

Meeting of:	CABINET COMMITTEE CORPORATE PARENTING
Date of Meeting:	29 OCTOBER 2025
Report Title:	IMPLEMENTATION OF AN INCENTIVE PAYMENT SCHEME BASED ON COUNCIL TAX LIABILITY AND AN INFLATIONARY INCREASE OF ALLOWANCES AND FEES FOR FOSTER CARERS AND KINSHIP CARERS IN BRIDGEND COUNTY BOROUGH COUNCIL (BCBC)
Report Owner: Responsible Chief Officer / Cabinet Member	CORPORATE DIRECTOR SOCIAL SERVICES AND WELLBEING CABINET MEMBER FOR SOCIAL SERVICES, HEALTH AND WELLBEING
Responsible Officer:	DAN BOLTON GROUP MANAGER PROVIDER SERVICES
Policy Framework and Procedure Rules:	There is no effect upon the policy framework and procedure rules.
Executive Summary:	<p>This report provides information on the implementation of an Incentive Payment Scheme based on Council Tax liability for foster carers, kinship carers and special guardians in Bridgend, alongside a 2.6% inflationary uplift in fees and allowances.</p> <p>Both measures form part of the wider programme of work under the Fostering Remodelling Board to strengthen Bridgend's fostering offer. They are designed to improve the recruitment and retention of carers, reduce reliance on Independent Fostering Agencies (IFAs), and increase placement sufficiency for children.</p> <p>The Incentive Payment Scheme reflects good practice already operating across several Welsh authorities and was strongly endorsed by local carers during consultation. It provides a visible financial incentive, recognises the contribution of carers, and helps sustain long-term placements. The 2.6% uplift ensures Bridgend County Borough Council's fees and allowances remain competitive with IFAs and in line with the cost of living.</p> <p>Financial modelling shows that while the Incentive Payment Scheme represents a cost pressure, it should be regarded as an invest-to-save measure. Increasing the number of in-house foster carers will reduce the need for higher-cost IFA and residential placements, delivering long-term cost avoidance and supporting better outcomes for children.</p>

1. Purpose of Report

- 1.1 This report seeks Cabinet Committee Corporate Parenting Committee endorsement on the implementation of an Incentive Payment Scheme based on council tax liability for foster carers, kinship carers and special guardians in Bridgend, as a measure to enhance recruitment and retention. The Incentive Payment Scheme aligns with recent legislative changes and supports the local strategy to improve placement sufficiency and stability for children.
- 1.2 In addition, the report sets out the plans to apply a 2.6% inflationary increase (March 2025 Consumer Price Index) to all foster carers and kinship carers fees and allowances from April 2025. This uplift will ensure payments keep pace with the cost of living and forms part of the wider programme to strengthen the overall offer to carers.

2. Background

- 2.1 Bridgend County Borough Council (BCBC) continues to face significant challenges recruiting and retaining foster carers, resulting in increased reliance on Independent Fostering Agency (IFA) placements. The Health and Social Care (Wales) Act 2025 requires a transition towards a not-for-profit fostering model by 2030, emphasising the urgent need to strengthen internal fostering provision.
- 2.2 Bridgend has experienced a net loss of foster carers over the past three years. There is a well-documented shortage of foster carers across the UK, with some movement between fostering agencies, but an overall decline in foster care capacity in both Wales and the wider UK.
- 2.3 Locally, Bridgend faces a significant shortage of skilled and experienced foster carers particularly those who are equipped to meet the long-term needs of children and young people who:
 - Are aged between 10 and 15 years old
 - Present with trauma-related behaviours and require support for emotional wellbeing
 - Are at risk of exploitation or exclusion from education
 - Have disabilities
- 2.4 The BCBC Placement Sufficiency Strategy (2024) identifies a notable decline in local foster carers and highlights an ageing carer demographic, with only 29% aged 50 or younger. This trend exacerbates retention concerns and raises questions about long-term fostering sustainability.
- 2.5 Consultation with foster carers during the Information and Consultation Event (ICE) meeting on 18 March 2025 highlighted council tax reduction and fees/allowances as a highly valued incentive. Several Welsh local authorities

have successfully introduced council tax reduction schemes, resulting in improved recruitment and retention. These include:

