



DERBY CITY COUNCIL

**CABINET MEMBER FOR CHILDREN AND YOUNG PEOPLE  
MEETING  
26 SEPTEMBER 2006**

Report of the Corporate Director for Children & Young People

## **Amendment of Criteria for Payment of Residence Order Allowance**

### **RECOMMENDATION**

1. To approve a change to the current criteria for payment of Residence Order Allowances to people caring for children subject to Residence Orders.

### **SUPPORTING INFORMATION**

- 2.1 Payments of Residence Order Allowances (ROAs) are entirely at the discretion of the Local Authority. They arise from a duty under Section 17 of the Children Act, 1989, to promote the upbringing of children by their families by providing a range of services in kind but, in exceptional circumstances, in cash.
- 2.2 ROAs are paid to carers, not parents of children who have been made the subject of Residence Orders by the Court, usually in Private Law Proceedings, but occasionally in Public Law Proceedings. The carers are often relatives or family friends who have stepped in to assist children in need whose own parents are not caring for them very well due to abuse or neglect. They can also be Local Authority foster carers who initially care for children under a fostering arrangement but then apply to the court for Residence Orders.
- 2.3 The current criteria for being awarded Residence Order Allowances are:
  - The payment of ROAs must be the only way of preventing children entering public care or the only way of children being able to exit from public care.
  - The carers must have been assessed as being able to provide 'good enough' care for the children for the duration of their childhood.
  - There must be an assessment that it is in the children's best interests to be cared for by the particular carers and this assessment must be ratified by a recent statutory review (for looked after children) or children in need review for children not in public care.
- 2.4 The payments are means tested but any carers claiming Income Related Benefits for the children automatically qualify. Payments range from £50.36/week for young children to £99.64/week for older children. The payments are subject to annual review. The amount of money carers receive in benefits is not deducted from the Residence Order Allowance.

2.5 The proposed change to the criteria is an addition which states:

- The carers will suffer a financial loss without the payment of allowances

This would, in effect, mean that people eligible to claim income related benefits for the children concerned, would not qualify for ROAs.

2.6 There is the potential that for a small number of carers this change in policy may make them reluctant to apply for residence orders. In turn this may lead to some children needing to become Looked After. However the focus of work in these cases would be on seeking viable alternatives and we would still have the discretion to provide some financial support through Section 17 of the 1989 Children Act. The risk is therefore low.

## REASON FOR RECOMMENDATIONS

3. People who take on the care of children who would otherwise be in the public care system will often only do so if they are not financially disadvantaged. ROAs effectively offer a means by which that financial disadvantage can be compensated for. People who qualify for income related benefits from central government can claim them for children who they care for who are subject to Residence Orders and, under the present criteria, can claim ROAs from the Local Authority as well. Therefore, they are receiving two 'allowances' for caring for children. People who do not claim income related benefits can only receive one allowance from the Local Authority, providing they pass the means test.

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**Background papers:**

**List of appendices:** Appendix 1 - Implications

<b>IMPLICATIONS</b>
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**Financial**

1. Currently the carers of 52 children are receiving ROAs in the city. Most of these carers are in receipt of means tested benefits. The financial cost of providing allowances to carers of children who are subject to a Residence Order is approximately £170,000 a year. Changes in the criteria for payment of ROAs could make a potential saving of £150,000 a year. However, this saving will not be fully realised until all of the children whose carers receive the allowances now become adults.

**Legal**

2. ROAs are discretionary allowances, paid under S17 of the Children Act, 1989. Therefore, there are no legal implications.

**Personnel**

3. None

**Equalities impact**

4. The policy change would not affect any current children. The efficiencies arising from the policy change will enable the Department to focus its resources on the children with the greatest level of need.

**Corporate objectives and priorities for change**

5. The proposals relate to the following corporate priorities:

**Improve the quality of life in Derby's neighbourhoods**, by:

- reducing inequalities between neighbourhoods

**Encourage lifelong learning and achievement**, by:

- raising skill levels to improve the chances of securing employment.

**Build healthy and independent communities**, by:

- improving the health of our communities
- delivering joined up services for children and young people that meet the needs of the local community.

**Deliver excellent services, performance and value for money**, by:

- reducing inefficiency by improving business processes and ability to perform.