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Caring for Children - Counting the Costs

by

Paul Kind

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CARING FOR CHILDREN

-

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Abstract

Children who come into care of Local Authorities are likely to have significantly poorer health status than other children. Foster carers play an increasingly important role as substitute families for such children, a valuable but scarce resource that is costly to recruit and retain.

Despite their status as co-professional members of an extended social work team, foster carers are typically not paid for the work they do. Allowances intended to cover costs incurred in looking after a child are paid, but these vary widely across the country. Many foster carers receive less than £55 per week (the average kennel fees for looking after a dog), for the children in their care.

The present method of calculating these allowances is based on a complex procedure which is difficult for carers to understand or challenge. A simpler method is required and this paper sets out one such costing framework. Reimbursing foster carers for their costs is only a start - increased demand for their valuable skills dictates that sooner or later they will also be rewarded for their work.

Background

The 1989 Children Act, which came into effect last October, represents the most far reaching reform of childcare legislation. The new Act gives primacy to the welfare of the child. This goes beyond merely protecting the child from harm, and is extended to embrace all aspects of a child's health and development. Children in need of care are likely to have significantly poorer health status than others of their age. Differential patterns of morbidity and mortality amongst such children have been documented with, for example, higher risks of psychiatric ill health being found amongst children in care (Bamford and Wolkind, 1988). It is not only the health of children themselves - poor health status in the child may be reflected too in the natural parents. As noted in 'Patterns and Outcomes in Child Placement', children continue to come into care with a range of problems of health, development and behaviour. The absence of research findings relevant to these problems has only recently been addressed (Kahan, 1989).

Those responsible for the drafting of the new legislation were understandably concerned with the welfare of children and families, with the possibilities of preventing unnecessary trauma to families already under stress, and with improvements in social work practice. Yet in exercising this concern one key group continues to be marginalised. Children who are looked after by Local Authorities away from their natural families, may be accommodated in residential homes or by foster carers. Foster care is central to much of Local Authority child care practice. Of the 65,000 children at any one time in the care of the Local Authorities, over 55% are placed with foster carers. Whilst Local Authorities

have a legal requirement to care for and provide accommodation for these children, they remain free to act as they see fit in their dealings with the foster carers who act as their agents. Specifically, there is no central directive covering the costs of providing foster care, so that each local authority determines its own tariff based on a mixture of custom and practice, fine-tuned by market economics.

Local Authorities face resource constraints which are compounded by increased responsibilities, inexorable changes in demography as well as rising levels of public expectation. Organisational changes and the emphasis on care in the community add yet further complications. Social Services budgets are politically vulnerable too, and even vigorous lobbying cannot ensure continued level funding for all services. Directors of Social Services recognise the opportunity costs of increasing resources for services to children and families - it means a standstill or reduction in services for other client groups. At such moments of crisis it is reasonable to point to the potential for increased efficiency and effectiveness. Foster care (even if properly funded) is not only a cheaper option than residential care, but it also offers significant qualitative advantages. The acquisition of, and development of skills by foster carers, is an investment which can pay rich dividends - so long as those carers remain in place. Local Authorities need to protect that investment. The continued need to recruit new foster carers, and poor morale amongst the more experienced, bear testimony to the failure to take this issue seriously.

The Financial Background

Total expenditure by Social Services Departments in England for 1988/89 was just under £3.8 billion, of which just under 20% (£763 million) was spent on services to children, with around £137 million being devoted to foster care (Key indicators of Local Authority Social Services, 1990). On average around a fifth of Local Authority expenditure on services for children is associated with fostering. There is considerable variation in local authority spending on services for children as can be seen from Table 1, ranging from less than 10% in Dorset to over 40% in Hackney. Of course there are large variations too in the local child population. The 10-fold differences in managed populations takes in the Isle of Wight (26,000 children aged under 18) and Hampshire (355,000 children), yet the per capita spending for these 2 authorities is remarkably similar at around £44 per child. When expenditure is adjusted for population, as seen in the final column of Table 1, the enormous differences in Local Authority spending become even more apparent. It is for others to comment on the interpretation of these data, but if the variation in weekly per capita spending cannot be explained by, say, mechanical differences in local accounting practice, then this must surely raise serious questions concerning the response of local authorities to the discharge of their responsibilities.

Foster care is a vital resource, central to Local Authorities' capacity to provide accommodation for children in care. Even so, Table 2 which shows Local Authority patterns on expenditure on foster care, provides an interesting insight into the way in which foster care is differentially treated within services for children as a whole. The proportion

of Social Services expenditure on children which is accounted for by fostering ranges from 6% (Kingston upon Thames) to 44% (Warwickshire). Once again it is possible to find a 10-fold variation in levels of expenditure once the figures are adjusted to take account of the number of children in care. Weekly per capita payments vary from £23 (Kirklees) to £228 (Westminster). Even allowing for local differences due to different accounting procedures, it is difficult to understand how a Local Authority can provide an adequate service given a spending level which is a fraction of that committed by other Authorities. The minimum payment recommended by the National Foster Care Association (NFCA) for the care of a child aged 5-7 was £50.54 in 1991. One foster carer reports having had to pay a similar amount in kennel fees for the care of a dog for 1 week.

