

AGENDA ITEM

REPORT TO CABINET

DATE: 17 JULY 2025

REPORT OF THE SENIOR MANAGEMENT TEAM

CABINET DECISION

Children and Young People - Lead Cabinet Member – Councillor Clare Besford

Powering our Future – Transformation Review: Children in our Care – Fostering Service

SUMMARY

The purpose of this report is to present a proposal for modernising our fostering service in Stockton-on-Tees following a comprehensive review, options appraisal and development of a business case. The objective is to address the declining number of foster carers and the increasing number of children in external private provider care, to support better outcomes for children in our care, and help give them the best start in life. The proposal aims to build sufficiency within the mainstream fostering service by encouraging new foster carers, retaining existing ones, and meeting the diverse needs of children in care.

Proposals in this report are an important part of our approach to reduce inequality by prioritising Early Help and Prevention, supporting more children to live within safe and inclusive communities.

REASONS FOR RECOMMENDATION(S)/DECISION(S)

Cabinet is recommended to note the findings and agree the recommendations to ensure that the Council continues to deliver its commitment to the Powering Our Future Missions; to address the financial challenges we face at the same time as improving outcomes for communities. These include:

- **Early Help** – keeping children safe in families and communities, preventing demand for other services
- **Empowering communities** - increasing individual, family and community level activities
- **Improved Outcomes:** Keeping children within the local area supports their identity, community ties, and educational stability.
- **Cost Efficiency:** Modernising the fee structure and providing enhanced support to foster carers will reduce reliance on expensive external providers.
- **Enhanced Support:** Providing training and therapeutic services will help foster carers manage complex needs and reduce placement breakdowns.

RECOMMENDATIONS

Cabinet is recommended to approve the following proposals:

1. **Introduce a New Fee Structure for Foster Carers:** The proposed new fee structure for foster carers includes four levels ranging from £100 per week to £450 per week for carers providing care for children with the most complex needs. This structure aims to make our offer more competitive, attract new foster carers, and retain existing ones by recognising and rewarding the varying levels of care required. The maximum current fee a foster carer can receive is £125 per week. The new fee structure will be implemented from September 2025.

In addition, the introduction of an annual appreciation fee to recognise and reward foster carers for their commitment and efforts. This is subject to a successful annual review and the completion of a minimum of three training courses. The fee is set at £500 per household, aiming to show appreciation and encourage continuous professional development among foster carers. The new annual appreciation fee will be implemented from September 2025.

2. **Enhanced Package of Training and Support:** Provide a wider training offer, including Dyadic Developmental Psychotherapy (DDP) training, establish an additional Mockingbird constellation to support foster carers, commission therapeutic services from the Child and Adolescent Mental Health Service (CAMHS) and increase capacity within the fostering team by appointing an additional social worker. The enhanced package of support will commence from October 2025, in a staged process.
3. **Targeted Recruitment Campaigns:** Conduct intensive marketing campaigns to recruit specialist foster carers for children with complex needs and profile individual children to ensure long-term matches based on their needs. Campaigns will commence in September 2025.
4. **Reunification of Children:** Reunify children from external residential and Independent Fostering Agency (IFA) placements back into mainstream foster care. The process of matching children with long term foster carers will begin once specialist foster carers have been identified to meet their needs.

DETAIL

1. The Council's Mission Statement and wider Powering Our Future Programme, prioritises Early Help and prevention, supporting more children to live in safe and inclusive communities that provide them with opportunities to thrive. This means working differently with communities, to harness the strengths that exist to build resilience and independence.
2. In April 2024, Cabinet agreed to a review of Children in our Care as part of phase 1 of the Transformation Programme. This provided clarity on the scope and objectives for the review, in alignment with the Council's Mission Statement.
3. The review has led to a comprehensive understanding of challenges making use of research, data and intelligence. Findings and drivers for change along with options and proposals are summarised below.
4. Stockton-on-Tees Borough Council faces challenges with a high number of children in care (564 as at 10.04.25) and a reducing number of in-house fostering households (81 as at 10.04.25). This has led to a reliance on Independent Fostering Agencies (IFAs) and external residential care, which are costly and often place children outside the borough.
5. The costs associated with using external providers are extremely high compared to mainstream fostering. Additionally, the lack of local placements means social workers must travel long distances to visit children, increasing workloads and reducing the frequency of contact. External providers often serve short notice on placements, causing instability and escalating children's needs, which leads to a cycle of increasingly complex needs and higher costs.
6. Due to the shortage of foster placements, emergency placements sometimes result in unregulated care arrangements, which are unlawful and require additional risk management. This practice has brought scrutiny from Ofsted, the Department for Education, and the Children's Commissioner, highlighting the urgent need for more regulated foster care options.
7. As of 10th April 2025, 69% of the 564 children in care were in foster care placements, with 104 children placed with SBC Foster Carers, 102 with Independent Fostering Agencies (IFA's) and

183 with Connected Carers. The remaining 173 children were in residential care, regulated supported accommodation or other placements.

