Committee	Cabinet
Date and Time	9 September 2026 Public

Fostering Payments Arrangements

Cabinet Member:	Councillor Andy Hall – Portfolio Holder for Children's Services	
Lead Director:	Sonya Miller – Service Director – Children & Young People	
Service Area:	Children and Young People	
Report Author	Erika Ower – Service Manager - Fostering and Adoption	
Officer contact details	Tel number 01743250138 Email Erika.ower@shropshire.gov.uk	
Electoral Divisions Affected	All	
Key Decision?	Key Decision	
Cabinet Forward Plan	Yes - [29 June 2026]	
Report considered by	Cabinet – 9 September 2026	

1. Purpose of Report

1.1 This report sets out changes to the recommended payments for Foster Carers for 2026 – 2027 onwards. The proposed increase in Skills rates, mileage and our support offer is aimed at aiding recruitment and retention of mainstream foster carers to further address a national challenge around fostering sufficiency. In addition, this report considers how we can further support foster carers in managing the increased cost of living when caring for children. Foster Care, either with mainstream carers or kinship carers is the most cost effective care and support we can offer the children we care for, it also provides the best outcomes for children. Childrens needs are best met within family homes.

1.2 The recommendations contained within the report align with Fostering national reform. Shropshire Council increases ‘Child Age Related Allowance’ rates paid to foster carers annually in line with DFE recommended national minimum rates. The report proposes Shropshire Council continues to uplift this rate annually in line with national standards.

1.3 The report sets out a proposed increase in Skills payments for 2026 / 2027. Foster Carers are paid a Skills payment recognising the regulatory requirements upon them as approved foster carers and the development of knowledge, skills, and experience that foster carers require to meet the individual needs of children. Skills payments are paid per child cared for and are not subject to the same DFE guidance. This payment varies by agency. This uplift intends to attract more foster carers, especially in the area of skills and experience to care for children who need to step down from residential care. Shropshire has been very successful in recruitment of foster carers in the last few years, we now need to increase our capacity to care for more complex children in family homes.

2. Recommendations

Cabinet is recommended to

2.1. Approve uplift to fostering Skills Payment at 5% increase with effect from 01/04/26.

2.2 Consider and approve increasing mileage rate paid to internal foster carers from 0.45 per mile to £0.55 per mile from 01/04/26 as per the change in government agreed figure.

2.3 Consider and approve increasing amount of mileage that can be claimed, removing the requirement for foster carers to deduct the first 30 – 70 miles weekly before claiming mileage. To commence from 01/04/27.

2.4 Consider and approve paying approved carers beyond our Care Plus rate (£640.50 with uplift), with an additional Skills payment of £250 per week for first 12 months as part of Belonging and Stable Homes Scheme, where a child is assessed to need residential care, and support work has been completed by the team around the child, and the child is ready for a family care arrangement. This payment is to incentivise Foster Carers to transition children from residential care into supportive, stable homes and recognises the skill and commitment required during settling period.

2.5 Approve the proposal to pay annual National Trust Membership for up to 100 Fostering households

2.6 Consider and approve offering free parking to Shropshire Foster Carers at all our council parking venues. This is difficult to cost as this would reflect a small reduction in council income as opposed to direct cost. Should this be something that Council are prepared to support in principle a further survey can be completed to gather more data for exact car parks used by each foster carer.

3. Background

3.1 The Fostering Service has completed a program of transformation over the past 3 years, with a full restructure implemented from 01/01/26. Transformation has focused on developing and embedding our marketing and recruitment strategy and achieving greater visibility of the ‘Shropshire Fostering’ brand. This has included refreshing the Shropshire Fostering website, leading to increased digital leads. Increased recruitment events have taken place leading to more enquiries to aid sufficiency of family-based care. The service has also streamlined communication channels with Foster Carers supporting accuracy and consistency of comms. There is an increased support offer for foster carers, to ensure foster carers feel valued and better equip them to meet the needs of children in their care. This development of the service has been required in order to compete with the external market and ensure Foster Carers understand the value of fostering for their local Council.

3.2 The restructure has realigned the service, creating a stronger foundation to grow from. It has addressed the competing practice demands between Kinship Fostering and Mainstream Fostering recruitment and provides tailored supports that aids family stability.

