

# **Foster Carer Finance – Stockton Borough Council**

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## **1. Introduction**

This section describes the financial aspects of fostering a child. It is important that you read it carefully. The local authority is bound by certain rules and regulations covering, among other things, the payment of fostering allowances. The following information will help you understand how the payments you receive are determined. If you have any queries, please contact your supervising social worker in the first instance.

## **2. Payments**

Foster carer allowances are paid weekly, in arrears. The payment week runs from Saturday to Friday. Payments are made through the BACS system (directly into the bank).

The Fostering Service Manager authorises all payments following notification by the child's social worker of placement or end of placement.

The allowance payment system is computerised and information about changes in payment details must be processed well in advance of the payment being sent out. It is therefore inevitable that overpayments or under payments may be made occasionally. You should always inform your supervising social worker if you have been underpaid or over paid and they will let the fostering admin team know.

It is important that you check your payment every week. If you receive a payment which differs from the amount you expect or are entitled to, it is important that you contact your supervising social worker or the Fostering Service admin team (Tel: 01642 526216/18; [adminteamchild.placement@stockton.gov.uk](mailto:adminteamchild.placement@stockton.gov.uk)) so that adjustments can be made quickly.

Most foster carers are very conscientious about the financial aspect of fostering. If, however, it becomes apparent that a foster carer has knowingly claimed or retained a payment or payments to which they are not entitled, the local authority is obliged to take the matter further, for example by contacting the police.

### **3. Foster carer allowances**

As a foster carer you will receive a weekly allowance, which should cover the cost of caring for a child. The allowances paid by Stockton-on-Tees Borough Council are above those recommended by the government, which are published annually at [www.gov.uk/foster-carers/help-with-the-cost-of-fostering](http://www.gov.uk/foster-carers/help-with-the-cost-of-fostering). Allowances must be spent on the care of the child and the fostering task and should not be relied upon as a source of income for the foster carer.

If carers meet the required criteria, they may receive an additional weekly allowance per child in recognition of skill, a Level 2 allowance. Level 2 allowances consist of the age-related allowance plus an additional fee per child.

Allowances are designed to cover all the costs of caring for a looked after child, including food, clothing, pocket money, school expenses including school meals, social and leisure activities, travel, and additional household costs, such as laundry, heating, general wear and tear and household insurance. There is an expectation that foster carers will also use the allowance to build up the child's personal possessions e.g. toys, books, CDs, photographs etc. These items are considered the property of the child and must stay with the child if they return home or move placement.

How the allowance is spent is mainly left to the discretion of the foster carer. There is an expectation that the allowance is spent on the child or the additional costs incurred by caring for a child (i.e. additional household expenses). The following is a rough guide as to how the age-related component of the allowance should be spent on specific aspects of care:

•	Clothing	25%
•	Personal	15%
•	Household expenses	20%
•	Food	30%
•	Transport	10%

The additional amount paid to Level 2 foster carers is paid in recognition of the fact that the children placed will be likely to have more complex needs and therefore may require higher levels of spending to meet those needs. Foster carers may be required to undertake additional tasks using the skills and experience they have developed over time.

We suggest that all foster carers keep receipts for clothing and large items purchased for auditing purposes as occasionally you may be asked to account for how the allowance has been spent.

### **4. Festival allowances**

Festival and birthday allowances will generally be paid in advance of the child's birthday or Christmas. It is expected that the foster carer will use the allowance to purchase gifts for the

child. Sometimes a child will move placement or be discharged home prior to their birthday or Christmas. If a child moves to another foster placement, the foster carer should pass on any presents bought and any remaining money, together with receipts to the receiving foster carer. If a child returns home, any presents should be given to the child's social worker; receipts and remaining money should be given to the supervising social worker to be returned to the department.

## **5. Holiday allowances**

A holiday allowance is paid as a contribution towards the cost of holidays, day trips or outings for the child. The payment is made in May for children in placement at that time. If the child leaves your care before the summer school holiday period, the amount previously paid will be reclaimed. If a child is placed with you after May and is to remain in your care during the summer holiday period, the payment will be made. You will need to contact your supervising social worker, who will arrange for the holiday allowance to be paid.

## **6. Clothing allowances**

It is expected that all children looked after will be clothed to a good standard. Clothes should be new and bought specifically for the child, not second hand. You should ensure that children's feet are regularly checked for size and that shoes are well fitting.