The Problem

Foster carers incur costs, usually as a result of providing care for a specific child, but also as a consequence of their decision to become foster carers. Fostering is not an incidental part of family life but can have significant consequences for the family affecting housing, employment, transport, and leisure and recreational activities. The additional costs incurred when a child is first placed with a foster family arise from several sources - providing food and clothing, nappies for babies and toddlers, toys, pocket money, toiletries, bus fares - in short the full range of activities associated with looking after a child. However, children who are accommodated in foster care may also bring with them a range of behaviours and experiences which introduce other costs - they may have no clothing other than that which they wear when they first arrive at the foster home, their personal belongings may only partly fill a plastic carrier bag, they may need specialist therapeutic

support which requires transport to and from hospital, or school. Almost by definition, the circumstances under which they come into care tend to be unusual, necessitating foster carers attending case conferences, making multiple telephone calls to a variety of agencies and turning their homes into an annexe of the Social Services Department. Historically, foster carers have not been given payments for the work they do, and although this may change in the future this notion will not be examined in detail as part of this paper. Foster carers do, however, receive allowances intended as a reimbursement for the costs they incur in looking after a child. These payments are known as boarding-out allowances and are set by individual Local Authorities. Each Local Authority is free to fix its own allowances rates. Sometimes these are based on minimum rates published by the National Foster Care Association (NFCA), but more often than not they are determined on the basis of many local factors - rates currently in force, competing claims on Social Services budgets, pressure from local foster carers. It is known also that some Local Authorities determine their rates jointly, entering informal agreements effectively to control the fostering market place. Foster carers often lack the appropriate organisation and support to counter such price-fixing, which under other circumstances could not be maintained without provoking the fullest public scrutiny.

This paper examines the basis upon which those boarding-out allowances have traditionally been estimated, and proposes an alternative framework which could be used by both the providers and the purchasers of foster care to establish a more equitable and rational basis on which to calculate reimbursement for the costs of caring for children.

Current Practice : Boarding-Out Allowances and FES Data

Boarding-out allowances are intended simply as a form of compensation for foster carers - to reimburse them for their expenses in caring for a child. They are not intended as payments for the work involved in fostering, although as will be seen later, they are sometimes used as such. The present system of allowances is based on a methodology devised several years ago for computing supplementary benefits in respect of children (McClements, 1977). The technique involves estimating the proportion of a couple's income which is spent on a child. These proportions were originally estimated for various commodity groups - housing, food, fuel, clothing etc. - and for children of different age groups. These equivalence income scales suggest that food for a child aged 0-1 years equates to only 5% of a couple's food bill, but that this proportion rises with age, so that consumption of food by a 16-18 year old corresponds to 42% of the parents' expenditure on food. The scales also reveal a rising proportion of family expenditure associated with the increasing age of the child, as follows

Age	0-1	2-4	5-7	8-10	11-12	13-15	16-18
% of income	9	18	21	23	25	27	36

The data needed to derive these equivalence scales are collected through the annual Family Expenditure Survey (FES) - a sample of households across the country. Those who consult the FES tables for the first time will have been struck by the quaint headings under which household expenditure is listed, for example, cigars and snuff; hats, gloves and

haberdashery ; domestic help ; laundry. The 1988 survey reports equally strange results for particular items - for example, average household expenditure of £0.95 per week for boy's clothing. Contrast this figure with the £1.81 spent per week on average by households on animals and pets, or the £2.37 on domestic help reported in the same survey. Despite these curiosities, FES data provide the basis on which boarding-out allowances are computed. Lags in the reporting of FES mean that the estimates of current levels of household expenditure have to be made, by adjusting for the change in retail price index since the most recent FES report. In order to further adjust for the increased expenditure anticipated over the following 12 months, an estimate of inflation is also applied. By these means the estimated average household expenditure for the coming year is calculated. The equivalence income scale ratios, given above, yield the annual levels of expenditure associated with a child.

In estimating boarding-out allowances use is made of the average weekly all-household expenditure. The 1989 figure stood at £224.32. However, this figure varies considerably according to household composition and includes, for example, retired individuals and couples with no children. Recomputing the average for only households with children the weekly figure rises to £255.74. This figure too is likely to be subject to error, since it contains lone parent families, whose income is likely to be lower than that of the more commonly encountered composition of a couple with 1 or more children. If the income of only these families is used, then the average weekly expenditure rises to £279.40 - nearly £50 higher than the all-household average.

