
Report To:	Social Work & Social Care Scrutiny Panel	Date:	26 August 2025
Report By:	Kate Rocks Chief Officer Inverclyde Health & Social Care Partnership	Report No:	SWSCSP/51/2025/MM
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Subject:	Children & Families Redesign: Foster Carer Fees Uplift		

1.0 PURPOSE AND SUMMARY

1.1 ☐ For Decision ☒ For Information/Noting

1.2 This report is to inform the Social Work & Social Care Scrutiny Panel of the HSCP Children's Services redesign, which has at its heart the recognition of the importance of families, including specifically the critical role of local foster carers in providing safe nurturing care to some of Inverclyde's most vulnerable children and young people.

1.3 At the IJB on 24 March 2025, members considered and reviewed the children and families budget pressures, as a consequence of the increasing cost of external fostering and residential placements for children looked after away from home. It was identified that the increased costs of continuing care, with no national funding for this legislative duty, provided to Inverclyde Council by Scottish Government, has resulted in significant placement sufficiency and budget pressures.

Ongoing work as a key strand of the redesign is to increase the number of local fostering placements for children and young people. Benchmarking against comparative authorities established that our fostering fee for carers was not competitive, particularly compared to neighbouring areas, which impacts on our ability to recruit and retain foster carers. IJB were advised that further work with an option appraisal had been undertaken to consider increasing our fostering fees to ensure that we attract the quality and the number of foster carers in the short to medium term to provide care for our children and young people in Inverclyde. Evidence and research demonstrate where children and young people continue to experience care and routine within a family setting that continues to foster the relationships that matter to them with their extended family, school, and community results in substantially better outcomes.

A further report was presented to the IJB on the 23 June 2025 with detailed analysis of the benchmarking activity in respect of fostering fees locally and nationally. It was proposed an enhanced fostering fee to retain existing foster carers and attract new fostering households was a significant priority to ensure fostering sufficiency across a range of age groups and placement options dependent on the needs of the child. The IJB agreed and gave a direction for the HSCP Children's Service to proceed with the uplifted fee of £350 per child per week for all foster carers, as part of our integrated recruitment and retention fostering strategy.

The fee was introduced quickly following communication with foster carers with clarity regarding issuing the new enhanced fee in time with the fostering pay run in mid-July. While early in its implementation, many foster carers have shared how delighted they are, as they feel that their contribution as foster carers has been recognised and valued by Inverclyde Council. Foster carers have also told us the difference the fee will make in their lives with the children they foster to reduce the financial pressures many families face with the cost-of-living crisis. Foster carer feedback is important to the service, and we shall continue to engage and listen to the voice of our carers and the children they look after as being at the heart of our service aligned to our redesign and to the Promise.

2.0 RECOMMENDATIONS

2.1 Social Work & Social Care Scrutiny Panel members are asked to:

- (i) Note the outcome from the analysis of the benchmarking of foster carer fees.
- (ii) Note the increase in foster carer fees to existing foster carer households and note the intended increase of our minimal target of five new fostering households, at an annual additional cost of £350,000.

Kate Rocks
Chief Officer
Inverclyde Health and Social Care Partnership

3.0 BACKGROUND AND CONTEXT

- 3.1 Inverclyde HSCP Children and Families services are on a significant transformational journey of service redesign and change to improve outcomes for children and families. IJB and SWSCSP members have already considered a range of data, capturing our local challenges around the number of children and young people who require to be looked after away from home. These complex pressures result in children and young people having to be placed in high-cost external fostering and residential care provisions, often out with Inverclyde.
- 3.2 This position reflects a broader context of national challenges, particularly linked to the significant financial pressures for families and carers with the cost-of-living crisis, and for local authorities with the increasing costs of care, for vulnerable children and young people. Previous reports evidenced that the most significant budget pressure arises from the increasingly complex combination of risk, need and demand, requiring the provision of external residential and foster care for children and young people. Critically, the human costs are experienced when children’s broader connections to family, friends, schools and communities, are disrupted as most external provision is often out with Inverclyde.
- 3.3 Inverclyde Council has committed an additional, recurring investment of £700,000 for 2025-2026, to support transformation across HSCP children’s services. In addition to £700,000 the Council also agreed to increase by a further £1.300m to £2.000m over the period 2026/27 to 2027/28.
- 3.4 As reflected in the report to IJB in March and June, the proportion of Inverclyde’s children who are looked after is illustrated in Figure 1, below, compared with national data:

	Inverclyde	Scotland
Looked after at home (with family)	81%	89%
Kinship care	52%	33%
Internal fostering	20%	24%
External fostering	8%	10%
Residential (internal and external)	20%	10%

Figure 1: Number of looked after children: Inverclyde and Scotland

- 3.5 By comparing local placement data with national data, looked after children from Inverclyde are:
- 8% less likely to be looked after at home.
 - twice as likely to be in a residential placement.
 - 6% less likely to be in a fostering placement.
- 3.6 Furthermore, the number of Inverclyde children in external foster care placements doubled over the past two years, from 8 children in 2022 to 16 children in external foster placements in 2024. Additionally, the numbers of young people entering high-cost external residential care has also been increasing. The financial impact of this demand is reflected in the projected overspend position for the HSCP.
- 3.7 In line with the increase in use of external foster care placements, there are currently 20 fostering households (internal foster carers) registered with Inverclyde Council, having reduced significantly, from 34 in May 2020. This is a reduction in capacity of 41% and the impact of this has been that fewer local care placements are available to Inverclyde children who require to be looked after away from their family. This reflects the national picture, where the number of newly registered fostering households has reduced significantly over the past five years across Scotland.

- 3.8 When considering local, benchmarking and national data, the use of foster care placements has been lower in Inverclyde over recent years than the national picture. On average, 19% of looked after children are either in internal or external fostering placements, compared to the average of 30% in other local authority benchmarking areas and 34% nationally. Comparative data also illustrates that Inverclyde uses residential placements twice as often the other local authority benchmarking and national areas.
- 3.9 The average annual cost of an external fostering placement is £64,000. This compares with an average annual cost of an internal foster care placement of £30,000. The costs of external residential care annually are significant e.g. ranging from a spectrum of £250,000 to £450,000+ per child.
- 3.10 The Scottish Recommended Allowance, introduced in 2023, provides a national minimum allowance for the child in foster care, however the skilled payment also known as the fostering fee is a matter for each local authority area to determine the rate. Inverclyde's fostering fee/skilled payment structure is long-standing and has not been reviewed for many years. In comparison to other areas, it is also complex in its design and implementation where the lowest weekly fee paid to foster carers is £195.75 for either one or two children (not per child). This is significantly lower than neighbouring local authority areas, with whom potential foster carers living in Inverclyde could be registered with those local authorities.
- 3.11 Inverclyde HSCP values the experience and support our existing foster carers provide to our children and recognises that to ensure that we grow and develop our services we need to retain our existing foster carers and recruit new carers. Our ambition is to attract new local fostering households for our children and young people that maintains their relationships, friendships and connections within Inverclyde.
- 3.12 As part of the benchmarking activity, we completed an options appraisal to consider the optimum fee / skilled payment that reflects our ambitions to grow and develop our fostering households to provide high quality care and support that is trauma informed supporting recovery, and if safe to do so, the reunification of children and young people back to their birth families.

If Inverclyde increased the weekly fee to foster carers, across all age ranges, the full year impact of the increase when applied to current fostering households was projected, alongside five additional fostering placements being registered each year.

Figure 2, below, provides information on this, outlining three options to increase fostering fees. This proposes a clearer fee structure, reflecting the importance of fostering in terms of the commitment of foster carers and the importance of developing a skillset across all stages of a child's development.

Revised weekly fee	Option 1	Option 2	Option 3
Per child	£300	£325	£350
Full Year impact of increase	£194,00	£226,000	£259,000
Five additional fostering placements (increase applied)	£78,000	£85,000	£91,000
Total	£272,000	£311,000	£350,000

Figure 2: Options and costings: additional cost for revised fostering model.

4.0 PROPOSALS

4.1 Decision of the IJB, 23 June 2025

The costings in Figure 2 above detailed the financial commitment required to increase weekly fostering fees to support retention and ongoing development of existing foster carers, as well as the ability to attract new foster carer households, as a key strand of the redesign of children's services to make a sustainable impact on the longstanding financial burden on the HSCP and ultimately to improve the balance of care.