The child should bring some clothing with them when they arrive in placement. However, if the child does not have sufficient clothing, a discretionary one-off payment may be made at the beginning of placement. Please discuss this with your supervising social worker. An additional allowance is paid every six months for clothing. These payments are made in January and July each year.

If a child changes school and new uniform is essential, an additional allowance may be requested.

Foster carers are asked to keep receipts for clothing, as these may be needed for auditing purposes.

In the event of a child moving from the care of one foster carer to another, it is expected that the child's clothing is adequate, both in terms of quantity and quality. Any unspent clothing allowance should be transferred to the receiving foster carer.

When a child is in placement or moves to another carer/placement or returns home, the minimum clothing they should have is shown below. However, note this is a **minimum** and it is expected that foster carers will buy clothes regularly for the child.

## **7. Minimum clothing requirements for looked after children**

All clothing and footwear must be in good condition and fit the child.

School wear

Children who are looked after often have low self-esteem and a poor sense of identity. We strongly advise foster carers to buy school uniform with the school logo to promote children's sense of belonging and identity.

- School uniform, as required by the school
- 3 trousers/skirts

- 2 sweatshirts/jumpers
- 5 polo shirts/shirts
- At least one pair of school shoes
- PE plimsolls/sports footwear, and school PE kit as required by the school
- Blazer, if applicable

#### Underwear

- 14 pairs pants
- 14 pairs socks/tights
- 7 vests/bras
- A minimum of 14 baby-grows/sleep suits (age-appropriate)
- Swimwear

#### Nightwear

- 5 pyjamas/nightdresses
- Dressing gown
- Slippers

#### Winter clothing

- A warm, waterproof coat
- Hat, scarf and gloves (age-appropriate)
- Winter boots/footwear

#### Summer clothing

- Light coat or jacket
- Sandals/light summer footwear

#### General

- At least 2 pairs of leisure footwear (e.g. trainers/sandals)
- At least 7 trousers/skirts/dresses etc.
- 10 T-shirts/tops/jumpers
- 10 outfits for babies
- Party outfits e.g. for Christmas and birthdays, as required
- Sportswear, equipment or uniforms, as required for social and leisure activities
- A suitcase or holdall to carry clothing when the child goes on holiday, moves placement or returns to birth family.

### **8. Educational school trips**

The weekly foster carer allowance is designed to cover school costs, including educational trips. It is expected that foster carers will ensure that children have opportunity to go on school trips and should therefore budget for them from the weekly allowance.

It is acknowledged that trips can be very expensive. If there is a significant cost for a trip or activity there is some discretion around additional funding. The foster carer can apply for additional funding through their supervising social worker. Please note, however, this funding is limited and requests will be considered in relation to available funds.

### **9. Day fostering**

Occasionally, children will spend a short period of time during the day with another foster carer as part of their plan. Foster carers may be expected to provide meals, entertain the child. A

day fostering allowance will be paid. Day fostering allowances will not be paid for more than 30 days in any 12-month period for the same child unless there are exceptional circumstances.

## **10. Payment of allowances when a child is away from the foster home**

Usually when a child leaves the foster home, the foster carer will cease to receive the foster carer allowance. There may, however, be reasons why the child is away from the foster home on a temporary basis. The following outlines the most likely situations and allowance arrangements in each set of circumstances:

### Educational trips

Although the child is away from home, the foster carer will still incur expenses for the cost of the trip, pocket money etc. The full allowance will be paid for up to two weeks while the child is away.

### Rehabilitation/planned introductions

The care plan for the child may be for him/her to return to birth family or move to another placement. If the child is away from the foster home for three nights or less, the full allowance is paid to the foster carer. If the child is away for four nights or more, the allowance is paid pro-rata. If foster carers are supporting a child in moving to a placement at a distance, they will be able to claim transport or accommodation payments (must be agreed in advance with the Fostering Service Manager).

### Hospital admission

If a child is admitted to hospital and the plan is for the child to return to the foster carer, the allowance will be paid for the first two weeks. After two weeks, the allowance will be paid at 50% to assist the foster carer in the purchase of cards, gifts etc and cover the costs of visits and maintaining the placement.

### Child missing from placement

If a child is missing from placement for four nights or more, the allowance will be paid pro-rata.

### Part time placements

Occasionally the plan is for the child to be placed for only part of the week. In these circumstances, the foster carer will receive a pro-rata payment based on the weekly foster carer allowance.