3.3 Mainstream Foster Carer recruitment has increased significantly in Shropshire, rising from 3 approvals in 2022/23 to 17 approvals in 2025/26, representing an overall increase of 467%. Recruitment has remained consistently strong over the last two years, supporting placement sufficiency and strengthening the Council's capacity to deliver family-based care for children and young people within their local communities. However, we still need more foster carers to meet the demand for children who need a family and for those who can step down from residential care. We have recently seen an increase in younger children becoming cared for in residential homes, due to the lack of availability of appropriately skilled and experienced foster carers. The enhanced offer would enable us to encourage the carers with the right skills and experience to offer homes to younger children who need to be in a family not a residential home, but have more complex needs. The cost saving for each individual child stepping down from residential is in the region of >£100,000 per year.

3.4 The demand for foster placements in Shropshire remains high and far outstrips the sufficiency available. Children are best placed within family based care arrangements locally and the service continues to seek to increase sufficiency by providing a strong recruitment, support and retention offer. Beig a foster carer requires a lot of dedication and commitment from the carers but also their extended family. The allowances we pay reflect their skills, experience, commitment and our acknowledgement as a council of their contribution to our children.

3.5 The national challenge within fostering recruitment is profound and directly correlates with many councils experience increasing budget pressures due to demand for high cost residential placements. The government has introduced the biggest national reforms of the fostering service to attempt to address this problem.. The number of local authority mainstream fostering households nationally is still decreasing. Between 2021 and 2025, the number of approved or newly approved mainstream local authority households had fallen by 14%. Shropshire Fostering recruitment strategy is bucking that trend and has been successful, this is to be celebrated but also needs to continue to be built on, we need to go further.

3.6 The recruitment of foster carers is a competitive market with larger Independent Fostering Agencies spending significant amounts on marketing, retention, and payment incentives.

3.7 Payment Arrangements for Foster Carers vary across the country. In Shropshire, approved Foster Carers are provided two payments. Firstly, a Child Age Related Allowance, this allowance is uplifted annually in accordance with DFE recommended rates. Secondly, a Skills payment is paid per child, varied by carers skills and requirements of the carer, the last increase was implemented from 2023 / 2024. Increasing Skills payments will ensure Shropshire Council remains competitive.

4. Summary of Main Proposals

4.1. This report seeks Cabinet approval for measures designed to strengthen foster carer recruitment and retention, improve placement sufficiency and support the Council's ambition to enable more children and young people to grow up in stable, family-based care. The proposals recognise the increasing complexity of children's needs, seek to ensure Shropshire remains competitive within the fostering market, and support the recruitment of carers able to care for children who might otherwise require residential provision.

4.2. Proposed 5% Uplift to Foster Carer Skills Payments. Cabinet is asked to approve a 5% increase to foster carer Skills Payments with effect from 1 April 2026. Budget Setting for 2026/2027 accounted for 4.37% increase in the Skills payment.

Skills Level	Current Weekly Fee	Proposed Weekly Fee (+5%)	Weekly Increase
Level 1	£130.00	£136.50	£6.50
Level 2	£160.00	£168.00	£8.00
Level 3	£250.00	£262.50	£12.50
Care Plus	£610.00	£640.50	£30.50
Belonging and Stable Homes Scheme		£640.50 Care Plus Payment + £250 per week additional payment for first 12 months of supporting child transition from residential care (criteria will apply)	

4.3. The proposed uplift and introduction of Belongings and Stable Homes Scheme will help maintain the competitiveness of Shropshire's fostering offer, recognise the significant commitment made by foster carers and support ongoing recruitment and retention activity.

4.4. Mileage Reimbursement Improvements. Cabinet is asked to consider increasing the mileage rate paid to internal foster carers from £0.45 per mile to £0.55 per mile from 1 April 2026, 4.5. Based on 2025/26 expenditure, increasing the mileage rate would have the following impact:

Mileage Rate	Annual Cost (Based on 2025/26 Claims)	Additional Cost
Current Rate (£0.45 per mile)	£119,875.44	-
Proposed Rate (£0.55 per mile)	£146,514.43	£26,638.99

4.6 These proposals recognise the significant travel undertaken by foster carers in supporting children to attend education, health appointments, family time and other activities associated with their care.

4.7 Cabinet is being asked to consider the removal of the current requirement for carers to absorb the first 30-70 miles of weekly travel from the child's age related allowances before reimbursement can be claimed, with consideration for this to be implemented from 1 April 2027. Carers would have more of the child's allowance to spend on other child related expenses, with the aim of attracting and retaining more Foster Carers.

