random sample and so its representativeness is unknown. Despite these limitations, however, it was important to give foster carers a chance to contribute to the research given their direct experience, and the results of this exercise give an indication of viewpoints.
- 4.4 The fieldwork took place in February 2014 and received 263 responses, 40% of which indicated that they foster for IVPs and 57% for LAs³.
- 4.5 The purpose of this section of the report is to present the results of the survey. The analysis is split into two sections:
 - Views on current rates of allowance.
 - Views on the coverage of a national core allowance.

Views on current rates of allowance

- 4.6 First, carers were asked about their level of agreement or disagreement with the statement: *"I am clear about the rates of child allowance that I am currently entitled to as a foster carer"*.

³ Respondents fostered for 17 of the 28 independent and voluntary providers of foster care and 28 of the 32 local authorities.

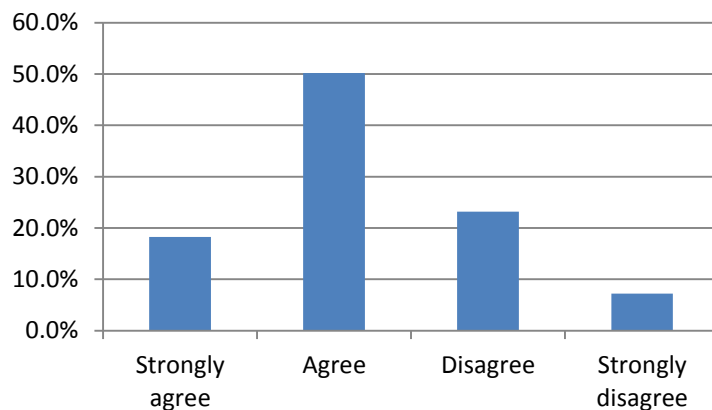
Chart 4.1: “I am clear about the rates of child allowance that I am currently entitled to as a foster carer”



4.7 The majority either agree or strongly agree with this statement (76%); however a sizable minority disagree or strongly disagree (24%).

4.8 Carers were then asked about their level of agreement with the statement: *“I am clear about the costs that my current child allowance is expected to cover”*:

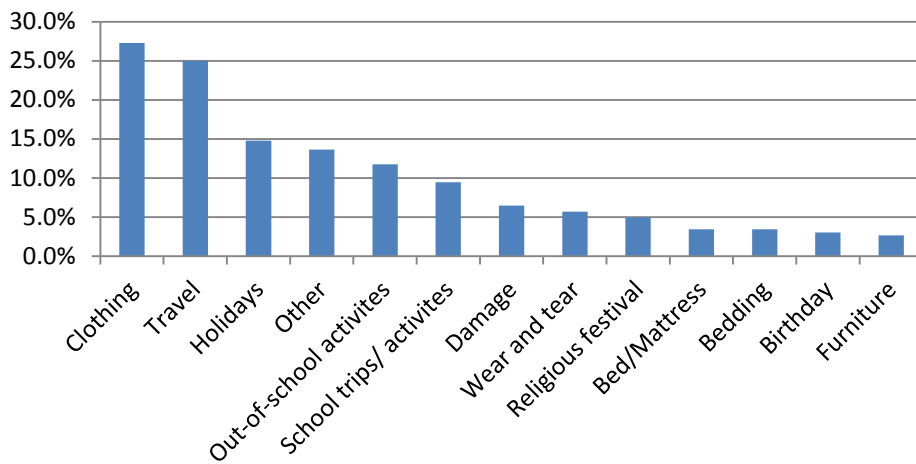
Chart 4.2: “I am clear about the costs that my current child allowance is expected to cover”:



4.9 A similar pattern emerges: the majority either agree or strongly agree that they are clear about the costs that their allowance is expected to cover (69%), while a substantial minority disagree or strongly disagree (31%).

