



Worcestershire FOSTERING

Financial Support to Foster Carers (including guidance on Disability Living Allowance)

Updated February 2026

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1. Introduction and Legal Framework

The statutory guidance for Foster Care (2011) emphasises the importance of providing clear information to foster carers on the criteria for making financial payments to them and that allowances should be sufficient to cover the cost of caring for each child placed with them. Criteria for calculating Foster Carer Allowances (FCA) must apply equally to all foster carers irrespective of type of placement.

Fees are in addition to allowances and should reflect the expertise and the nature of tasks undertaken by a range of foster carers and should be payable to any foster carer who meets the criteria of the fee scheme.

Standard 28 – Payment to Carers of the National Minimum Standards 2011 further requires fostering services to:

- Agree expenses for education and reasonable leisure activities, holidays, birthdays, and festivals which reflect the full cost of caring for a child placed with them.
- Ensure that payments are made promptly.
- Fees and allowances are reviewed annually.
- There is a clear policy on payment to foster carers including Staying Put and Parent and Child arrangements which is provided annually.
- Foster carers are encouraged to apply for any benefits that the child placed with them may be eligible for and that when these are awarded there are regular recorded discussion with foster carers on how the additional benefits are being spent in the best interest of the child.

Worcestershire Fostering recognises the importance of ensuring that foster carers receive the financial support they need to look after children placed with them and support the child to access the same educational and leisure activities as their peers. This policy sets out what payments are made for any child placed and the criteria for discretionary payments.

2. Foster Carers Fees and Allowances

2.1 Fostering Provider Portal

All Foster Carers will have access to our Fostering Provider Portal. The Portal is where Carers should submit their expense claims following discussion with their Fostering Social Worker. The Fostering Provider Portal also provides access to Carers fortnightly remittance advice slips, with a full breakdown of payments.

Carers will be provided with log in details, but If you do not have these, or have mislaid them, then please email fosteringportal@worcschildrenfirst.org.uk. The first page on the portal gives more information as well a User Guides and 'How to' videos.

[The link to the Fostering Provider Portal is here.](#)

2.2 Foster Care Allowance

Worcestershire Fostering pays a Foster Care Allowance (FCA) to all foster carers to enable them to look after the child or children placed with them. It varies according to the age of the child and is in line with the National Minimum Fostering Allowance which is set by the

Government each year. This is a “maintenance” allowance and should be used to cover the cost of caring for the child placed e.g. food, clothing, leisure activities, personal allowance contribution to household costs, day to day mileage or travel costs. (please see section 3.3 for when additional mileage can be claimed). Foster carers are expected to either provide children with a packed school lunch or pay for school dinners from the FCA.

2.3 Fees

In addition Worcester Fostering pay foster carers a fee element in recognition of the work they do. Worcester Fostering has a payment for fees scheme which pays a weekly fee per child to foster carers, including family and friend foster carers, who have a child or children placed with them; this is paid on one of four levels, or as a part of specialist fostering schemes. The criteria that foster carers must meet for each of the fee levels is set out in Worcester Fostering Payment for Skills policy.

2.4 Payment Arrangements

The FCA and the fee is paid fortnightly in arrears. Where a child is in placement for part of a week the foster carer will receive pro rata payments for the time the child is in placement.

Fees and allowances are reviewed annually and information on the fees and age related FCA will be sent to carers at the beginning of each financial year.

Foster carers receive payment through the BACS system, which allows for transfer of the payment directly into the recipient’s bank account. A mandate to set up payment through BACS is available from the finance department.

Foster carers will receive a fortnightly remittance slip which will set out the payment they are receiving. Foster carers should retain this to assist with their tax returns at the end of the financial year (see section 7).

2.5 Payment to carers providing respite

Foster carers will receive a pro rata payment of the age related FCA allowance for the child they are caring for and the fee at their level of approval.

Payment requests for respite will be made, by the supervising social workers, after the respite has been provided. Respite payments will be made at the earliest opportunity on the next payment run, which are fortnightly – see paragraph 2.4. Please note, if respite is provided in between payment runs, there may a delay of a further week before payments is made.