4.8 Cabinet is asked to consider the introduction of a new Belonging and Stable Homes payment. Where a child has been assessed as requiring residential care, support work has been undertaken to address presenting needs, following which the child is assessed as ready for a family-based care, approved foster carers would receive an additional £250 per week on top of the Care Plus fee for up to 12 months in recognition of the required care commitment.

4.9 The proposal aims to incentivise and support foster carers to care for children transitioning from residential settings into family homes, recognising the additional skill, commitment and intensive support required during the settling period. The scheme is expected to contribute to improved outcomes for children whilst reducing reliance on high-cost residential placements.

4.10 To further strengthen recruitment and retention, Cabinet is asked to consider:

- Increasing the practical benefits available to fostering families and promoting participation in family activities across the county including:
- Funding National Trust membership for fostering households. These venues are family centred, accessible, disability friendly, encourage exploration of the outdoors, provide educational opportunities. Assuming 100 fostering households take this offer up annually, the estimated cost approximately £16,000
- Introduce free parking for approved Shropshire Foster Carers at council-operated car parks.

4.11 Taken together, these proposals represent a significant investment in Shropshire's fostering service. They are intended to support our current foster carers, increase foster carer recruitment and retention, improve placement sufficiency for children transitioning from residential care, and support more children to experience safe, stable and nurturing family homes within their local communities.

5. Alternative Options

5.1. **Option 1:** Do nothing.

There are no cost implications in the short term, although we are likely to continue to see significant additional cost pressures arise in the external residential cost centre.

To not increase payments or support by the recommended amounts would be detrimental to retaining our current foster carers and recruiting new carers. Recruitment and retention is an integral part of our overall Sufficiency Strategy. Maintaining a reasonable level of Skills payments and child related allowances is critical to maintaining a sustainable service, rewarding hard working carers sufficiently and ensuring appropriate allowances to look after those children and young people in their care.

Fostering is a competitive market with large independent fostering agencies competing in the Shropshire region. Not remaining competitive will lead to the council using higher cost external care provisions from Independent Fostering Agencies (IFA) fostering placements and Residential homes for children in our care. 1 high-cost IFA placement averages at £1772 per week base rate. Risk around increasing number of high cost residentials homes currently averaging at £5421 per week per child.

5.2. **Option 2**:

- Increase Fostering Skills payment by 3.2% at the cost of £0.083m in line with previous pay award.
- Increase mileage payments in-line with proposed rate of £0.55 per mile from 01/04/26 at the cost of £0.027m
- Remove the deduction of 30 -70 miles before a travel claim from 2027/2028 at the cost of £0.015m This would support increasing the disposable funds available to foster carers within children's age related allowances,
- Belongings and Stable Homes payment scheme to incentivise foster carers to support children to step across from residential care provisions into fostering home arrangements, this will aim to reduce high cost residential provision. The table shows the cost saving of incentivising 2 carers to support a child to move from residential care.
- This option supports recruitment and retention through an increased support offer that encourages children and families to thrive and access more family based, educational outings with the National Trust.

5.3. **Option 3**: Is the preferred option.

- This option is the same as Option 2 set out above but with the proposal to increase Skills payments by 5% rather than 3.2%, aligning Shropshire with the increase seen by our neighbouring authority in the last 2 years. Increasing by 5% makes Shropshire Fostering more competitive in the current fostering recruitment market.
- We estimate that an increase of 5% will cost the council an additional £0.046m compared to Option 2 (total cost of a 5% increase is £0.129m), with the result of 1 external residential placement being avoided at the cost of £0.283m. A net saving of £0.236m compared to Option 2.

- The total cost of this option would equate to one child in residential care for 12 months. Stopping one child escalating to residential or one child stepping down from residential would cover the cost of this option.

	Option 1 - Do Nothing		
Proposals	**Additional Cost**	**Proposed Saving**	**Net Additional Cost / (Saving)**
Increase in Skills Payments	-	-	-
Increase in Mileage Rate	-	-	-
National Trust Membership	-	-	-
Belonging and Stable Homes Scheme	-	-	-
Total	**-**	**-**	**-**

	Option 2 - 3.2% Increase in Skills Payments (in line with previous pay award)		
Proposals	**Additional Cost**	**Proposed Saving**	**Net Additional Cost / (Saving)**
Increase in Skills Payments	82,578	-	82,578
Increase in Mileage Rate	26,639	-	26,639
National Trust Membership	15,960	-	15,960
Belonging and Stable Homes Scheme (Assumes 2 foster carers incentivised to take child from residential care)	115,601	- 565,333	- 449,732
Total	**240,777**	**- 565,333**	**- 324,556**