The estimated average weekly expenditure, adjusted for inflation, and the equivalence income scales, are used to compute the annual expenditure figures for children of different age groups. The final step in calculating boarding-out allowances is perhaps the most contentious. It is assumed for these purposes that additional expenses are incurred for holidays, birthdays and Christmas. So that boarding-allowances can be increased at these times without adding to the total annual cost, the weekly allowances are computed by dividing the annual figures by 56 (not 52). The extra 4/56 are then paid at the relevant time of the year - birthday (1), Christmas (1), holidays (2). This curious manoeuvre reduces the average boarding-out allowance actually paid to foster carers by around 8%. If children are moved from the foster home before their birthday, or Christmas, then this effectively produces a windfall saving for the Local Authority.

Despite its apparent shortcomings, The justification for using FES seems to be that (i) there are no other available data, and (ii) everyone else uses them. The National Foster Care Association has added to the perceived acceptability of both these data and the equivalence scale methodology, by using them each year as the basis of their minimum recommended allowances. Such is the authority of these NFCA rates that they are sometimes used as the basis of settlements arrived at in divorce and other court proceedings. However, given the technicality of the present system, and its opacity so far as Social Services Departments and foster carers are concerned, there has to be scope for at least considering a simpler alternative.

Proposed Costing Framework

This paper takes a somewhat different approach to the question of data and seeks to estimate costs data linked to the 5 main categories of expenditure covered by existing boarding-out payments (housing, food, transport, clothing, and personal care). Almost by definition children placed with foster carers are not 'average' and each case will vary in its complexity, its impact on the foster family and the Social Services Department. Despite the potential variability, this paper uses the concept of an 'average child in foster care and concentrates on restructuring the system of payments to **task-centred foster carers**, where there should be specific objectives and a formal written agreement between carers and the Social Services Department. Where placements are for longer durations, or involve particular problems then these will need separate special additional funding.

Two of the five main expenditure categories in boarding-out allowances are linked to the foster family itself, rather than any child placed with them. Accommodation, for example, has to be provided by foster carers for their own needs. In fact some foster carers might argue that their choice of housing was in part *determined* by their fostering activity. Transport too is typically available. These categories relate to the structural costs incurred by foster families by virtue of that general activity and should be distinguished from the variable costs associated with clothing, food and personal care which involve expenditure that is functionally related to specific placements, and which may vary from child to child. Since the 2 sets of costs are incurred for different reasons it seems reasonable to treat them separately.

Boarding-out payments are usually banded according to the age of the child (0 - 4, 5 - 10, and 11 to 17). The choice of boundaries has no real significance in terms of child care and are influenced by the availability of data collected for wholly unconnected purposes. If age has to be a determining factor in fixing allowances, then it seems more logical to use the natural transition points in a child's life, for example, movement between schools (infant/junior/secondary) for school-aged children. Under 5s it might only be necessary to distinguish babies (age less than 1 year) and other pre-school children. The age classification used in this paper is therefore 0 - 1, 1 - 5, 5 - 11, and 11+. These age bands are intended as a general commonsense guide, so that under-5s who attend school, for example, would be classified in the 5 - 11 age band.

Structural Costs

This section deals with the structural costs of accommodation and transport.

(a) Accommodation

The average price of housing in England was £79,225 (according to the Halifax Building Society Standardised Index of House Prices, December 1991). The average mortgage represented roughly 2/3 of the price and stood at £49,546. Net repayments on a £44,000 mortgage would be £379.48 per month, assuming an interest rate of 11.5% over a 25 year period. It is assumed that the minimum accommodation provided by a foster family is a bedroom for the child/ren placed with them. This space is estimated to be 12% of the house, and is effectively a dedicated resource which cannot be regularly used for

other purposes (e.g. accommodation for other members of the foster family, or periodic letting). The cost of providing a bedroom for use as a fostering resource on this basis, is estimated to be £10.51 per week. Once foster carers have been approved by a Local Authority the cost of this facility should be reimbursed by the Social Services Department so long as the foster carers continue to provide accommodation.

Other items which might be included under this heading include mortgage protection insurance and building insurance premiums. No allowance has been made either for the costs of maintaining the property, so that the figures for accommodation listed here can therefore be regarded as a low estimate.

(b) Transport

It is assumed here that foster carers already own a vehicle which may be used for transporting foster children. Arrangements for providing financial assistance in the purchase of a car need to be reviewed, particularly for foster carers who currently do not own a vehicle. It would seem to be a normal part of family life for carers to take responsibility for moving children to and from school, and other activities. However, foster carers also undertake additional journeys to facilitate parental contact, medicals, attendance at case meetings and so on. A car is therefore desirable, if not essential. A 1 mile journey to school twice a day is equivalent to 20 miles per week. The Automobile Association publishes estimates of the full average costs of car usage for different combinations of engine capacity and annual mileage. Assuming an average mileage of 10,000 miles, and an engine capacity between 1400 and 2000 cc, the average cost per mile is estimated to

be 40.69p per mile. Reimbursement of foster carers expenses for the use of their own transport in connection with the foster placement on this basis result in a weekly payment of £8.14. It seems probable that escorted taxi journeys would incur a far greater organisational and financial cost than the proposed payment to foster carers. Payment for the use of public transport would need to be discussed with foster carers who do not have access to their own transport.