- Conwy: 100% reduction (Implemented September 2024)
- Wrexham: 75% reduction (Implemented July 2020)
- Flintshire: 50% reduction (Implemented 2019)
- Anglesey: 50% reduction (Implemented 2018) 100% reduction (Implemented April 2025)
- Merthyr Tydfil: 50% reduction (Implemented 2019)
- Monmouthshire: 30% reduction (Implemented May 2024)
- Pembrokeshire 100% Reduction (Implemented May 2025)

LA X service manager:

'We have had a number of enquiries off the back of the council tax subsidy, and it has also helped in terms of foster care retention'

LA Y Recruitment Officer:

'The scheme has been a factor for many enquires when deciding to apply with us rather than an independent agency, this is where we have found the biggest advantage'.

LA Z Foster Carer:

We think that it's a great incentive for prospective foster carers and great for us existing carers, it feels like a big thank you for helping children in our community.

- 2.6 To increase Local Authority foster carers and effectively compete with Independent Fostering Agencies (IFAs), BCBC must develop a unique offer for current and prospective carers.
- 2.7 This report forms part of a wider programme of work aimed at strengthening our overall offer to foster carers in Bridgend. Alongside the Incentive Payment Scheme, we have reviewed foster carer fees and allowances, as well as our broader support offer through the Fostering Remodelling Board. For example, we have recently extended our free leisure offer to include access to soft play facilities. These actions demonstrate our commitment to strengthening the overall offer to carers, improving retention, and ensuring Foster Bridgend remains competitive and sustainable within a changing fostering landscape.
- 2.8 BCBC has not increased foster carer and kinship carer fees and allowances since 2023-24. During this period, the cost of living has continued to rise and Independent Fostering Agencies (IFAs) operating locally have implemented uplifts for 2025/26 across providers and there is an average percentage of 4.93% set out in 8.7 below from our six most used agencies. Without action, there is a risk that BCBC's offer will become less competitive, making

recruitment and retention of foster carers more difficult. This adjustment is therefore necessary to maintain the real-term value of payments and to remain competitive within the fostering market.

- 2.9 This work is critical not only in responding to the national shortage of foster carers but also in preparing for upcoming legislative changes that will prohibit private fostering providers from operating in Wales by 2030. By improving our offer now, we can better compete in a challenging market and ensure that more children are supported in high-quality, local authority placements.
- 2.10 While an Incentive Payment Scheme is a valuable incentive, evidence from other local authorities such as Anglesey highlights that such a measure is most effective when introduced as part of a broader, long-term strategy. Anglesey developed their enhanced package for foster carers over a period of time, gradually strengthening their offer through increased allowances, simplified skills payments, and extended council tax discounts. They are now actively promoting this as a comprehensive benefits package. This phased approach has contributed to a significant reduction in their reliance on Independent Fostering Agencies—from 75% down to 20%.

3. Current Situation / Proposal

- 3.1 The Health and Social Care (Wales) Act 2025 creates an unprecedented opportunity to encourage foster carers currently affiliated with IFAs and living in Bridgend to transition fostering directly to Foster Bridgend. The Incentive Payment Scheme is an attractive incentive that IFAs are unable to offer, positioning BCBC favourably to recruit and retain carers within this changing legislative landscape.
- 3.2 The proposed Incentive Payment Scheme based on council tax liability for Foster Carers, Kinship Carers and Special Guardians:-
- Provides a 50% incentive payment based on council tax liability for foster carers, kinship carers and special guardians who have offered care for 90 days or more in the previous financial year.
 - Will be based on council tax liability being initially paid in full by Foster Carers, Kinship Carers and Special Guardians.
 - Recognises the vital role of kinship carers and special guardians, helping to close the gap in support compared to foster carers and encouraging long-term placement stability.
 - Eases financial pressures on families, making it more sustainable for them to continue caring for children within their communities.
- 3.3 Alongside the Incentive Payment Scheme, an inflationary increase of 2.6% will be applied, and backdated, to all foster carer and kinship carer fees and allowances from April 2025. This will be the first increase since 2023-24 and is intended to ensure payments remain competitive with other providers. The tables below show the current and revised rates with a 2.6% increase for Fees and Allowances and the Welsh Government Minimum Allowance.