2.6 Payments during Introductions

Mainstream/Family and Friends/Contract - Where overnight stays are part of the plan of introductions the foster carer will receive the full fee for the child from the date of the first overnight stay and a pro rata FCA.

If the carer is receiving a retainer payment for the place the child is moving into this will cease if a fee becomes payable.

The Specialist Fostering Scheme - The Specialist fee is payable from the date that the child is matched with the foster carer.

2.7 Payments for children in receipt of the Care Component of Disability Living Allowance (DLA)

Foster carers caring for children with severe disabilities (for this purpose defined as those who qualify for higher level Disability Living Allowance Care Component) will receive 1.5 times the Foster Care Allowance (FCA) in respect of each child. This is in recognition of the additional costs associated in caring for such children. In the case of a child who is too young for the application to have been made the Fostering Group Manager's agreement is required to initiate this payment.

Foster Carers must inform their supervising social worker as soon as they become aware that a child placed with them is in receipt of the higher-level DLA care component allowance or when they receive notification that this has been awarded as this will trigger the 1.5 times FCA payment. Failure to notify Worcestershire Fostering may mean that the additional FCA funding will not be back dated unless the carer can demonstrate that they have incurred additional cost in caring for the child.

Where additional units of the FCA are paid, i.e. religious festival, birthdays, holiday allowances these will continue to be paid at 1 time the weekly amount rather than 1.5 times the weekly amount.

Please see Appendix 1 for further guidance on the use of DLA for looked after children

2.8 Parent and Child payment

Parent and their child are both looked after children– Foster carer will receive, contract fee for the child and the age related FCA + foster carer payment for skills level 3 fee and the age related FCA for parent.

Child looked after, parent not looked after – Contract fee for the child and the age related FCA + payment for skills level 3 fee and 50% of the age related FCA to cover food and household costs for the parent.

Parent is looked after; their child is not looked after – Contract fee for parent and aged related FCA. For their child, 50% of the age related FCA (on the basis that the parent is claiming benefits for the child's basic needs, if not the full FCA will be paid minus Child Benefit) + payment for skills level 3 fee.

2.9 Payments when a child is absent from the foster carer's home

The foster carer will receive the fee and FCA if the foster placement is considered to be the child's main home and the foster carer is expected to maintain the role of caregiver.

Example:

Mr and Mrs H look after Danny who needs a period of hospitalisation following an accident. They visit regularly and continue to buy clothes as necessary, extra toys/books for use in hospital. They continue to act as his main caregivers. They receive full FCA and fee for the full period of hospitalisation.

Where a child attends residential school, as a weekly or termly boarder the foster carer will receive the fee and 50% of the FCA. This is an acknowledgement of the costs incurred when the child is not in the home and in recognition of the continued fostering tasks. During holidays when the child is with the foster carer full time the full amount of FCA and the fee will be paid.

The child's looked after review will continue to review the foster carer's role in relation to the care of the child. If the foster carer ceases to be viewed as the main caregiver for the child, the FCA and fee can only continue at the discretion of the Group Manager.

If a child is absent from a foster placement for any reason other than hospitalisation or attendance at residential school the fee and FCA can be paid for a maximum of two consecutive weeks. For longer periods the fee and FCA can only continue at the discretion of the Group Manager. Normal practice in other instances will be that the placement will be ended, and a retainer paid to the carer as appropriate.

3. Additional Standard Payments – Children and Young People

3.1 Birthday and Festival Allowance

An amount equivalent to one week's FCA will be paid automatically at each birthday up to and including the young person's eighteenth birthday for the duration of the time they are in foster care.

The same amount will be paid automatically before Christmas; if the foster carers wish to access this amount to help celebrate a different religious festival, they should discuss this with their supervising social worker.

These amounts are paid automatically. The supervising social worker will notify finance if the festival allowance is required at a different time of year.