Variable Costs

Necessarily the costs given below are the crudest of estimates since no accurate account of the consumption of children in care is available. In the absence of such data estimates have been made which are considered to be of the right order of magnitude. This assumption was tested in 2 workshops set up to examine the issue, and which involved foster carers, social workers and elected Members.

(a) Food

The costs of feeding a child are likely to be strongly influenced by the age of the child, their own individual preferences, as well as by the lifestyle of the foster family. In order to simplify an otherwise complex task it has been assumed that a child's breakfast is likely to be equivalent to a bowl of cereal, toast and a drink, the costs of which are estimated to be around 45p. School meals cost around £1.00 per day and this figure is used to estimate the costs of a mid-day meal throughout the week. This figure is supplemented by a further £2.50 at weekends, to allow for more expensive food and its

preparation. The cost of an evening meal is estimated to slightly lower than the school meal at 85p. On this basis the weekly cost of food for the child is estimated to be £18.60. In addition to this basic food cost a figure of £5.00 has been added to allow for occasional extras such as fish and chips/burgers, etc. This supplement would be payable only for the 11+ age group. All other age groups, except babies, would attract this basic food allowance.

The costs of feeding a baby are likely to be of the same order despite their special dietary needs. The costs of 2 meals based on tinned baby food are estimated to be £1.20 per day, which together with a special breakfast costing 30p, yields a total cost of £1.50 per day. Milk and juice are estimated to cost £4.00 per week, producing a total cost of feeding a baby of £14.50 per week.

(b) Clothing

There is wide scope for interpreting the costs of clothing a child. On the one hand younger children rapidly outgrow their clothes, on the other hand older children and teenagers tend to be more fashion conscious so that their wardrobe needs are larger and hence more expensive. Without specific cost data it is impossible to provide more than a rough estimate. A flat rate of £15 is included here and might be considered adequate across all age groups. For babies this figure would include the cost of disposable nappies.

(c) Personal Costs

It is assumed that children of all ages receive some form of weekly allowance which is theirs to spend (or save) as they see fit. In the case of the very young child this choice may in fact be exercised on their behalf by the foster carers, but for the purposes of the present exercise all children will be deemed eligible for an element of personal costs. A figure of £2.50 is suggested for the under 5 age group. In the 5-11 age group this would be increased to £3.50. In the 11+ age group there are likely to be further costs of personal toiletries etc. and the figure should rise to £7.50.

For older children, particularly those involved with the labour market, there are likely to be greater requirements, than for younger children. Personal toiletries, a wider range of social and leisure activities, together with higher expectations for consumer durables, suggest that the allowance for a young person aged 16+ ought to be at least 100% greater than for their 11-year old counterpart.

The fostered child who uses public transport will have additional costs if they make journeys independently of the family. Such social excursions might cost an average of £1.50 per week. In the case of children aged 14+ who have to pay full fares this figure is doubled to £3.00. Children aged under 11 would not normally attract independent transport costs.

(d) Heating and Lighting

The costs of heating and lighting represent some 30% of average expenditure on housing. These costs are likely to be related to fostering since the child's bedroom space needs heating only whilst it is occupied. Whilst a child is living with a foster family then a supplement of £3.15 per week would be paid. This figure represents the proportion of the average fuel bills equating to the ratio of the bedroom to the total living space of the house.

The Restructured Boarding-Out Allowances

The following tables have been constructed on the basis of the cost allowances proposed in the preceding text.

(a) Foster Family

	When Fostering	No Foster Placement
Housing	£13.66	£10.51
Transport	£ 8.14	-
	£21.80	£10.51

(b) Child

Age Group					
Category	0	1-5	5-11	11+	16+
Food	£14.50	£18.60	£18.60	£23.60	£23.60
Clothing	£15.00	£15.00	£15.00	£15.00	£15.00
Personal	£ 2.50	£ 2.50	£ 3.50	£ 7.50	£15.00
Total	£32.00	£36.10	£37.10	£47.60	£65.10

For the purposes of comparison the 2 sets of figures have been consolidated, and set alongside the minimum boarding-out allowances recommended by the National Foster Care Association.