Allowances			
Age	0-4	5-15	16+
Current Rates	£225.77	£206.58	£257.38
Revised Rates	£231.64	£211.95	£264.07
NMA	£224.00	£204.00	£255.00

- NMA – National Minimum Allowances from Welsh Government

Fees				
Age	0-4	5-10	11-15	16+
Current Rates	£168.08	£168.08	£214.03	£214.03
Revised Rates	£172.45	£172.45	£219.59	£219.59

Approach and Justification

- 3.4 It was agreed at Corporate Management Board that a 50% Incentive Payment based on council tax liability for all approved foster carers, kinship carers and Special Guardians would be adopted as the most impactful and equitable model. This provides the strongest financial support, aligns with successful practice in other Welsh authorities such as Pembrokeshire and Anglesey, and reflects Bridgend's ambition to build a sustainable and competitive not-for-profit fostering service.
- 3.5 This exemption will continue where a kinship foster carer transitions to a Special Guardianship Order (SGO) and for existing Special Guardians and is included in the costings below. This approach aligns with the principle of avoiding financial detriment, which is supported through provisions in the Code of Practice on the Exercise of Social Services Functions in Relation to Special Guardianship Orders (2018). While the term "no detriment" is not explicitly used in legislation, the Code recognises the potential financial disadvantage for foster carers who become Special Guardians and permits enhanced financial support under Regulation 7(4) of the Special Guardianship (Wales) Regulations.
- 3.6 Bridgend's own Special Guardianship Order Financial Policy also reinforces this approach. Section 2.1 of the policy states that *"financial support should not be the sole reason for a Special Guardianship arrangement failing to survive"*, underlining the need for continuity of support during legal transitions.
- 3.7 Encouraging kinship carers to pursue SGOs also directly contributes to reducing the Care Experienced Children population in Bridgend, aligning with national and local priorities around placement sufficiency, permanence, and the right of children to grow up in stable family environments outside of the care system.

- 3.8 This policy consistency supports BCBC's wider goal of ensuring permanence, cost-effective service delivery, and sustainable support for local carers/guardians.
- 3.9 In addition to the Incentive Payment scheme, the 2.6% inflationary increase to foster carer and kinship carer fees and allowances will further strengthen BCBC's position in a competitive fostering market. The uplift will ensure that payments remain in line with sector trends, particularly considering recent increases by Independent Fostering Agencies averaging 2.95% for 2025/26. Together, the Incentive Payment Scheme and the fee uplift form a balanced financial package designed to improve recruitment and retention, support placement stability, and reduce reliance on higher-cost external placements.

4. Equality implications (including Socio-economic Duty and Welsh Language)

- 4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report; therefore, it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

- 5.1 The Well-being of Future Generations (Wales) Act 2015 provides the basis for driving a different kind of public service in Wales, with five ways of working to guide how the Authority should work to deliver wellbeing outcomes for people. The following is a summary to show how the five ways of working to achieve the well-being goals have been considered in this report:

- **Long-term** - The introduction of an Incentive Payment Scheme alongside an inflationary uplift in fees, is designed to strengthen the sustainability of the local fostering service in Bridgend. By making fostering more financially viable, the scheme helps secure long-term placement sufficiency and stability for children, reducing reliance on costly external provision.
- **Prevention** - Supporting and retaining local foster carers and kinship carers reduces the risk of placement breakdown, avoids escalation to higher-cost residential placements, and helps prevent

children from being placed far from their communities. This contributes to better outcomes for children and reduced future financial pressures on the authority.