<table>
<tr><th></th><th colspan="3">Option 3 - 5% Increase in Skills Payments (more competitive with neighbouring local authorities)</th></tr>
<tr><th>Proposals</th><th>Additional Cost</th><th>Proposed Saving</th><th>Net Additional Cost/ (Saving)</th></tr>
<tr><td>Increase in Skills Payments

(incentive results in 1 Foster Carer approved that would avoid an external residential placement)</td><td>129,028</td><td rowspan="3">- 282,666

(Saving based on 1 external residential cost avoidance)</td><td rowspan="3">- 111,040</td></tr>
<tr><td>Increase in Mileage Rate</td><td>26,639</td></tr>
<tr><td>National Trust Membership</td><td>15,960</td></tr>
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<tr><td>Total</td><td>287,227</td><td>- 847,999</td><td>- 560,772</td></tr>
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6. Key risks and Opportunities

6.1 The Council faces a particular challenge to effectively deliver its responsibilities within the required financial budgets set. There is a very real challenge that the Council faces with a high number of children already in care and the risk of this increasing. Transformation and reform aligned with the Family First program aims to address early support and intervention in the longer term to help more children live safely at home.

6.2 The Demand for foster placements far out strips the sufficiency. Reducing the overall number of children in care will help us to achieve the overall rebalance of the system, as circa 80% of Shropshire Children's Services spend is on Children's Social Care currently (for most Local Authorities this is closer to 50%.), the direct correlation between overall numbers of Children in Care and rebalancing funding is complex.

6.3 Sufficiency within fostering has a direct impact on the care options available. There is an opportunity to use incentivised fostering schemes to support more children to step across from residential care. At the date of this report, there are currently 83 approved mainstream carers caring for 114 children in our care. There are 125 Kinship Foster Carers caring for 176 children in our care. Therefore 290 of the 696 children (42%) cared for are residing in an internal fostering provision. There are 127 (18%) children living within external residential homes. Work across children's services is focused on ways to support children to receive family-based care where appropriate.

Risk	Mitigation	Link to Strategic Risk
Financial: Sufficiency of Mainstream Foster Carers has a direct impact on care options available for children. The proposal sets out cost avoidance and savings.	- Recruitment Strategy in place - Strong marketing presence digitally and visibly across Shropshire - Skills payments reviewed to remain competitive, with strong remuneration to foster carers. - Children's allowances are aligned with DFE recommended rates for financial supports to meet the needs of children in our care - Provide strong support offer that	- Governance, assurance and value for money

	aids stability within care arrangements - Monthly budget monitoring	
Reducing the development of the support offer risks family instability and reduction in retention	- Shropshire Fostering have increased the support offer and aim to continue to increase this further to ensure children have positive opportunities within their fostering families.	- Transformation programmes and significant projects
High cost residential and IFA provisions increasing	- Recruit and retain more foster carers whilst support stability of current care arrangements to prevent breakdowns and escalation to residential care settings. -	- Increasing demand for services and financial instability
Cultural change within the service. This will create instability within the workforce and the foster carer community	- Embedding cultural changes within the workforce and fostering community to achieve better outcomes for children takes time. - Engagement activities - Joint team sessions to align service delivery	- Workforce capacity and capability
Reputation and trust: There is a risk that foster carers may feel devalued should their skills not be remunerated adequately.	- Reviewed skills payments and associated costs for foster carers to support cost of living and remuneration for the valuable role.	- Transformation programmes and significant projects

7. Council Priorities

7.1 Improving foster carer recruitment and retention and enabling more children to live in safe, stable family-based care supports the Corporate Plan priority for everyone to have the opportunity to be healthy and thrive at every stage of life.

7.2 By increasing local fostering capacity and supporting children to remain within Shropshire communities wherever possible the proposal contributes to safe, inclusive places with homes that meet people's needs

7.3 The proposal aligns with the ambition for a financially sustainable Council, by reducing reliance on higher-cost external fostering and residential placements through investment in internal foster carers and recruiting new carers to increase sufficiency.

7.4 Reflects the Council's enabling role by using partnerships, social value and local benefits to strengthen the support offer for fostering households, children in care and care experienced young people.

7.5 Supports the Corporate Plan focus on wellbeing and community resilience, by improving access to positive family activities, outdoor opportunities and practical support for fostering families through National Trust Membership.