Age Group	0	1-4	5-7	8-11	11-12	13-15	16+
Estimated (£)	53.80	57.90	58.90	69.40	70.90	70.90	76.90
NFCA (£)	43.35	43.35	50.57	55.38	60.25	65.00	86.71
Difference (£)	10.45	14.60	8.33	3.52	9.15	5.90	9.81
	+24%	+34%	+16%	+6%	+15%	+9%	-11%

Comparison of NFCA minimum rates (April 1991) and estimated allowances

There are substantial differences between the estimated allowances and those recommended for children in the younger age ranges, with the present allowances for babies apparently being more than £10 per week below the estimated level. At the other end of the age range there appears to be an over-provision in the NFCA rate of a comparable size. It is possible that the gap between the 2 figures results from an

underestimate of the spending needs of a young adult, but it would be for a Local Authority to judge whether this difference was significant.

Additional Variable Costs

The present arrangements so far as birthdays, holidays and Christmas are concerned, is to make additional payments directly related to the basic boarding-out allowance, according to the age of the fostered child. If this same principle is adopted here, then birthday and Christmas payments would be double the basic variable costs; holiday payments should be equal to the basic variable costs. A maximum of 3 weeks holiday might be funded in this way. These payments would be paid in addition to the boarding-out allowance.

No element for replacement of household furniture and equipment has been included in the basic structural cost allowance, and damage or loss incurred as a result of specific placements would be met through single payments.

The proposed rates have been calculated on the basis of a relatively straightforward, time-limited, task-centred placement. Where individual circumstances produce expenditure above the components of the boarding-out rate then these should be documented by foster carers and subject to automatic reimbursement. For example, if clothing costs over a 4 week period regularly exceeded £15, then the difference between this figure and the actual cost ought to be refunded, subject to receipts/bills being provided. Foster carers in turn have to accept responsibility for accounting for payments made to them as a normal part of their professional activity. Support and training might be necessary to achieve this.

Other Payments

(a) Initial Approval Grant

It has been assumed that all foster carers should receive sufficient payments at least to cover their direct costs. Foster carers who begin to work for a Social Services

Department require appropriate equipment and resources to support their activities. These might include bedroom furniture, toys, safety equipment (including car seat belts), and secure storage for sensitive documents, telephone and insurance cover. Were an initial post-approval grant of up to £500 made to all foster carers, then these items could be obtained subject to the recommendation of those responsible for assessing prospective foster carers. As with housing improvement grants administered by Local Authorities for example, a condition of this grant would be that the foster carers continue to provide that resource for a minimum period of, say, 2 years. If they ceased fostering, then carers might be required to pay back some or all of the grant.

(b) Annual Reviews

Since the fostering environment is subject to wear and tear it will need periodic refurbishment. This is best coordinated through the annual review process which is undertaken with all fostering families. The foster family's link social workers would then be responsible for explicitly checking the status of decoration, fittings and equipment in the fostering household. Should replacement be considered necessary then a maximum of £500 could be recommended by the review.

(c) Enhanced Allowances

Some children present greater problems than others, and this may give rise to additional costs. Many Local Authorities recognise the problems associated with managing a difficult placement. The increased demands on foster carers and their families may lead to a disruptive, unplanned end to the placement, which in turn generates further costs to all concerned, not least to the child. As a recognition of the additional burden placed on the foster family many Local Authorities pay enhanced allowances which supplement the boarding-out rates. These additional allowances may be consolidated into one of many special schemes that share a common objective in partly off-setting the additional financial costs of caring for such a child, and partly act as a reward for the foster carers for their work.

It might be technically feasible to compute the cost of, say washing sheets for an enuretic child, or the additional costs of telephone calls to a child's extended family, but the financial costs are relatively insignificant compared with the non-financial costs borne by the foster carers. The impact on family life, the need to provide continual supervision, the potential risks to members of the foster family - if these were formally recognised then marginal enhancements for additional costs would not be necessary. If additional costs are encountered whilst fostering a child then these ought to be sufficiently apparent that they can be simply documented by the foster carers, bearing in mind the composition of the basic allowance. If they cannot be quantified then they are likely to be relatively trivial. The notion of calculating and paying an additional costs allowance consolidates the image of foster care as voluntary, and unpaid. It is therefore not compatible with a longer-term intention of rewarding foster carers for the work they do, and consequently ought to be rejected.

Rewarding Foster Carers

Thus far the emphasis has been on compensating foster carers for their direct costs, incurred as a result of looking after a child on behalf of a Local Authority. As has been noted, some Authorities organise special schemes or pay enhanced allowances to foster carers, specifically in recognition of the work they do. The use of enhanced allowances as a means of rewarding foster carers is questionable, not least because it stigmatises the child, and portrays them as part of a problem for which 'special' payments have to be made. Such payments may also act as a perverse incentive, since they may be renegotiated once the problem which led to the enhancement has abated. When the problem disappears so too does the payment.

Foster carers undertake a wide range of professional activities in looking after children - they do not simply provide safe, secure accommodation on a bed and breakfast basis. They are an integral part of a professional group which includes, amongst others, social work practitioners, paediatricians, psychologists and the Police. Foster carers assess the needs of the child in the context of its natural family. They observe the dynamics of contact with that family, and the way in which the child copes with separation from it.

