

FOSTERING ALLOWANCES



ALL ABOUT
FOSTERING ALLOWANCES
FOSTER CARE PAYMENT
FOSTER CARER TAX BENEFITS



**INVESTORS
IN PEOPLE**

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FOSTERING ALLOWANCES

Understand the detailed breakdown of Fostering allowances

Looked after children and young people have many different needs and complexities. At Sunbeam Fostering, carers receive a carer payment which reflects the needs of the child or young person they are caring for. Payment rates, therefore, can be up to £650 per week per child for complex placements. We welcome all foster carers who are considering fostering, with this ethos engrained within our service, the carer payment is just one of the ways by which we seek to support foster carers and children and young people.

• Understanding the foster carer payment

The foster carer payment is in place to ensure there is no financial implication to the foster carer in regards to the care of the child, so the only investment foster carers need to make is that of time, love, and support.

We refer to the full payment to foster carers as the fostering allowance or foster carer payment, however, this is broken down into two parts

• Allowance Element

The allowance element covers daily and living costs to care for a child or young person, this includes but not limited to:

- Food
- Clothing
- Utilities
- Transport
- Pocket money
- Outings and activities
- Holiday costs



- **Reward Element**

The reward element enables foster carers to be paid for their work because fostering is a professional career, whether you work alongside fostering or are a full-time foster carer, the reward element is your income. This means that the income generated from fostering could be in excess of £20,000 (figures based on carer payments 2020 when caring for up to 2 children for a full year (52 weeks)).

At Sunbeam we share detailed carer payment information with approved foster carers annually, we review and align our carer payments with the needs of the children and young people so there is always flexibility around this to ensure foster carers are actually supported financially and can focus on what's really important – caring for the child.

- **Allowance and reward element**

Allowance

£20,000

Reward element*

£20,000

£40,000 Total Carer Payment



TYPES OF FOSTERING

Type and amount of fostering allowance

• Local Authority Foster Care

If you are fostering children via your local authority you will be paid the foster carer's allowance according to the criteria they set. Foster carer's allowance varies in each local authority but the rate set by the government starts at £123 per week for babies, right up to £216 per week for 16-17 year olds with an enhancement for London and the South East of England. These are the standard recommended rates and depending on the circumstances, you are likely to receive higher foster carer's allowance than this.

• Independent Fostering Agencies (IFA's)

Independent fostering agencies pay fostering allowances in a slightly different way; foster parent working with an independent agency will receive a fostering fee of up to £650 per child per week although this will vary according to the needs of the child that is placed, for example:

- Parent and Child
- Remand Fostering
- Short or London term
- Children with complex needs
- Sibling Groups
- Enhanced Fostering

• Private Arrangements

Where a private arrangement has been made between a parent and a foster parent, the responsibility for any foster fee or allowance falls to the parent. In this circumstance the foster carer is responsible for claiming the correct benefits for the child like tax credits and housing benefit. There is no state remuneration or fostering allowance payable in this case.



TAX RECORDS AND RELIEF

• Self Employed Status

Working as a Foster Carer & having Fostering Payments means you are classed as self-employed. Foster carers are classed as self-employed, this means that you will receive all the payments with no deductions for national insurance or tax. You, however, will need to register as self-employed with the HMRC and complete a tax return each year. To find out more about self-assessment, please go to HMRC website or click this link <https://www.gov.uk/self-assessment-tax-returns>

• Tax Relief on Fostering

There is tax relief on fostering allowance available to foster parents and foster carers. Not only is there a £10,000 tax exemption on fostering allowance but there is also a weekly tax relief available of up to £250 per week for every week that you are caring for a foster child in your home and, in turn, claiming the fostering allowance or fostering fee.

For example, if you are fostering a 14-year-old for the whole of the year and for an 8-year-old for 10 weeks of the year. You don't have to pay tax on the first £25,000 you earn:

Tax exemption = £10,000 + Child 1 (52 x £250) = £13,000 + Child 2 (10 x £200) = £2,000
Total = £25,000

The tax relief on fostering allowance is because the government wants to make sure that foster parents are treated fairly by the tax system and takes into account the expenses that you have to cover as a foster parent. It is important that you keep records of the weeks when you are caring for children and when you have no foster children at your home so that you are able to claim these reliefs when it comes to tax and self-assessment. Being sure to record all fostering allowance payments, fostering fee's received and tracking your expenses. This will make completing your tax return much easier at the end of the financial year.