### Respite placements between foster carers to maintain a child's placement

Occasionally respite arrangements will be needed to support a child's placement. These are usually one or two nights a month and will be part of the child's plan. In these instances, the age-related allowance component will be paid to both the main foster carer and the respite foster carer. Where one or both of the carers are Level 2 carers, both carers will receive the Level 2 payment.

### Foster carer's holiday/short breaks

When a foster carer requests a respite placement to facilitate their own holidays, short break or time away, the allowance will be paid to the respite foster carer and the main foster carer will not receive any payment of fostering allowance or the Level 2 payment.

## **11. Payment of a retainer**

A retainer will be paid to a foster carer who is subject to an allegation and the child is removed from their care. This will be paid at a flat rate, not at the age-related fostering allowance rate and will not include the Level 2 payment. This is for a maximum period of 12 months and will

be regularly reviewed while the investigation is ongoing. If the investigation is completed within a shorter period, the retainer payment will end.

Any other requests for retainer payments will be individually considered, but there is no guarantee of a payment being made.

## **12. Children with disabilities**

When a child who is in receipt of Disability Living Allowance (DLA) becomes looked after and is placed with a foster carer, the foster carer can apply for the DLA. The child's social worker will advise the foster carer about making the application. The allowance must be used to cover the additional costs of caring for the child. How the DLA is used must be discussed with the child's social worker and recorded in the placement agreement and regularly reviewed as part of the care planning process.

We strongly advise foster carers to open a separate bank account for the DLA. The foster carer should keep a record of what the DLA money has been spent on and ensure that bank statements are available to be viewed by the child's social worker or supervising social worker on request. (See Stockton Borough Council Fostering Service Disability Living Allowance Policy for Looked After Children in Foster Care)

## **13. Furniture and equipment**

The Fostering Service can supply beds, some bedroom furniture and bedding, car seats, prams, pushchairs etc. to equip you to look after a child. We have arrangements in place to order equipment through specific suppliers. If foster carers buy equipment without consultation with their supervising social worker we cannot guarantee they will be reimbursed. Please discuss any equipment needs with your supervising social worker. If you are to be reimbursed, you must provide receipts.

## **14. Payments for computers and internet access**

No payments are available to provide computer equipment or internet access for foster carers. Foster carers are expected to provide their own computer equipment and internet connection that is available to the children in their care, subject to current e-safety guidance.

## **15. Mileage/travel expenses**

A proportion of the weekly fostering allowance is intended to cover travel expenses incurred for usual caring tasks, such as taking children to and from school, attending school meetings and events, attending routine health and dental appointments, and taking children to and from leisure activities.

Foster carers are entitled to claim a travel allowance, e.g. mileage, if they use their own cars, or bus fares, for:

- Transporting a child to school outside your local area (over 3 miles away).
- Transporting a child to medical or dental appointments outside your local area.
- Attendance at any departmental meetings about the child.
- Attendance at court.
- Agreed family time for children with their birth family members.
- Attendance at foster carer training and support groups.

Mileage claims must be made monthly and paper or electronic forms for claiming mileage are available from the supervising social worker. Bus tickets and taxi receipts must be kept and

passed to the supervising social worker, who will arrange for foster carers to be reimbursed. Taxi fares must be agreed in advance of you making a journey.

If a foster carer uses his/her own vehicle to transport foster children, the vehicle must be in roadworthy condition and the foster carer must have appropriate insurance cover. Car insurance certificate will need to be shown to your supervising social worker on at least an annual basis and when car insurance is renewed.

## **16. School meals**

A child does not automatically qualify for free school meals because they are in foster care. It is an expectation that foster carers budget from the fostering allowance they receive for school meals.

Non-means tested free school meals have been available to children in Reception, Year 1, and Year 2 since September 2014. This came into place under the Children and Families Act. Currently, all KS1 pupils in state-funded schools are entitled to a free, healthy lunch regardless of their family income.

## **17. Savings accounts for looked after children**

Foster carers should open a savings account for the child and save a regular amount into the account for the child each week.

Most children are excited by the opportunity to have a personal bank account and it is a good way to help a child learn about the importance of saving money, as well as spending it responsibly. Make sure you are prepared before going to the bank as you will need certain documents such as ID for the child e.g. birth certificate or passport. Talk to the child's social worker or your supervising social worker for further information.

If the child moves on from your care, you must ensure that the details of the savings account and any paperwork, passbooks and cards are transferred. (See Stockton Borough Council Fostering Service Policy and Practice Guidance – Pocket Money and Savings for Children in our Care).