4.10 67% of respondents reported being involuntarily out-of-pocket as a direct result of caring and not reimbursed for this expense. The types of cost that left these carers out-of-pocket are presented below:

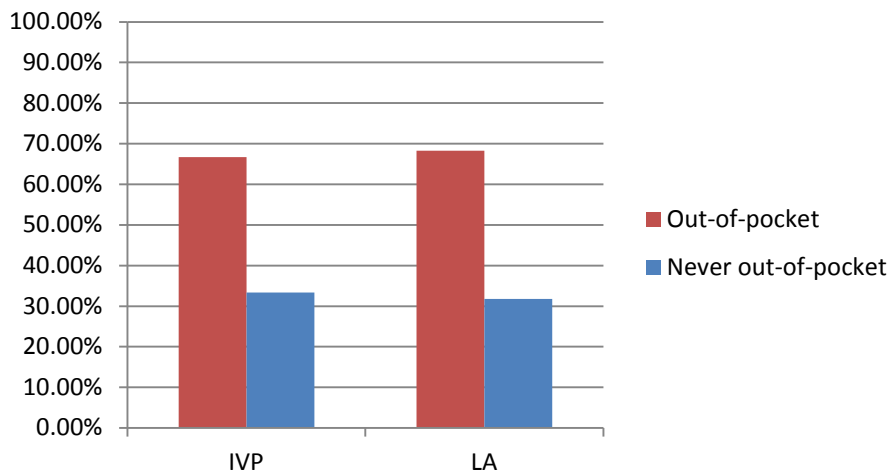
Chart 4.3: Types of cost incurred by the carer and not reimbursed



4.11 Holidays, out-of-school activities, travel, clothing (whether initial or replacement) and school trips/activities were the most frequently cited expenses that have left carers out-of-pocket without reimbursement.

4.12 Using the results of the survey, it was possible to check whether there is any relationship between the type of agency that the carer belongs to (i.e. LA or IVP) and being out-of-pocket as a direct result of caring without reimbursement.

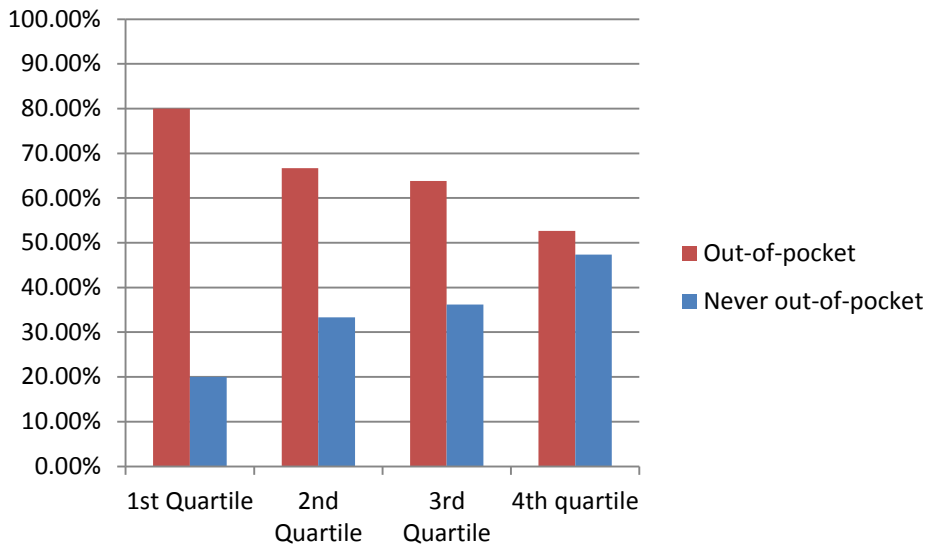
Chart 4.4: Percentage of carers who report being out-of-pocket as a result of caring by agency type



4.13 There does not appear to be a relationship here, almost equal proportions of the carers surveyed, from both LA and IVPs, report being out-of-pocket as a result of caring for a foster child.

4.14 It was also possible to see if carers were more likely to be out-of-pocket if they foster for an agency with low rates of allowance. In order to check this, the rates of allowance are averaged across age bands to avoid issues of comparison, before being ranked and split into quartiles.

Chart 4.5: Percentage of carers who report being out-of-pocket as a result of caring by the level of regular allowance received