They provide 24 hour a day care for the child and have an important role in shaping decisions about the child's future. From time to time they may be called to give evidence (as experts) in court. Foster carers work with children who may have been sexually or physically abused and who may disclose hitherto concealed information about their past. The view widely-held amongst Councillors on Social Services Committees seems to be that foster carers do all this only because they have a strong sense of vocation, and that payment for what Councillors regard as a voluntary activity, would lead to the recruitment of foster carers who would only be attracted by the promise of financial reward. An empirical test of this view has yet to be conducted.

From what has already been said it must be abundantly clear that foster carers only receive payment as reward in exceptional circumstances. There is a strong case to be made, however, for giving all foster carers the entitlement to pay for their work. Since they presently remain unpaid, the rights and privilege of paid employment are also absent. There is no sick pay and no holiday pay, no pension and no income. In casting around for a comparable group of paid carers it is possible to make the contrast with residential workers who are paid around £150 per week as new entrants. Taking child-minders as another kindred activity, the weekly rate recommended by their National Association amounts to £77. Both these paid jobs involve caring for a child for part of a day, and for some of the week. On the grounds of equity alone it ought to be that foster carers' "pay" is set at a minimum of £100 per week. The revenue consequences of such a move would be to increase the costs of foster care by a figure in excess of £100 million, representing an increase of over 12% in Local Authority spending on services to children.

Discussion

The crucial role played by foster carers in enabling Local Authorities to provide alternatives to residential care seems to be vastly undervalued. At a time when the basic principles of childcare have been fundamentally reviewed, and a new legislative framework has been brought forward, it seems more than a little strange that there has not been a thorough review of the arrangements for recruiting, training and paying foster carers upon whose skills the implementation of the Act in part depends.

The existing system of compensating foster carers for the costs of looking after a child are based on average household expenditure. This average does not properly reflect the income levels of fostering families, since it is based on all households within the Family Expenditure Survey. The effect of using a more appropriate measure of household expenditure would be to raise boarding-out allowances by between £5 and £10, depending on the age of the child. The fundamental problem facing those who determine boarding-out payments, under any formula, remains one of collecting data on the costs of fostering

The virtue of a system of payments computed using more readily available data lies in the extent to which all parties can verify the process. Under the scheme proposed here foster carers would know exactly what types of costs were being met, and what levels of expenditure being reimbursed. Where individual placements resulted in significantly different patterns of expenditure, then foster carers and social workers would know too that the excess expenditure would be automatically repaid. Current practice still leaves much to the discretion and enthusiasms of the individual social worker who may not always be *au fait* with the intricacies of the Department's financial systems, and who are sometimes seen as defenders of the Budget, rather than as representatives of the foster carers.

Any system of payments inevitably embraces assumptions of one kind or another. The present approach based on equivalence incomes and FES data produces a recommended set of minimum boarding-out allowances. The data needed to verify this model would have to be collected through a specially commissioned study since it is unlikely that the expenditure patterns of foster families form a significant subset of the existing FES. It is open to individual foster families to follow the costing framework set out in this paper for themselves, and to derive their own estimates accordingly. Of course several assumptions lie behind the model proposed here. The notion that foster children have their own bedroom is an open question. It is difficult to imagine that all foster families provide such space, but at a time when allegations of sexual abuse are becoming more common it seems prudent for fostering families to assume that they are amongst the most vulnerable of groups liable to such allegations. The children of foster families themselves may be drawn into such allegations, so that private bedroom space becomes not

only desirable but essential. Of course it might be argued that the foster child needs to feel part of the family, and that this is helped by sharing bedrooms as well as the general living space of the house. There are clearly unresolved social work issues here.

There are large differences between the rates estimated on the basis proposed in this paper, and those recommended by NFCA. Since many Local Authorities fail to pay even this lower level it seems probable that foster carers are subsidising the community to a greater extent than they themselves had thought likely. Fostering in terms of the numbers of children affected, predominantly is concerned with the under 5s, so that on both volume and cost grounds this disparity must be a cause for concern.

The notion of paying foster carers for the work they do is not a case of special pleading, but rather an acceptance of the wider implications. If foster care involves working as part of an extended professional team, and if foster carers require payment for that participation and work, then Local Authorities have a right to expect more from their foster carers. They have a right to expect a standard of competence from their foster carers, as well as minimum levels of resourcing in the foster home. In return for proper pay for their work, foster carers require training and support, as well as the range of benefits currently enjoyed by their co-professional colleagues. Paying foster carers is only one aspect of the wider need to determine the future of foster care.

The huge variation between Local Authorities, the high costs of rectifying the present system of payments for foster carers and the nature of the legislation within which foster carers operate suggests that a central Government-led initiative in this overlooked area of child care is long overdue.

The Case for Change

1. Existing boarding-out allowances are based on equivalent incomes methodologies which require specialist knowledge to operate and comprehend.