8. Financial Implications

8.1 The proposals detailed in this report directly support the Council's strategic objective to expand family-based care arrangements for looked-after children, thereby reducing reliance on high-cost Independent Fostering Agency (IFA) and residential placements. Elevating the recruitment and retention of internal foster carers is central to achieving this objective.

8.2 Implementing the measures set out under Option 3 requires an additional investment of £0.288m by the Local Authority. However, this investment is projected to deliver gross savings of £0.848m by reducing reliance on external residential placements, should additional Foster Carers be recruited and retained. This results in a forecast net budget saving of £0.560m

8.3 Budget setting for 2026 / 2027 accounted for a 4.37% increase in Skills

Appendix A and B shows cost breakdown.

	Option 3 - 5% Increase in Skills Payments (more competitive with neighbouring local authorities)		
Proposals	**Additional Cost (£)**	**Proposed Saving (£)**	**Net Additional Cost / (Saving) (£)**
Increase in Skills Payments (incentive results in 1 Foster Carer approved that would avoid an external residential placement)	129,028	- 282,666 (Saving based on 1 external residential cost avoidance)	
Increase in Mileage Rate	26,639		
National Trust Membership	15,960		- 111,040
Belonging and Stable Homes Scheme (Assumes 2 foster carers incentivised to take child from residential care)	115,601	- 565,333	- 449,732
Total	**287,227**	**- 847,999**	**- 560,772**

9. Legal and HR implications

9.1 The Council has a range of statutory duties towards looked after children under the Children Act 1989, including duties to safeguard and promote their welfare and, so far as reasonably practicable, to ensure sufficient accommodation and support is available to meet their needs. The proposals within this report support the Council's responsibilities as a corporate parent and form part of its wider sufficiency arrangements for securing appropriate family-based placements for children in care.

9.2 Under the Fostering Services (England) Regulations 2011, fostering service providers are required to have arrangements in place for paying allowances and fees to foster carers. The Council already pays child age-related allowances in line with the Department for Education's published National Minimum Allowances and the recommendations in this report maintain that approach. The proposed increase in skills payments is a discretionary matter for the authority and reflects the need to support recruitment and retention of foster carers in a competitive market while recognising the skills, experience and commitment required to care for looked after children.

9.3 The proposal to increase mileage payments to £0.55 per mile aligns the Council's arrangements with the prevailing HMRC Approved Mileage Allowance Payments rate. Taken together, the proposals are consistent with the Council's statutory duties towards looked after children, support placement sufficiency and stability, and assist the Council in meeting its obligations to secure suitable care arrangements capable of promoting the welfare and best interests of children in its care.

10. Electoral Division Implications

10.1 The proposals in the report do not impact on specific electoral divisions, but are applicable to all.

11. Health, Social (including "Child Friendly Shropshire") and Economic Implications

11.1 Children have the right to grow up in a safe and loving family environment: The proposals support the recruitment and retention of local foster carers, enabling more children to live in stable, nurturing family homes rather than institutional settings wherever possible.

11.2 Children have the right to have their wellbeing promoted and needs met: Increased fostering payments, mileage support and enhanced benefits help carers meet children's educational, health, social and emotional needs, improving their day-to-day experiences and outcomes.

11.3 Children have the right to play, learn and participate in community life: Proposals such as National Trust membership, leisure access and other community benefits create greater opportunities for children in care to enjoy enriching experiences, learning opportunities and family activities.

11.4 Children have the right to have their voices, relationships and sense of belonging valued: The Belonging and Stable Homes Scheme supports children to transition from residential care into family-based settings, helping them build lasting relationships, remain connected to their communities and experience a stronger sense of permanence and belonging life long.

12. Equality and Diversity Implications

12.1 The proposals are to update the existing policy and increase payments to foster carers improve opportunities for children and their carers.

12.2 The proposals support equality for children in our care.

12.3 The fostering service aims to provide the right care arrangement for each child, and this requires the service to provide suitable carers to meet the diverse need of children. Our marketing strategy support equality and diversity.

13. Climate Change, Biodiversity and Environmental Implications

13.1 It is envisaged that these changes will have limited effect on Climate Change. It will support more children in our care to experience and benefit from the great outdoors.

14. Background Papers

National Reforms
Renewing fostering: homes for 10,000 more children - GOV.UK
Main findings: fostering in England 1 April 2024 to 31 March 2025 - GOV.UK

Shropshire Corporate Plan 2026

Shropshire Children's Transformation Plan Cabinet Report June 2026

15. Appendices

Appendix A and B – Financial Appendix for Fostering Payment proposal