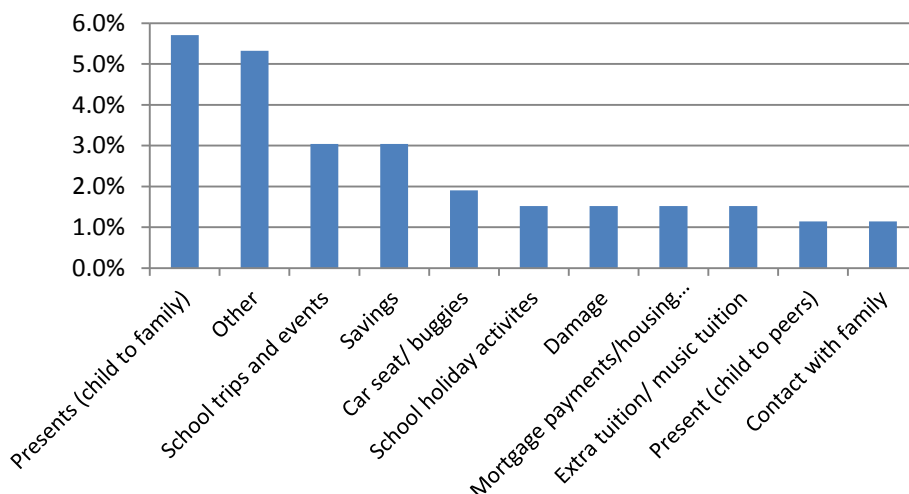


4.15 This shows that the lower the rate of the regular allowance provided by the fostering agency, the more foster carers report being out-of-pocket as a result of caring. However, even agencies providing the highest rates of allowances still have carers who report being out of pocket as a result of caring for a foster child.

Views on the coverage of a national core allowance

4.16 As well as gathering data concerning foster carers views of their current allowance, the survey also sought to gather opinions on what a national core allowance should cover. The list of core costs proposed by the Foster Care Review was put forward, and respondents were asked to add or remove items as they saw fit.

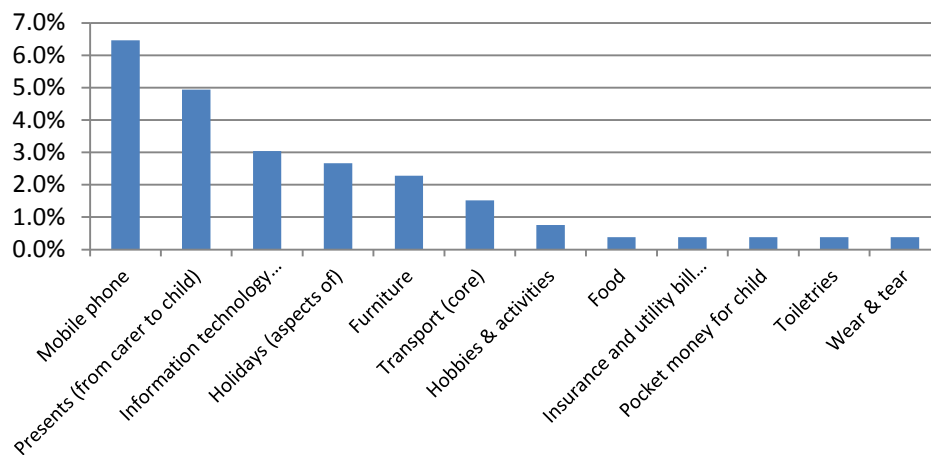
Chart 4.6: Items identified to be added to list of core costs



4.17 The most commonly added cost to the list proposed by the foster care review was the cost of presents from the foster child to the foster child's birth family

(5% of respondents identified this). School trips and events (3%) as well as savings for the child (3%) were also identified fairly frequently.

Chart 4.7: Items identified to be removed from list of core costs



4.18 The most commonly cited item for removal from the suggest core cost list was mobile phone cost (6.5%), with most citing either that phones are not necessary or that they should come out of the child’s pocket money, Christmas or birthday allowance. Presents from the foster parent to the child was the next most frequently cited item for removal (4.9% of respondent identified this), with most respondents citing that these presents should come from the carer’s own money rather than the child’s allowance.

5 A NATIONAL CORE CHILD ALLOWANCE FOR FOSTER CARERS IN SCOTLAND

- 5.1 Whereas the second chapter sought to explore and critique the methods used to set national allowances in England, Wales and Northern Ireland as well as the recommended rates set by the fostering Network, the main focus of this final chapter is to build upon this, as well as the survey research into current allowance practise, to recommend a method for setting a core child allowance for Scotland.
- 5.2 It was argued in that second chapter that the methods used to set the current national and recommended allowances share a similar set of pitfalls. They were all criticised for making use of out-of-date research findings: from the findings of a survey conducted in 1995, to the findings of a budget standards paper published in 1997. They were also all criticised for mainly making use of actual expenditure methods and not addressing the issue of need. Moreover, all of these approaches were criticised for mixing methods and findings in a seemingly ad hoc manner, resulting in a picture of allowances based upon the convenient and readily available rather than the most robust.
- 5.3 An allowance for Scotland must avoid these pitfalls. It must make use of up-to-date research that has the potential to stay up-to-date in the future: i.e. with the opportunity to uprate and rebase when required. It must avoid relying solely on crude estimates of the cost of a foster child derived from expenditure data and seek to address the issue of need with more certainty. Finally, it must be based upon the most robust methodology, consistently applied.