8. The number of mainstream foster carers has steadily decreased since 2019, with 70 leaving the service and only 40 approved to replace them. The main reasons for resignations include retirement, ill health, and foster carers entering paid employment.
9. The current profile of in-house foster carers is insufficient, with difficulties in recruiting individuals who can develop the requisite skills to care for children with complex needs. Our payments to foster carers are lower than those offered by neighbouring Councils and IFAs, leading some carers to seek paid employment, reducing their availability. The proposal suggests introducing a new fee structure to encourage foster carers to improve their skills and care for children with more complex needs, making our offer more competitive.
10. Recent national, regional and local research by Newton Europe validates the need for additional fostering placements, especially for children with complex needs. The average weekly cost for residential care has increased significantly between 2020 and 2024 from £4,000 per week to £6,000 per week, while external fostering costs increased by 20%. The proportion of children in residential care has risen, and there is a notable increase in children entering care aged 10 and older. Most children currently in residential care were previously supported in fostering, indicating a need for more suitable foster carers.
11. The findings of the review and appraisal of options highlight the urgent need for modernising the fostering service to address the declining number of foster carers, high costs, placement instability, and the need for enhanced support and training.
12. Several options were appraised as detailed below:

Option 1: Do Nothing

This option involves continuing without investment therefore risks fewer carers, higher costs, unstable placements, and poorer outcomes for children

Option 2: Modernise the Current Fee Structure and Support Package (Recommended Option)

This option proposes introducing a new, tiered fee structure for foster carers, particularly those caring for children with complex needs. It includes an enhanced support package with additional training (e.g., DDP), a new Mockingbird constellation, therapeutic services via CAMHS, and an extra social worker to support increased demand. It also introduces an annual appreciation fee. This option is expected to improve recruitment and retention, reduce reliance on external providers, and has the potential to generate savings. The annual cost of the proposal will depend upon the actual number of new foster carers recruited and the needs of the children. Financial modelling has been undertaken and the estimated additional cost based on current numbers is £770,000 per annum.

Option 3: Align with a Neighbouring Local Authority's Fee Structure

Similar to Option 2, this option involves modernising the fee structure and support offer but aligns specifically with the higher rates offered by an outstanding neighbouring authority. It includes the same support enhancements as Option 2 but requires a larger investment (£1.6 million per annum). While it offers a competitive package, the higher cost makes it less financially favourable than Option 2.

Option 4: Partnership with an Independent Fostering Agency (IFA)

This option explored forming a strategic partnership with an IFA to leverage their expertise in recruitment, training, and support. While it could bring in specialist knowledge and resources, it presents significant risks, including potential legal challenges, loss of control over placement quality, and complications with existing foster carers and staff. It also raises concerns about long-term sustainability and alignment with the council's values and goals.

13. The options were evaluated based on their potential to address the key issues, financial implications, and overall impact on the fostering service and outcomes for children. Option 2: To modernise the current fee structure and support package is recommended as the proposed option due to its balanced approach to investment, support, and expected savings for the following reasons:

- An improved package of fees for all carers that moves us closer to the fees paid by NE Local Authorities. This will encourage our current cohort of foster carers to remain with the council and attract new foster carers to the service.
- More children will be supported in family-based care that meets their needs.
- Offers a competitive fee for either existing or new carers to foster children with complex needs providing two higher fee rates than is currently available. To offset the introduction of these new fees, the council intends to undertake intensive recruitment campaigns to target new foster carers through the profiling of individual children to ensure long term matches are achieved based on their needs.
- The introduction of an appreciation fee, paid on an annual basis, will reinforce the council's commitment to its current and future cohorts of foster carers. Knowing they are valued and respected for their commitment to children in our care will help to retain existing and future foster carers.
- Provides a comprehensive package of support. Whilst our current cohort of foster carers rate the support and training offered by the council highly (foster carer consultation feedback), the complexity of needs of some children in care are challenging and can risk placements breaking down without having recourse to a proficient level of support. The introduction of an additional Mockingbird constellation, therapeutic responses from CAMHS and the opportunity to access DDP training with residential care staff will help build resilience of foster carers to enable them to conduct their fostering role.
- An additional social worker post will provide capacity within the team to address the expected increase in the number of referrals, applications, and approvals for new foster carers.
- Whilst the introduction of these new measures to recruit and retain foster carers will require investment, this will be offset through savings made from the re-unification of children from external residential and from IFA placements back into mainstream foster care. The financial savings associated with this reduction on expensive external placements is estimated to be £2.5 million per annum by year 4. It will also achieve better outcomes for those children who are currently in residential care despite their permanence plans identifying that the most appropriate placement to meet their needs is in a fostering placement. Further savings should also be achievable through cost avoidance of future placements, where children are supported in in-house fostering rather than external placements, modelling has indicated this could be a further £990,000 by year 4.

COMMUNITY IMPACT IMPLICATIONS

14. The Equality and Poverty Impact Assessment identified the recommended option of modernising the fostering service through a revised fee structure and enhanced support has a positive impact on equality and poverty, particularly for children currently placed in Independent Fostering Agencies (IFAs) or external residential care.

15. Key Impacts include:

- **Improved Placement Matching:** Children whose permanence plans indicate a need for long-term fostering will benefit from being matched with appropriate in-house foster carers. This ensures their needs are met in a stable, family-based environment.
- **Local Placements:** By increasing local fostering capacity, more children can remain within Stockton-on-Tees, maintaining access to their family, education, and social networks—factors that are crucial for emotional well-being and social inclusion.

- **Enhanced Support for Carers:** The proposal includes better training, therapeutic support, and appreciation payments, which will help foster carers manage complex needs more effectively. This supports placement stability and reduces the risk of breakdowns, which disproportionately affect vulnerable children.
- **Support Networks:** Enhanced support for foster carers will strengthen community resilience and foster carer networks.
- **Addressing Inequality:** The initiative aligns with the Council's design principles to reduce inequality, prioritise prevention, and protect residents from the impacts of inequality. It aims to ensure that all children, regardless of background or complexity of need, have access to high-quality, stable care.
- **Poverty Reduction:** By offering more competitive fees and support, the proposal makes fostering a more financially viable option, potentially attracting carers from a wider socioeconomic range and reducing financial strain on existing carers

CORPORATE PARENTING IMPLICATIONS

16. As Corporate Parents the Council has high aspirations for children and young people in the borough, The ambition for children in our care is the same as the ambition for all children and young people, that they live in safe, secure, and loving environments and are happy and healthy. Being a good corporate parent means we:

- Accept responsibility for children in the council's care and care leavers,
- Make their needs a priority, and
- Seek for them the same outcomes any good parent would want for their own children.

FINANCIAL IMPLICATIONS

17. The financial implication of the preferred option is provided in the table below, reflecting an updated timescale for implementation and assuming part year impact in 2025/26:

	2025/26	2026/27	2027/28	2028/29
Additional Cost:				
Introduction of new fee model				
New Fees - In-House Foster Carers	£163,000	£326,000	£326,000	£326,000
New Fees - Connected Carers	£104,000	£209,000	£209,000	£209,000
Introduce Appreciation Fee	£34,000	£68,000	£68,000	£68,000
Support & Training Offer	£0			
Additional Mockingbird Constellation	£23,000	£47,000	£47,000	£47,000
Additional Social Worker Capacity	£29,000	£57,000	£57,000	£57,000
Additional Training Offer	£1,000	£5,000	£5,000	£5,000
Additional CAMHS Support	£30,000	£60,000	£60,000	£60,000
Sub-Total additional cost	£384,000	£772,000	£772,000	£772,000
Estimated Savings:				
Move existing children from Independent Fostering Agency placements to In House Fostering		(£50,000)	(£66,000)	(£66,000)
Move existing children from External placements to In House Fostering		(£1,267,000)	(£1,873,000)	(£2,424,000)
Sub-total estimated savings	£0	(£1,317,000)	(£1,939,000)	(£2,490,000)
Overall Financial Saving	£384,000	(£545,000)	(£1,167,000)	(£1,718,000)

Future Cost Avoidance				
In House Fostering instead of Ext. placements	£0	£0	£0	(£993,000)
Potential Available Saving	£384,000	(£545,000)	(£1,167,000)	(£2,711,000)