Please note this document is not intended to cover or provide any tax advice. We recommend all foster carers seek independence advice on their tax affairs if required. Guidance is provided by HMRC at <http://www.hmrc.gov.uk/courses/syob2/fc/index.htm>



FOSTERING BENEFITS

Fostering fees and allowances are not counted as income in respect of most means-tested benefits. If you are eligible for working age benefits, they will not be affected by your fostering allowance. The benefits include the following:

- **Income Support**
- **Job Seekers Allowance**
- **Council Tax Reduction**
- **Disability Living Allowance**
- **Working Tax Credits**
- **Housing Benefit**

Although fostering allowance is not counted as income for benefits, you should make sure that you declare this income when you apply for any benefit.

• **Council tax reduction**

Alongside the fostering allowance you may be able to have your council tax bill lowered by up to 100%. This, of course, depends on your circumstances and how many people live in your household. Each local council sets its own rules and eligibility criteria for the council tax reduction scheme and you would need to speak to your local council in order to find out if you qualify for this.

• **Housing Benefit Help**

Contact your local council to find out about claiming housing benefit for children that you are caring for in your home. This can help to contribute towards your rent (not available if you own a property either living in or renting it out). You can also claim for a period of up to 52 weeks for a bedroom that is reserved for a foster child but is currently unoccupied.



There are many solutions that can help you make the most of life as a foster parent and the financial incentives available make the process a bit easier. Not having to worry about where money is coming from means that you can get on with what you do best, which is caring for the children that you have fostered.

Money isn't the only thing that a foster parent needs but fostering allowance, which has the reward element to it, helps you to ensure that the home environment is as comfortable as it can be for you as well as for the children. All of the above is there to help and assist you in creating a stable and secure environment. Be sure to take advantage of all the help offered.



CHOOSING

An Independent Fostering Agency

What to look for in an independent fostering agency (IFA)/how to select an agency?

To select an agency with whom you would like to be a foster carer, look out for the following:

- When a child is placed in care, the LA is their corporate parent. Historically, Local Authorities have been responsible for providing fostering services through foster carers they have recruited.
- Independent Fostering Agencies (IFA) came into existence to support Local Authorities services and provide greater choice for the child being placed.
- In 2002, Fostering Guidelines and Regulations were introduced for IFAs to adhere to and the private sector provision has now increased to 30% of all foster care placements. The Local Authority provision remains far higher than IFAs but the Government is committed to expanding choice and supporting private sector growth.
- The market for IFAs includes a few larger national players, several regional operators and small businesses. The majority of IFA's are companies.
- When selecting an IFA to foster with, it is important that potential carers consider many areas but in particular the support they receive, allowances payable and whether they will receive placement of a child.

What to look for in an IFA/how to select an agency? To select an agency with whom you would like to be a foster carer, look out for,

- If they have local office
- Their Ofsted inspection reports
- See if they provide local support
- See if they provide 24/7 support
- See if they provide free & best training
- And finally, don't forget the fostering allowance



Fostering Bonus, Loyalty and Carer Referral Payments

• Fostering Bonus

To recognise the hard work that fostering involves, we would like to pay an additional fostering bonus to carers in addition to the weekly fostering payment. This could be used as a contribution toward a holiday for example.

Foster carers would receive payments as follows on a per household basis:

- £500 for one child or young person
- £750 for two children or young persons
- £1,000 for three (or more) children or young persons

The payments are for a full 12 months fostering and would be pro rated accordingly based on the placements during the year and number of children or young persons in placement. The payment is subject to a minimum of 5 months of fostering during the year.

• Loyalty Payment (active service)

The carer payments noted on the previous pages apply to all approved foster carers for Sunbeam Fostering Agency.

However an additional payment is also applicable to the carer have children/young people in placement for a qualifying period, they receive the following additional amounts:

- * Five years active service – additional £20 per week
- * Ten years active service – additional £30 per week
- * Fifteen years active service – additional £40 per week

The above payment is irrespective of the number of children/young people placed. This supplement becomes payable from the April following the date on which a foster carer actually completes five, ten, fifteen years active service respectively. Please note if you are on extended hold for a certain period, this is not active for the purposes of the length of service. For example, if a foster carer has been approved for six years but was on hold for one full year, this would be five years active service.



Fostering Bonus, Loyalty and Carer Referral Payments

• Carer Referral Payment

We are actively recruiting further carers to meet Local Authority demand and referrals level. We welcome your involvement and if you do recommend new carers to us that are approved, we are pleased to pay the following incentives:

- New carers or existing carers (no placements) - £850
- Existing carers without placement - £1,250
- Existing carers with 1 placement - £1,500
- Existing carers with 2 or more placements - £1,750

Relevant payment is made after the approval and first placement of the recommended foster carer.





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