Cabinet

11 February 2021

Long Term Savings for Children in Care

1. Recommendation

1.1 That Cabinet agrees the changes to the Long-Term Savings policy as set out in the report.

2. Executive Summary

2.1 The purpose of the Long term savings policy is to ensure all Children In Care and young people in the care of Warwickshire County Council have the opportunity to develop financial capability skills and have savings available to them when they leave care.

2.2 The Department for Education (DfE) has two policies relating to savings opportunities for children who are looked after by the Local Authority continuously for 1 year or more and are aged over the age of 5 years. These are 'Child Trust Funds for Looked after Children' and 'Junior ISAs for Looked after Children'. A summary and links to these DFE policies can be found in Appendix 1, as well as the responsibilities of Warwickshire County Council within these policies.

2.3 In addition to these two policies, Local Authorities have the jurisdiction to provide additional savings for Children in Care. Saving for the future of Children In Care and supporting the financial education and planning forms part of the discharge of duties within the following standards: -

- Fostering National Minimum Standard 16: children are prepared for, and supported into, adulthood so that they can reach their potential and achieve economic wellbeing.

- Residential – Regulations and Quality Standards, section 6.2 (VI): help each child to develop resilience and skills that prepare the child to return home, to live in a new placement or to live independently as an adult.

2.4 The current Long-term savings policy is based on a percentage of young person's allowances being saved. This has meant that there has been an inconsistency in savings across the children in care population, with children based with Independent fostering agencies, residential establishments being disadvantaged, as these organisations have not always made the appropriate savings requested. It is particularly concerning that when young people have moved between placements somehow their savings have not moved with them, this has required the Local Authority to estimate how much the young person is entitled to and reimbursed.

2.5 The proposed long-term savings policy will mean that for some young people there will be a reduction in long terms savings however, the allowances remain the same and no young person overall will be financially worse off. The money going to the child remains the same in both policies, but it is provided in different areas.

2.6 The current policy does not encourage young people to develop financial awareness or have access to their savings until they are 18 years of age. By having both a short-term savings account and a long term savings account young people will develop financial awareness and an understanding of financial independence. The carers will be encouraged to continue to support young people to save money from their allowances in a short-term savings account which they can access before they turn 18 and with shorter notice.

3. Financial Implications

3.1 There are no cost implications to Warwickshire County Council

3.2 There will be changes to the amount that young people have in their long term savings with a reduction in long term savings for some young people, however this money will be still available to the child/young person paid through allowances and young people will be supported to open their own short term savings account and manage their money, encouraging financial independence.

4. Environmental Implications

4.1 There are none.

5. Supporting Information

5.1 Long term savings are provided once a child or young person has been in care for a period of 12 months and is over the age of 5 years old. Under the current policy Warwickshire County Council begin the long-term savings for children in care after 12 months. The new policy will allow Warwickshire County Council to begin to save the long term savings for the child or young person from the day they enter care (if over the age of 5 years old) and use the first 12 months savings as the deposit to open their long term savings. This ensures the child is not penalised and received long term savings for the entirety of their period of time in care.

5.2 The current long term savings policy increases the amount young people are saved as they get older. The new policy recommends that every child and young person receives £5 per week and ensures consistency across all ages. This will look like some young people will receive less money on the new policy recommendations however, the children and young people do not lose any money as they receive the same amount as before but in a different format, less is placed in long term savings. This means that their allowance is available to the children and young people in the present rather than in the future.

5.3 The new policy will ensure all children and young people's long-term savings is taken from source by our finance team. The current policy has different systems dependent on the type of placement the young person is in. If the child or young person is living with a Warwickshire Foster Carer then their long term savings is taken from source and Warwickshire Local Authority finance have oversight of the savings however if the child or young person is in a residential setting or living with an Independent Fostering Agency Carer it is the responsibility of the setting or agency to save the expected long term savings allowances. This can cause problems when a child or young person moves carer as the long-term savings can get mislaid by the settings and agencies. The new policy ensures consistency across all types of placements.

5.4 The new policy will ensure we are in line with our neighbouring Local Authorities, ensure siblings get the same long term savings, irrelevant of their age when they are in care, making it equitable for all children and young people in care and ensure consistency across all types of placements.

6. Timescales associated with the decision and next steps

6.1 It is proposed that if Cabinet agree the proposal the change in policy is introduced for all young people entering care from the 1st April 2021. Those who already in care will remain under the terms of the previous policy.

Appendices

1. Long Term Savings Policy
2. Financial Comparisons of Current policy to Proposed Policy
3. Equality Impact Assessment

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