Methodology

- 5.4 It is recommended that an allowance for Scotland make use of the findings and methodology of current research into Minimum Income Standards (MIS) as a solid basis from which to develop an allowance.

Minimum Income Standards:

- 5.5 The MIS research has been carried out by the Centre for Research in Social Policy (CRSP) at the University of Loughborough since 2007. The aim of the research is to determine the income needed to live a minimum socially acceptable standard of living in the United Kingdom. In order to reach this aim, CRSP take a budget standards approach by asking a large number of discussion groups about everything that a household would have to be able to afford to reach this minimum standard of living, defined as not just 'food, clothes and shelter', but 'having what you need in order to have the opportunities and choices necessary to participate in society' (Bradshaw et al, 2008, p.1)
- 5.6 Based on these discussions, CRSP draw up extremely detailed lists of the necessary goods and services required to reach this standard of living, which are subsequently checked by nutritional and fuel experts for adequacy. Since 2012, CRSP have published calculations for the cost of caring for a child by

comparing the MIS budgets for households with and without children (Hirsch, Suttan and Beckhelling, 2012; Hirsch 2013), and every year new MIS figures are published which have either been updated, reviewed or rebased entirely.

- 5.7 The detailed budgets developed for the main MIS project have proven to work well as a framework for developing budgets for households that differ to those originally explored. CRSP have recently undertaken research in rural England and Guernsey, for instance, by using the main MIS budgets as a comparator to find out how budgets, and subsequently minimum income, differ for people in these areas (see Smith, Davis and Hirsch, 2010; Smith, Davis and Hirsch 2011).
- 5.8 Using the main MIS as a framework in this way has the potential to develop budgets for households with foster children. Indeed, the Fostering Network have recently commissioned such research based upon the MIS (see Davis and Padley, 2013). A series of focus groups with foster carers were held and, using the main MIS household budgets, the carers were asked to identify areas of different and additional cost for households with foster children. The research only explores budgets for families providing long-term foster care, and does not consider the possible additional cost of households with foster children with disabilities or serious and/or long-term health conditions.
- 5.9 The findings indicate that households with foster children require a higher income than households without foster children in order to reach the same, socially acceptable standard of living. The additional cost of fostering and foster children was due to, for example, increased motoring costs, an increased need for safety and security, changes in the specification and lifetime of household goods, additional funds to ensure that the child has a range of experiences that they may not have had previously and the need to support social, emotional and physical development.
- 5.10 Once these budgets have been constructed, they can be used to reach a figure for the cost of caring for a foster child by comparing the minimum income figures for household with foster children to the minimum income figures for households without foster children. The results of this exercise are presented below:

Table 5.1: Average cost of foster child and birth child per week across all household types (excluding rent, council tax and childcare)

Age of Child	Average cost of a foster child (£ per week)	Average cost of birth child (£ per week)	Difference (£)	Difference (%)
Baby (0-1)	90.73	65.7	25.03	36%
Pre-school (2-4)	96.77	74.36	24.41	33%
Primary (5-10)	117.23	81.55	35.68	44%
Secondary (11-15)	145.83	106.66	39.17	37%
Secondary (16-17)	148.77	111.99	36.78	33%

Reasons for recommendation:

- 5.11 There are a number of advantages to using the methodology and findings of this MIS research as a basis from which to develop a core child allowance for foster carers in Scotland.
- 5.12 First, the MIS is based upon the latest budget standards methodology. A calculation based upon this research would therefore represent a major departure from the current orthodoxy of calculating allowances using actual expenditure. The budget standards approach of the MIS identifies a level of need with far more certainty than any of the current national allowance calculations – it sets out to define what is needed to achieve a minimum socially acceptable standard of living, and does so using a combination of social consensus and expert opinion on the matter.
- 5.13 Second, the MIS findings have been reached using a consistent methodology, which is a refreshing change to the mix of methods and findings used in the current allowance calculations aforementioned. Moreover, the MIS findings are kept up-to-date: they are updated, reviewed and rebased in frequent intervals, and so are likely to be a much better gauge of the costs involved in caring for a foster child in the present day.
- 5.14 Finally, the MIS methodology is clear: members of the public are asked what is necessary to reach a minimum socially acceptable standard of living, these are then checked by experts on certain issues before being priced and added together. An allowance based upon such methodological clarity will mean that it is transparent.