## **18. Pocket money**

The Fostering Services: National Minimum Standards Standard 2.2.7 states: "Children receive a personal allowance appropriate to their age and understanding, that is consistent with their placement plan".

It is a good thing for children to have a small amount of disposable cash because it helps them to learn to budget. The amount of pocket money is at the foster carer's discretion but if you want some advice speak to the child's social worker or the supervising social worker. There are lots of considerations, for example parity between pocket for the looked after child and your birth children. This should be discussed and agreed at the placement agreement meeting. (See Stockton Borough Council Fostering Service Policy and Practice Guidance – Pocket Money and Savings for Children in our Care).

## 19. Insurance

We advise foster carers to inform their motor insurance company that they are foster carers and, if necessary, arrange to get 'business use' for their vehicle so they can transport the child, attend meetings and appointments.

You should inform your insurance company in writing (both house and contents insurers) that you are a foster carer and maintain a household insurance policy to cover accidental damage. Foster carer allowances include an amount to cover general wear and tear to furniture and property.

Occasionally a child might cause more serious damage. Foster carers are expected to claim on their household insurance for any damage to property caused by a child in placement. If the foster carers' insurance company will not pay, Stockton-on-Tees Borough Council has insurance cover for accidental damage (this excludes damage to vehicles). An ex-gratia payment can be requested through your supervising social worker. If a foster carer requests an ex-gratia payment, he/she must provide evidence that their own insurance company will not pay.

## 20. Welfare benefits

Carers receiving state benefits are advised to check any possible effects that fostering could have on your claims. You should seek advice either directly from your local Jobcentre Plus or the Inland Revenue, or from an advice service such as the Citizens Advice Bureau (contact details at the back of this handbook) or the Stockton Welfare Rights Unit (Advice Line available Monday to Friday 2.00pm to 5.00pm on telephone 01642 526141). Generally, fostering allowances are disregarded but the benefits system is complex and advice should be obtained.

If you receive a fostering allowance in respect of a child, **you are not entitled to claim Child Benefit or Child Tax Credits**. You cannot claim any benefits for a child you are fostering. If, however, the child placed with you has a disability, you may be able to claim certain benefits. The child's social worker will advise you of entitlements in the case of disability.

## 21. Tax and fostering payments

All foster carers have a personal responsibility in law, as individuals, to notify the tax office if they receive fostering payments. Your supervising social worker cannot provide advice about tax liability, they can only signpost you to available specialist information.

**ALL** payments that a foster carer receives are taken into account when determining whether they need to declare earnings to the tax office.

It is essential that you retain your annual statements from the fostering service which detail all your payments. You will need this statement as a record of:

- The total payments you have received for the year from your local authority (including payments for holidays, clothing, festivals, birthdays, money reimbursed to you for equipment purchased, mileage and mentoring payments etc).
- The number of weeks that you care for each child placed with you in the tax year and the age (or birthday) of each child. A tax week runs from Monday to Sunday and any part of a week counts as a full week.

HMRC (Tax office) requires **ALL** foster carers (including connected foster carers) and staying put providers to be registered as self-employed.



There is a specific tax scheme in place for carers called Qualifying Care Relief (QCR). This scheme allows carers to receive fostering payments up to their tax threshold without being liable for tax.

Most foster carers do not pay tax on their payments because the QCR is sufficiently high, however, you are expected to register regardless of whether you have taxable profit or not.

HMRC will charge a penalty if the carer does not register as self-employed within 6 months after the end of the tax year in which they became approved as a carer.

HMRC have produced an e-learning package for carers which is online, where you can learn about the requirements and what you need to do:

HMRC's e-learning course [www.hmrc.gov.uk/courses/syob3/fc/index.htm](http://www.hmrc.gov.uk/courses/syob3/fc/index.htm)

This course can also be accessed via our Fostering Page on the Stockton Borough Council website

<https://www.stockton.gov.uk/our-people/fostering/being-a-foster-carer/>

## **22. National Insurance contributions**

As a foster carer you are entitled apply to National Insurance Credits (NICs). We recommend that you check your eligibility using this government website:

[www.gov.uk/national-insurance-credits/eligibility](http://www.gov.uk/national-insurance-credits/eligibility)

The number of years that you pay or receive NICs may affect benefits you receive in future, for example the state pension.