- **Integration** – Supporting corporate priorities around financial sustainability, social care transformation, and the national objective of eliminating profit from children's care by 2030. It also integrates with the Placement Sufficiency Strategy, the fostering remodelling programme, and the council's role as corporate parent.
- **Collaboration** - The scheme has been developed in consultation with foster carers and informed by learning from other Welsh local authorities who have implemented similar approaches. It aligns with Welsh Government legislation and works collaboratively with the wider national agenda to strengthen not-for-profit fostering provision.
- **Involvement** – Foster carers have directly shaped the proposal through consultation at the March 2025 Information and Consultation Event (ICE). Their feedback highlighted the importance of council tax incentives and fee uplifts as incentives. This demonstrates active involvement of those most affected, ensuring the scheme reflects their views and priorities.

6. Climate Change and Nature Implications

- 6.1 There are no direct climate change or nature implications associated with the report.

7. Safeguarding and Corporate Parent Implications

- 7.1 There are no safeguarding or corporate parenting implications associated with the report.

8. Financial Implications

- 8.1 Financial modelling has been undertaken in relation to the estimated annual cost of implementing the 50% Incentive Payment Scheme, based on the current number of eligible carers. It is acknowledged that the number of carers accessing the scheme may increase over time, and this will be monitored and reviewed. While this could increase the overall cost of the scheme, the recruitment and retention of additional in-house foster carers will contribute to placement sufficiency, reducing reliance on high-cost residential provision and independent fostering agencies, which are significantly more expensive.

- 8.2 For carers living outside of the Bridgend County Borough Council area, eligibility will be confirmed through the provision of documentary evidence of their Council Tax liability in the local authority where they reside (for example, a Council Tax bill or statement). This will allow the rebate to be calculated accurately on an individual basis. The costs for these carers are excluded from the table below as their current bandings and council tax liabilities are not currently available, however an estimate for carers living outside of BCBC has been calculated in 8.6.
- 8.3 Carers who are BCBC residents that are already in receipt of the full Council Tax Reduction Scheme would not be eligible for the Incentive Payments Scheme due to having a nil Council Tax liability and therefore have also been excluded from the calculations below.

Kinship and General Carers	#	Estimated cost of Incentive Payments
		50%
Number of current Carers	127	
Live outside of BCBC	-25	
Full Council Tax Reduction Scheme	-21	
Estimated cost	81	82,659.31

Special Guardianship Orders	#	Estimated cost of Incentive Payments
		50%
Number of current SGOs	124	
Live outside of BCBC	-22	
Full Council Tax Reduction Scheme	-22	
Estimated cost	80	63,889.64

- 8.4 A comparison of the cost of 10 young people being placed in alternative placement to in- house fostering is shown below.

	Weekly cost £	Annual Costs £	Annual Cost for 10 CYP £	Annual Cost for 10 CYP In-House Fostering £	Cost Avoidance if Placed with Inhouse fostering £

Independent residential placements	5,935	309,451	3,094,509	218,988	2,875,521
In-house residential placements (MV)	3,040	158,500	1,585,000	218,988	1,366,012
Independent Fostering Agency (IFA) placements	1,034	53,913	539,128	218,988	320,140

8.5 This scheme represents an invest-to-save opportunity, with the potential to reduce long-term placement costs by strengthening our in-house fostering service and reducing reliance on more expensive external placements. The proposal sits within a broader, time-bound programme of improvement under the Fostering Remodelling Project, which runs until March 2026. During this period, BCBC is committed to enhancing our overall offer to foster and kinship carers— this includes the Incentive Payment Scheme, the review of foster carer fees and allowances, and the development of a broader package of financial and non-financial support for carers.

8.6 In addition to the Incentive Payment Scheme is the proposal for BCBC to apply a 2.6% inflationary increase (March 2025) to all foster carer and kinship carer fees and allowances from April 2025. The current total weekly cost of allowances and fees is £98,334.83; applying the 2.6% increase will raise this to £100,891.54, a weekly variance of £2,556.71. This equates to an additional £133,306.63 per annum and is evidenced below. This increase will be funded from the central pay and price inflation budget. This uplift will ensure BCBC's payments remain competitive and in line with sector trends.