Limitation of the MIS approach

- 5.15 Despite these numerous strengths, the MIS research does have its limitations for the purposes of setting a foster care allowance. These limitations derive from the findings currently available and the methodology itself.
- 5.16 First, while the main MIS budgets were reached using a large number of focus groups and checked for representativeness in each of the constituent parts of the UK, the amended research into budgets for foster households was conducted on a smaller scale and with a smaller scope. It has already been noted that the research only applies to households providing long-term foster care, and excludes households that care for children with disabilities or serious and/or long-term health conditions. This aspect of the scope is not a problem given that the findings would be used in the calculation of a core allowance. Any extra cost associated with disability, for instance, would be covered by an additional allowance. Where the scope of the research becomes problematic, however, is when we consider that the additional research into the budgets of households with foster children was only conducted in England and has not been checked for accuracy in Scotland.
- 5.17 The second issue to consider is that while the findings of the current research do seem consistent with the allowance guidance outlined in the introduction -

budgets are based upon what is needed to participate in society, and include a reparative element (i.e. additional funds to ensure that the child has a range of experiences that they may not have had previously) – given the research aims to identify a minimum standard, and not what an allowance should cover directly, there is certainly room for discussion about the exact role that the MIS should play.

5.18 Relatedly, because the MIS research attempts to define a minimum standard, the figures that result from it are quite low. The two charts presented below show how the rates of the current MIS research into the cost of a foster child in England compare to the current regular allowances provided by LAs and IVPs in Scotland:

Chart 5.1: current rates of regular allowances provided by LAs in Scotland and MIS rate for foster children in England⁴

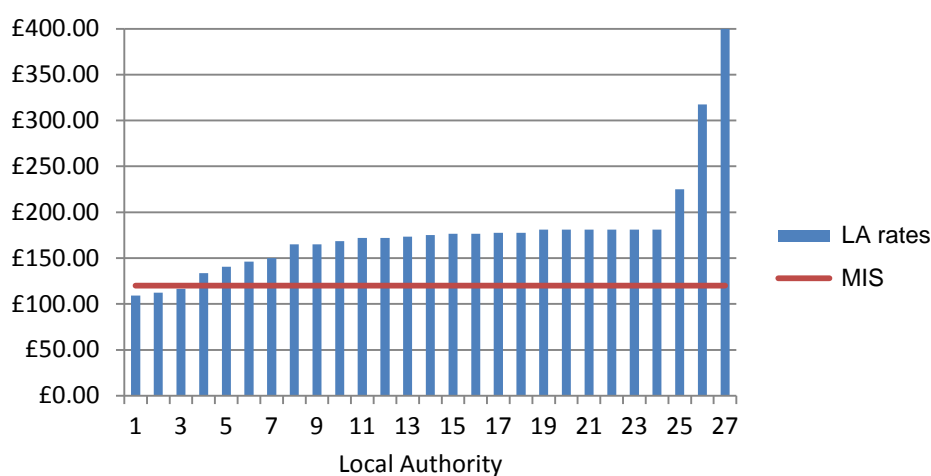
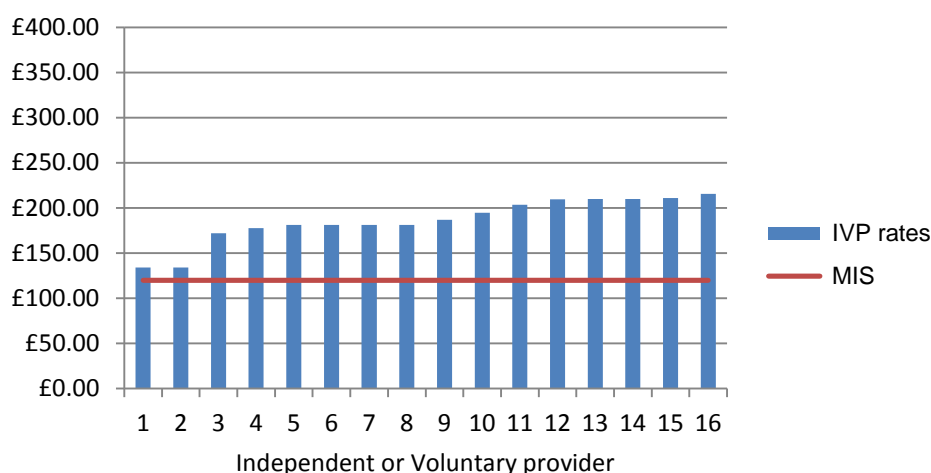


