



Llywodraeth Cymru
Welsh Government

To:
Chief Executives, Local Authorities
Directors of Social Services
Heads of Children Services
Directors of Independent Fostering
Service Providers
Fostering Managers
Foster Wales
WLGA
ADSS
Chief Finance Officers

26th February 2024

Dear Colleague

NATIONAL MINIMUM ALLOWANCES FOR FOSTER CARERS 2024 - 2025

Purpose

This letter sets out the recommended National Minimum Allowance rates for Foster Carers in Wales which Welsh Government expects local authorities to implement from 1 April 2024.

Background

The Welsh Government introduced the National Minimum Allowance for Foster Carers on 1 April 2011 and made a commitment to review the rates of allowance on a three yearly cycle. The allowance is based on research that was undertaken by London Economics (Wales) and the Hadley Centre for Adoption and Foster Care Studies¹ to estimate the costs to foster parents of bringing up a fostered child which could be used as a basis for setting minimum fostering allowances across Wales. The current allowance rates are set until 31 March 2024 and are the minimum level providers can give their carers, however they do not preclude providers paying higher rates.

Following the publication on 22nd November of the Office for Budget Responsibility's² forecasts for consumer price inflation, we have set the allowance levels for 2024-25.

¹ The methodology that LE Wales applied in determining the recommended minimum maintenance allowance was an income based series; they used the average annual earnings growth in Wales as recorded by the Office for National Statistics (ONS) using data from the Annual Survey of Hours and Earnings (ASHE). A full description of the methodology used is at Annex 2 of the LE Wales Report:

<http://londoneconomics.co.uk/blog/publication/fostering-allowances-and-a-fees-framework-for-foster-carers-in-wales/>

²[Economic and fiscal outlook – November 2023 - Office for Budget Responsibility \(obr.uk\)](https://obr.uk/economic-fiscal-outlook-november-2023/)

Allowances

The National Minimum Allowance is the basic core allowance that foster carers receive to cover the costs involved in looking after any fostered child. It is intended to set a benchmark for payment rates to all foster carers.

The actual level of allowance that any foster carer will receive will depend on a number of factors, in particular the specific needs of an individual child.

The allowance should be applied to all foster carers approved by a fostering service registered in Wales who are caring for a looked after child. This includes approved foster carers who are friends or family of the child and short break or respite carers.

The table below sets out the recommended allowance rates for foster placements in Wales for the next financial year. The table below sets out the rates according to the age of the foster child.

Recommended national minimum weekly allowance rates up rated in line with the Latest (November 2023) Office for Budgetary Responsibility forecasts for growth in Consumer Price Inflation				
2024/2025				
Age of child (years)	0-4	5-15	16+	%
Maintenance allowance for on-going costs	£218	£199	£248	+3.0*

*Relates to the difference in percentage of allowance rates to that of the previous year.

It should be considered that the basic allowance rates are only sufficient to meet the general costs of most foster placements. They will not be sufficient to cover additional costs for children who have needs over and above those of most foster children.

Action - Local Authority / Independent Fostering Providers

From 1 April 2024, all fostering service providers in Wales should:

- publicise their allowance rates.
- take the necessary actions to ensure current and potential foster carers are aware of the rates, including making the information available on websites.
- ensure that rates are recorded or accessible on the Children's Commissioning Support Resource (CCSR).
- ensure that allowances are clearly separated from fees (the 'reward' element of fostering payments).

Review of the National Minimum Allowances and the harmonization of fees and allowances

In 2020 a comprehensive review of the National Minimum Allowance was undertaken, and its findings showed that further work would need to be undertaken to harmonise the structure and payment levels for the national minimum fostering allowance. To facilitate this work, the Welsh Government commissioned Foster Wales to develop a toolkit for all local authorities in relation to payments made to foster carers, which will include a proposed new national minimum allowance which will set a benchmark for future payment rates made to all foster carers. This work has been progressing during 2023, and the report outlining the financial

costs associated with this work is due to be submitted to Welsh Government shortly. We will need to consider its findings and recommendations carefully in consultation with the sector. The recommended allowance has therefore been set for the next financial year only in order to allow maximum flexibility regarding any future changes.

Further correspondence will be issued in due course, which will provide an update on any likely future changes to the structure and levels of the National Minimum Allowance.

If you have any queries about this letter, please contact the Improving Outcomes for Looked After Children Branch via plantsynderbyngofal@llyw.cymru.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alistair Davey'.

Alistair Davey *MA Chartered FCIPD*
Deputy Director – Enabling People