Fees & Allowances increased by 2.6% inflation	Total weekly Cost - March 25	New Total after adjustment	Variance	Annual Cost
	£	£	£	£
All allowances and fees with 2.6% added	98,334.83	100,891.54	2,556.71	133,306.63

8.7 The table below provides a snapshot of six of our main Independent Fostering Agency (IFA) providers and the percentage increase in their fees from 2024/25 to 2025/26. This comparison illustrates that these IFA providers have implemented uplifts averaging 4.93%, (overall increase across all IFA's is 2.95%) reinforcing the need for BCBC to maintain parity to remain competitive in the fostering market as we approach the Health and Social Care (Wales) Bill 2025.

Provider	2024/25	2025/26	Percentage Increase
National Fostering Agency	872.19	915.8	5.00
Foster Care Associates Ltd	1598.03	1654.32	3.52
TACT	927.2	973.58	5.00
Family Fostering Partners	804.26	832.33	3.49
Compass Wales	892.49	959	7.45
Action For Children	831.33	873.71	5.10
Total average increase			4.93

- 8.8 The anticipated costs as a result of the Incentive Payment Scheme for carers residing in BCBC is set out in 8.1 and, based on the current number of carers, is £146,548.95. If carers residing outside of BCBC who are entitled to the Incentive Payment Scheme have a similar council tax liability the total cost of the scheme is estimated to be £190,555.95. This will be met from the Welsh Government Social Care Workforce Grant. The use of the grant for this purpose meets the terms and conditions of the grant. The grant value and terms and conditions are confirmed annually on receipt of the grant offer letter. Should the terms and conditions change, or the funding cease/reduce or, either the Incentive Payment Scheme would be withdrawn or to enable the scheme to continue, the service would have to demonstrate it was affordable from savings elsewhere in the Care Experienced Children's budget.
- 8.9 The financial return of this scheme will not be immediate, but by strengthening our in-house fostering capacity now, we can position BCBC to significantly reduce reliance on high-cost IFA and residential placements over the coming years. For example, placing just 10 children with in-house foster carers instead of residential placements would deliver an avoided cost of over £2.8 million per year compared with the estimated annual cost of £190,555.95 for the 50% Incentive Payment Scheme. This investment is particularly critical as we approach the 2030 Welsh Government Eliminating Profit policy deadline, when local authorities will no longer have the option of using for-profit fostering providers. Building a sustainable, competitive in-house service ahead of this transition will protect BCBC from future cost pressures and placement shortages.
- 8.10 We will pilot this approach as a new way of working, designed to incentivise and recognise the contribution of our carers, with a full review of its impact to take place after two years. The pilot will apply specifically to our in-house general foster carers and will not extend to Independent Fostering Agencies (IFAs) or carers approved by other local authorities who reside within Bridgend County Borough Council.

8.11 This work is directly aligned with the Health and Social Care (Wales) Act 2025, which received Royal Assent in March 2025. The Act sets out a clear phased approach to phasing out profit from children's care services:

- From 1st April 2026, no new for-profit fostering providers can register in Wales.
- From 1st April 2027, existing providers can no longer expand or recruit new carers.
- From 1st April 2030, no new placements can be made with for-profit fostering providers unless approved in exceptional cases.

8.12 These legislative milestones underline the urgency of developing a strong, competitive, not-for-profit local authority fostering service. Introducing an Incentive Payment Scheme along with the inflationary uplift in fees and allowances is a timely and strategic step within this wider transformation, helping to improve carer retention, encourage IFA transfers, and support more children to remain in local, in-house placements.

9. Recommendations

9.1 It is recommended that the Cabinet Committee Corporate Parenting endorses the report and the steps being taken to improve carer retention, encourage IFA transfers and support more children to remain in local, in-house placements.

Background documents

None