Chart 5.2: current rates of regular allowances provided by IVPs in Scotland and MIS rate for foster children in England⁵



⁴ All rates have been averaged across age bands and local authorities that could not provide allowance figures alone have been excluded.

⁵ All rates have been averaged across age bands and IVPs unable to provide information on allowance alone and IVPs that only provide respite or short break care have been excluded.

- 5.19 It can be seen from the chart above that the current MIS rate for foster carers in England, averaged across age bands, is lower than all except for three of the regular rates currently provided by fostering agencies. As the survey of foster carers revealed, the lower the allowance provided the more carers report being out-of-pocket as a result of caring. Given this, rates set directly on the current MIS figures for households with foster children may not fully ensure that carers are not financially disadvantaged by the placement.

Moving Forward

- 5.20 In order to counteract these limitations, it is recommended that further research be undertaken into MIS budgets for foster children in Scotland. CRSP have indicated that they think this can be done by holding a small number of focus groups structured in a similar way to the research phases of the main MIS. This would identify the additional and different needs of fostering families in Scotland, which could then be costed to develop budgets for the range of different household compositions, as well as to arrive at a figure for the cost of caring for a foster child.
- 5.21 These figures would then form the basis of an allowance: discussion would need to be held concerning the exact role that these MIS figures should play and whether any part of the budget would need to be increased to arrive at an acceptable level of allowance.

Structure and coverage

- 5.22 How comprehensive should the guidance on a Scottish national allowance be? It was noted in chapter two that the various UK national allowances differ according to how comprehensive they are. In Wales and England, for instance, national provisions are limited to a weekly maintenance allowance. In Northern Ireland, by contrast, as well as a weekly maintenance rate, the 'model scheme' outlines a whole range of national one-off allowances.
- 5.23 A national allowance for Scotland should sit in between these two extremes. It should have a weekly, maintenance element and it should have an element for core costs that occur on a slightly more irregular basis – i.e. an additional allowance for Christmas (or another religious festival) paid six weeks before, an additional allowance for the child's birthday paid two weeks before, and an additional allowance for a holiday paid at a time of the carers choosing. These additional costs should still be considered 'core' as most placements will encounter them; however, it makes more sense to provide these separately to the main, day-to-day allowance given their more irregular nature.
- 5.24 Further additional allowances, such as allowances to cover start-up costs, initial costs, costs associated with children with additional needs or costs due to the regional location of the placement should not be set nationally. These are extremely variable by nature, and so are better either set at LA rates or assessed on a case-by-case basis.

- 5.25 It was also noted in Chapter Two that the various UK national allowances differ according to how prescriptive they are. The allowance in England, for instance, is said to cover the regular costs of caring; however, these regular costs are not outlined. Wales, by contrast, give a list of the types of cost that the allowance should cover, while Northern Ireland go one step further and provide not just a list of costs covered, but how much of the allowance should be spent on each part of the list.
- 5.26 A guidance document should provide a list of the types of cost that the allowance is expected to cover. The survey of fostering agencies showed the consequences of not outlining what an allowance was calculated to cover – tFN's rates were applied by the majority fostering agencies, but to cover different items of expenditure. The guidance should not, however, outline how much of the allowance should go on the items in this list. Not every placement is going to be the same, and this approach will allow for some flexibility in expenditure and will reflect the current practice amongst fostering agencies.
- 5.27 Finally, the various UK national allowances were seen to vary according to age; however, the age bandings chosen were different for each allowance set. Wales vary their allowance according to three age bands, Northern Ireland according to four and England according to five age bands. It is recommended that an allowance for Scotland should be varied according to four age bands: 0-4, 5-10, 11-15, 16+. This banding would reflect the current practice of school age banding and would reflect the most common current practice amongst foster agencies.

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