## **23. Foster carers' pension**

Foster carers are entitled to 'Home Responsibilities Protection' (HRP). This means the number of years foster carers need to work to qualify for the state pension will be reduced to take into account their years of caring for foster children. This change will increase a foster carers' financial security and recognise the importance of the work that they carry out. For more information visit:

[www.pensionsservice.gov.uk](http://www.pensionsservice.gov.uk)

## **24. Financial support for adaptations and extensions to foster carer's properties**

Adaptations and extensions to foster carers properties will only be considered in exceptional circumstances. Where a foster carer occupies a social housing property, the supervising social worker will support with an application for re-housing to a more suitable or larger property and support will also be considered for foster carers who live in privately rented properties. This support could include, for example, help with removal costs and bonds, but would not include ongoing payment of additional rental costs. If a foster carer is an owner-occupier and decides to move into a larger property, the local authority will not pay any deposit costs or additional mortgage costs.

The main reasons why adaptations and extensions would be considered are when foster carers have taken on the care of sibling groups on a long-term basis or to increase the placement capacity of the local authority as identified in a Valuing Care assessment.

Applications for adaptations and extensions will only be considered where it can be evidenced that all other options and resources have been exhausted.

Applications will only be considered for children with disabilities where the adaptations required do not arise from the needs related to the disability or where these needs do not meet the criteria for an application to the Disabled Facilities Grant.

If a need is identified, the social worker for the child or the supervising social worker will complete a request, which will be presented to the Resource Panel for a decision in principle.

If an 'in principle' recommendation is reached, the Resource Panel chair will forward the Panel recommendation to the Assistant Director of Children's Services for a decision.

If agreed, the social worker will make a referral to the Housing Regeneration and Investment Team for an assessment of the feasibility of an adaptation to the home. This will include comments on the feasibility of the adaptation requested or suggestions of an alternative or more cost-effective adaptation. Following this assessment, the Assistant Director will make a final decision.

If agreed the social worker will make an offer in writing to the foster carer (which may be different from the original proposal) and the carer will be asked to indicate whether or not they agree with the proposal and if they wish to proceed.

If the foster carer agrees to proceed, the social worker will inform the legal department so that the legal agreement can be drawn up and the housing team will arrange for the property survey, schedule of works and for the works to commence.

The **Policy for Extension and Adaptations to the Homes of Stockton-on-Tees Borough Council's Children's Carers** is available on request.

## ALLOWANCES FOR FOSTER CARERS

### Foster carer weekly allowance rates from 1 April 2023

#### LEVEL 1 ALLOWANCES

0 - 4 years	£159.00
5 – 10 years	£175.00
11 – 15 years	£216.00
16+ years	£263.00
Birthday allowance	1 x weekly allowance
Christmas allowance	1 x weekly allowance
Holiday allowance	2 x weekly allowance

#### LEVEL 2 ALLOWANCES – Age related allowance plus £125 per week per child

0 – 4 years	£284.00
5 – 10 years	£300.00
11 – 15 years	£341.00
16+ years	£388.00

#### LEVEL 2 BIRTHDAY AND CHRISTMAS ALLOWANCES

0 - 4 years	£159.00
5 – 10 years	£175.00
11 – 15 years	£216.00
16+ years	£263.00

#### LEVEL 2 HOLIDAY ALLOWANCES

0 – 4 years	£318.00
5 – 10 years	£350.00
11 – 15 years	£432.00
16+ years	£526.00

#### RESPITE PAYMENTS

Where foster carer on holiday/not available	Respite foster carer to receive appropriate allowance for child – main carer not to receive payment
Respite to support main placement	Both carers to receive payment in line with their level (i.e. Level 1 or 2). No deductions to be made

#### DAY FOSTERING RATES (FOR ALL AGE RANGES)

£5 per hour	Up to 30 days per year per child
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## RETAINER PAYMENTS

No child in placement	No retainer to be paid when children are not in placement with foster carer (unless this is a specific arrangement, agreed by Fostering Manager).
Carers subject to a safeguarding allegation/investigation - children have been removed from placement	£125 per week (For a period of up to 12 months where allegation/investigation not yet resolved)

## CLOTHING ALLOWANCES

Initial **discretionary** payment at start of placement, depending on the child's circumstances.

0 – 11 years	£125.00
12 – 17 years	£200.00

For children in placement for more than 6 months, an additional payment of every 6 months, in January and July.

0 – 11 years	£125.00
12 – 17 years	£200.00

## MILEAGE/TRAVEL

Mileage will be paid at 39 pence per mile. Please refer to mileage section of handbook for guidelines on what mileage may be claimed.