2. Calculations are based on Family Expenditure Survey (FES) data which in turn reflects average household spending. FES data are not based on expenditure by foster families who by definition are not 'average' families.
3. Local Authorities need to be made aware of the shortcomings of the FES data, and of the implications of its use in setting boarding-out allowances.
4. A costing framework which is transparent, and can be understood by foster carers, social workers and elected members is to be preferred to one which relies on special techniques for manipulating data of questionable reliability.

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Table 1: Spending by Local Authorities on Services for Children

Local Authority	Percentage Spending on Services for Children %	Number of Children in Local Population ,000s	Per Capita Spending £
Dorset	9.3	125	24
Dudley	11.3	67	31
Cumbria	11.4	108	35
Barnsley	11.9	49	36
Doncaster	12.2	73	34
Suffolk	12.2	153	26
Cornwall and Scilly	12.8	101	32
Rotherham	13.1	63	41
Harrow	13.3	45	48
North Yorkshire	13.4	157	34
Somerset	13.5	101	36
Havering	13.7	52	48
Essex	13.8	336	39
Surrey	14.2	220	32
West Sussex	14.3	148	38
Warwickshire	14.3	111	35
Isle of Wight	14.5	26	44
Staffordshire	14.5	238	33
Derbyshire	14.5	203	51
Bexley	14.7	51	47
Lincolnshire	14.7	128	36
Sheffield	14.9	116	70
Wakefield	14.9	72	46
Bromley	15.1	63	49
Buckinghamshire	15.2	157	39
Northumberland	15.5	66	46
Hereford & Worcester	15.7	154	36
Hillingdon	15.8	53	84
Kirklees	15.8	94	52
Gloucestershire	15.9	116	38
Walsall	16.0	60	46
Hertfordshire	16.0	217	44
Avon	16.0	210	50
Redbridge	16.1	48	67
Devon	16.3	225	44
East Sussex	16.3	135	54
Barnet	16.3	69	59
Bury	16.4	40	52
Wigan	16.4	77	48
Shropshire	16.6	92	35
St Helens	16.9	43	55
Calderdale	17.1	45	63
Leicestershire	17.2	221	45
Bolton	17.5	66	51

Table 1: Spending by Local Authorities on Services for Children (continued)

Local Authority	Percentage Spending on Services for Children %	Number of Children in Local Population ,000s	Per Capita Spending £
Wirral	17.6	77	67
Cambridgeshire	17.7	163	47
Enfield	17.9	60	71
Cheshire	18.0	229	50
Sefton	18.0	65	56
South Tyneside	18.1	36	70
Newcastle upon Tyne	18.2	64	99
Oxfordshire	18.3	139	44
Sandwell	18.3	68	68
Wiltshire	18.4	134	45
Wolverhampton	18.4	60	78
Gateshead	18.5	45	72
Oldham	18.8	55	64
Stockport	19.0	64	58
Merton	19.0	36	86
Kent	19.1	334	46
Richmond upon Thames	19.4	31	96
Lewisham	19.5	53	167
Cleveland	19.6	138	62
Durham	19.7	131	60
Humberside	19.7	196	60
Hampshire	19.7	355	43
Norfolk	20.4	164	51
Waltham Forest	20.4	49	129
Solihull	20.8	47	52
Sunderland	20.9	74	69
Nottinghamshire	21.1	222	69
Berkshire	21.1	187	53
Sutton	21.3	35	80
Trafford	21.3	47	66
Northamptonshire	21.4	143	58
Salford	21.4	54	93
Camden	21.5	37	233
Croydon	21.5	73	79
Leeds	21.5	156	88
Coventry	21.7	77	89
North Tyneside	22.1	42	109
Bedfordshire	22.1	133	56
Ealing	22.3	65	105
Hounslow	22.9	46	117
Tameside	22.9	50	92
Haringey	23.5	44	214
Westminster	23.6	31	308
Lancashire	23.9	318	82

Table 1: Spending by Local Authorities on Services for Children (continued)

Local Authority	Percentage Spending on Services for Children %	Number of Children in Local Population ,000s	Per Capita Spending £
Bradford	24.0	121	90
Rochdale	24.2	52	97
Barking	24.3	34	103
Liverpool	25.2	114	113
Wandsworth	25.3	54	213
Brent	25.7	59	159
Kingston upon Thames	25.7	28	121
Greenwich	26.1	51	174
Manchester	26.9	107	175
Islington	27.4	37	338
Kensington	28.7	24	307
Knowsley	30.3	43	88
Tower Hamlets	30.8	42	222
Newham	31.2	54	186
Hammersmith	32.6	28	402
Lambeth	33.2	53	366
Birmingham	33.7	248	128
Southwark	35.3	50	333
Hackney	40.9	47	469
Average for all Local Authorities	19.5	101.6	91.9