- 4.2 Given the criticality of needing to increase our local fostering capacity to improve outcomes for children and young people and rebalancing the burden of care and the impact this is having on financial pressures for the HSCP. IJB determined that option 3 potentially had the greatest impact in reducing Inverclyde HSCPs dependency on external care provision and improving our local fostering recruitment and retention strategy. **IJB thus gave a direction for the new enhanced weekly fee for all foster carers of £350 for each child in their care across all age ranges ensuring an equal simplified fee structure.**

- 4.3 The enhanced fostering fee for existing, and with the addition of up to five new fostering households, would cost a projected additional **£350,000 annually**. This funding is provided from the additional Council investment in HSCP Children's Services as detailed above.

4.4 Implementation of the Enhanced Fee Feedback Update

Foster carers were notified of the IJB direction in June 2025. The enhanced payment was issued in the second week of July 2025 timed with the fostering pay run. Foster carers were encouraged to discuss any queries, while sharing any feedback with their Supervising Social Worker. The feedback has been overwhelmingly positive from foster carers. Many expressed their delight, happiness and surprise in the investment in fostering. There was a strong view that this money signalled a real recognition of the vital role that local foster carers play in the care and protection of Inverclyde's most vulnerable children and young people. The feedback also highlighted the cost of living challenges many carers experience and the difference the increased fee while make to their day-to-day lives with the children. As a service we value the feedback of our foster carers and will continue to engage with them.

It is therefore recommended that the SW&SCSP members:

- (i) Note the increase in foster carer fees to existing foster carer households and note the intended increase of aiming to recruit five new fostering households at an annual additional cost of £350,000.

5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO
Financial	x	
Legal/Risk		
Human Resources		
Strategic (Partnership Plan/Council Plan)	x	
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		
Environmental & Sustainability		
Data Protection		

5.2 Finance

The additional annual cost of the proposed increase in fostering fees and number of foster carers is £350,000

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact (000)	Virement From (If Applicable)	Other Comments
Family placement	Fostering fees	23/06/25	350		

5.3 Legal/Risk

N/A

5.4 Human Resources

N/A

5.5 Strategic

Activity to increase foster carer fees is intended to retain existing foster carers and attract new foster carers to register with Inverclyde Council. This aligns with the HSCP strategic priorities, namely:

- Provide Early Help and Intervention.
- Support Inclusive, Safe and Resilient Communities.
- Strengthen Support to Families and Carers

5.6 Equalities, Fairer Scotland Duty & Children/Young People

(a) Equalities

This report has been considered under the Corporate Equalities Impact Assessment (EqIA) process with the following outcome:

	YES – Assessed as relevant and an EqIA is required.
x	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, assessed as not relevant and no EqIA is required. Provide any other relevant reasons why an EqIA is not necessary/screening statement.

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
x	NO – Assessed as not relevant under the Fairer Scotland Duty for the following reasons: Provide reasons why the report has been assessed as not relevant.

(c) Children and Young People

Has a Children's Rights and Wellbeing Impact Assessment been carried out?

	YES – Assessed as relevant and a CRWIA is required.
x	NO – Assessed as not relevant as this report does not involve a new policy, function or strategy or recommends a substantive change to an existing policy, function or strategy which will have an impact on children's rights.

5.7 Environmental/Sustainability

Summarise any environmental / climate change impacts which relate to this report.

Has a Strategic Environmental Assessment been carried out?

	YES – assessed as relevant and a Strategic Environmental Assessment is required.
x	NO – This report does not propose or seek approval for a plan, policy, programme, strategy or document which is like to have significant environmental effects, if implemented.

5.8 Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
x	NO – Assessed as not relevant as this report does not involve data processing which may result in a high risk to the rights and freedoms of individuals.

6.0 CONSULTATION

- 6.1 This report builds on the previous extensive work, which includes previous and current on-going consultation with legal, commissioning, procurement, finance officers and on-going engagement with staff, children and families.

7.0 BACKGROUND PAPERS

- 7.1 N/A