18. The table above illustrates that an estimated £0.5m savings could be achieved in 2026/27, rising to £1.2million by 2027/28 and £1.7m in 2028/29, which can contribute to the remaining Transformation Savings Target. Further savings could materialise through costs avoided of replacing future external placements with in-house fostering placements, which could help mitigate growth in the service in later years.
19. The additional cost shown in the table above is the cost of introducing the new fee structure and strengthening the support and training offer for existing carers with the aim of securing those placements and preventing placement breakdown. The estimated savings are net of the foster carer fees per child.
20. Following the introduction of the new fee structure, it will take some time to recruit new carers and prepare children to move, therefore there is an estimated cost in 2025/26 of £384,000. This will be funded through the transformation reserve.

LEGAL IMPLICATIONS

The Local Authority has a statutory duty to deliver safeguarding arrangements for children in their area including the requirements for the provision of care for children unable to live in the family home. Legislation that covers these provisions are:

- The Children Act 1989
- The Children Act 2004
- The Children and Social Work Act 2017
- Working Together to Safeguard Children 2023

The implications associated with the recommendations are set out within the risk-assessment section of this report.

RISK ASSESSMENT

Financial Risks

- **Cost of Transition:** There is a risk that whilst fostering fees are increased it does not lead to an increase in the number of specialist Foster Carers available to provide care for our more vulnerable children. This could lead to a continued reliance on expensive external unregulated placements whilst impacting on the outcomes for those children. Mitigation: As potential foster carers are referred from Foster with North East, their existing skills, knowledge and experience is assessed, and they being identified for potential specialist foster caring roles if they meet the relevant criteria. In addition, targeted recruitment campaigns based on individual profiling of children with complex needs will be undertaken to attract foster carers with specific skills, knowledge and experience. There are processes in place to monitor performance against Children's services activity, and we will measure the recruitment activity of foster carers locally. In addition, Foster with North East provide performance information via dashboard monthly, which monitors activity from initial enquiries to referrals onto Local Authority Fostering Services.
- **Implementation costs** – Fees are increased for existing foster carers but there is a failure to recruit additional foster carers to provide specialist fostering for children with complex needs. Mitigation: The targeted recruitment campaign will focus on profiling the needs of individual children to attract people with the right level of skills to meet the needs of the child.

Organisational Risks

- **Change management** - The implementation of the new fee structure is delayed which could result in the loss of more foster carers from the current cohort. Mitigation: communication, openness and transparency re the new fee structure and the implementation of an enhanced support package to encourage the retention of existing fostering carers, whilst SBC undertakes a targeted recruitment campaign to attract new foster carers.
- **Operational changes** – The rise in fees may cause an initial significant rise in enquiries regarding fostering, increasing the pressure on the Fostering team until the new social work role is filled. Mitigation: initial enquiries are screened through Foster with North East who carry out the first level of assessment. This acts as a filtering service which means that the Fostering team who carry out the more comprehensive assessments can focus on those who are more likely to progress through the fostering recruitment stages.
- **Contractual changes** – the negotiations with the CAMHS service to provide therapeutic support may become protracted. Mitigation: SBC Fostering service will continue to provide support through existing mechanisms until contracts are in place to stabilise any presenting issues where foster carers require support, for example through already established Mockingbird constellations.

Service User Risks

- **Meeting a Child's Needs:** There is a delay in recruiting specialist foster carers for children placed in unsuitable or distant placements, which can impact their outcomes. Mitigation: The proposal mitigates this by increasing local placement availability, improving matching through child profiling, and enhancing support for carers to reduce placement breakdowns. These changes aim to provide more stable, nurturing environments that better meet a child's assessed needs.

Political Risks

- **Policy Alignment:** The changes must align with national and local policies. Mitigation: Regularly review and adjust plans to ensure compliance with policy directives.

WARDS AFFECTED AND CONSULTATION WITH WARD/COUNCILLORS

21. Not applicable

BACKGROUND PAPERS

- PID - Children in Our Care - updated 22.02.24 (Annexe 1)
- Business Case – Options Appraisal - Fostering April 2025 (Annexe 1)

Name of Contact Officer: Louise Hollick

Post Title: Assistant Director for Early Help, Safeguarding and Children in our Care

Telephone No. 01642 528490

Email Address: Louise.Hollick@stockton.gov.uk

ANNEXE 1 - EXEMPT PAPER

BUSINESS CASE/OPTIONS APPRAISAL – FOSTERING