Total 2: Spending by Local Authorities on Foster Care

Local Authority Expenditure	Expenditure on Foster Care £,000s	Percentage of Total on Services for Children %	Weekly Per Capita Expenditure for Boarded-Out Children £
Walsall			
Kirklees	330.6	7.0	23
Staffordshire	1416	18.0	42
Sunderland	498.4	10.0	43
Barnsley	550.8	30.0	44
Lincolnshire	1162	25.0	44
Knowsley	522.6	14.0	45
Wakefield	789.6	24.0	46
South Tyneside	389.8	16.0	47
Durham	1048	13.0	47
Liverpool	1761	14.0	47
Nottinghamshire	3205	20.0	48
Sefton	526.7	14.0	49
Leeds	1992	14.0	49
Shropshire	808.1	24.0	53
Lancashire	2894	11.0	53
Suffolk	775.0	20.0	55
Wiltshire	1070	18.0	55
Wolverhampton	844.9	18.0	55
Gateshead	327.3	10.0	56
Salford	864.1	17.0	56
Wigan	282.5	8.0	57
Doncaster	571.9	24.0	58
Avon	2117	20.0	58
Cumbria	778.1	21.0	59
Surrey	1368	19.0	59
Isle of Wight	266.6	23.0	60
Calderdale	517.0	18.0	60
Hampshire	3220	21.0	62
Dorset	948.6	30.0	63
Oldham	591.6	17.0	63
Manchester	2456	13.0	63
Sheffield	1169	15.0	64
Bedfordshire	1259	17.0	64
North Yorkshire	1057	20.0	65
Cleveland	1617	19.0	65
Dudley	587.4	28.0	66
Cambridgeshire	1780	24.0	66
Northumberland	498.2	16.0	70
Gloucestershire	993.1	22.0	70
Newcastle upon Tyne	1109	18.0	71
Rochdale	822.2	16.0	71
Rotherham	574.1	23.0	72
Buckinghamshire	1381	23.0	72
Leicestershire	1830	19.0	72

Total 2: Spending by Local Authorities on Foster Care (continued)

Local Authority Expenditure	Expenditure on Foster Care £,000s	Percentage of Total on Services for Children %	Weekly Per Capita Expenditure for Boarded-Out Children £
Stockport	840.2	22.0	72
Cornwall and Scilly	1017	32.0	73
Oxfordshire	1039	17.0	73
Berkshire	1061	11.0	73
St. Helens	507.2	21.0	74
Bolton	564.7	17.0	74
Tameside	603.7	13.0	74
Essex	2557	19.0	75
West Sussex	1265	23.0	75
Humberside	3256	27.0	75
Cheshire	2363	21.0	76
Hereford & Worcester	1669	30.0	78
Derbyshire	2353	22.0	79
East Sussex	2289	30.0	79
Coventry	1263	19.0	79
Somerset	1204	33.0	80
Kingston upon Thames	199.9	6.0	81
Ealing	703.7	10.0	83
Bury	344.5	16.0	84
Norfolk	2321	28.0	84
Northamptonshire	2091	26.0	84
Sandwell	1090	23.0	85
Trafford	454.3	14.0	86
Devon	2799	29.0	87
Warwickshire	1711	44.0	90
Hackney	2028	9.0	90
Brent	1141	12.0	91
Wirral	886.9	17.0	94
Bradford	2519	23.0	95
Newham	999.8	10.0	97
Havering	369.3	15.0	99
Bexley	556.3	24.0	100
Hammersmith	723.5	6.0	100
North Tyneside	1109	24.0	103
Barking	525.9	15.0	103
Hillingdon	487.3	11.0	104
Kent	5484	34.0	104
Islington	1354	11.0	105
Southwark	1988	12.0	106
Hertfordshire	1787	18.0	110
Lewisham	1931	22.0	110
Merton	524.3	17.0	112
Waltham Forest	1274	20.0	112
Camden	1319	16.0	112
Birmingham	5367	17.0	114

Total 2: Spending by Local Authorities on Foster Care (continued)

Local Authority Expenditure	Expenditure on Foster Care £,000s	Percentage of Total on Services for Children %	Weekly Per Capita Expenditure for Boarded-Out Children £
Enfield	787.0	19.0	115
Croydon	1208	21.0	117
Solihull	674.7	27.0	119
Bromley	461.9	15.0	122
Redbridge	537.3	16.0	129
Barnet	443.4	11.0	131
Sutton	552.5	19.0	132
Haringey	1416	15.0	132
Richmond upon Thames	301.8	10.0	142
Wandsworth	1688	15.0	143
Harrow	343.7	16.0	144
Lambeth	2751	14.0	147
Greenwich	996.8	11.0	149
Hounslow	855.0	16.0	152
Tower Hamlets	1618	18.0	155
Kensington	985.9	14.0	157
Westminster	1210	13.0	228
Average for all local authorities	1267.4	18.6	84.48