In the case of a respite carer with a significant relationship with the child the supervising social worker should request the relevant manager to consider whether to agree to a payment of £10 to the respite carer to buy a birthday/Christmas gift for the child.

3.2 Holidays with Foster Carers

Foster carers are encouraged to provide foster children with holidays. The foster carer must discuss with the child's social worker and the supervising social worker the proposed date and arrangements for the holiday before the booking is made.

All fostered children are eligible for a holiday allowance of 2 times the weekly FCA. A further discretionary allowance of up to £360 per child per year maybe payable to foster carers who either take one holiday where the total costs relating to the foster child exceed 2 times the FCA or choose to take more than one holiday when they have already used the 2 times FCA. This allowance is not automatic and must be agreed by the relevant Team Manager prior to booking. The total maximum amount available for a foster child's holidays in any one year is therefore 2 times the weekly FCA plus the discretionary £360 when this has been agreed by the relevant Team Manager.

The additional payment includes transport costs; extra finance is not available for the hire of a larger vehicle for example and this must be budgeted for within the maximum.

All requests for additional finance over the 2 times FCA must be accompanied by evidence of the estimated additional costs for the child.

Example:

Mr and Mrs S are planning a holiday in Spain for themselves, their two children and their foster child. The cost of self-catering accommodation for five people is £1,000; the cost of the flight for each child is £225. They should therefore explain to their supervising social worker that the cost of the holiday for the foster child will be one fifth of £1,000, i.e. £200, plus £225, equalling £425. The automatic allowance of 2 times the weekly FCA does not cover this. A request for the remaining additional amount, i.e. £425 less 2 times the FCA, will need to be submitted to the relevant manager.

If a foster child moves between foster placements, having already had a holiday with the first foster carers, the second foster carers may request a holiday allowance if this is needed. This will be paid on the same rates at the discretion of the relevant manager.

Some foster carers choose to remain at home during the summer holidays and to provide days out and other activities rather than a holiday away from home. In acknowledgement of the expense of such activities the holiday allowance of 2 times the FCA will be paid in these circumstances.

If the foster child has the opportunity of joining a school trip abroad it may be necessary for some of the holiday allowance to be offset against this trip. This must be discussed and agreed by the relevant Team Manager before any commitment is made.

Foster carers should ask their supervising social worker to request the payment of holiday allowances.

3.3 Mileage Payments

There is an amount in the FCA for general transport and this covers most of the trips for school, health, shopping, social, outings etc. that relates to the fostered child.

In addition, foster carers can claim a mileage payment in the following circumstances relating to a child in placement:

- travel to a school which is more than three miles from the home and is not attended by any of the foster carer's own children. Worcestershire Fostering will pay any mileage after the first 3 miles for each one-way journey. Young people should be encouraged to use public or school transport where this is consistent with their individual needs.
- the three mile rule however does not apply to foster carers taking children to education if they have an Education Health Care Plan (EHCP). The Local Authority is required to pay for their transport in this instance.

Examples:

The distance from your home to your foster child's school is 5 miles. The first 3 miles each way cannot be claimed, you can claim 2 miles each way. For a single round trip (home-school-home) you may claim 4 miles. Your total daily round school trip claim (morning drop-off and afternoon pickup) would be 8 miles.

The distance from your home to your foster child's school is 3 miles. This mileage will be covered by the weekly FCA and no extra can be claimed, unless your child has an Education Health Care Plan.

- travel to meetings relating to the child
- travel to family time for the child
- travel to exceptional medical or dental appointments, i.e. other than visits to the local GP/health or dentist.

All other journeys should be discussed with the supervising social worker before the journey is undertaken and any requests are to be agreed by the relevant Team Manager.

Foster carers must submit a mileage claim form in respect of each child in placement via the Carer Portal where it will be signed off by the relevant Team Manager before being passed to Fostering Finance for payment. If a foster carer is unable to access the Carer Portal, they then should wherever possible submit mileage claims monthly and at a minimum every 3 months. Mileage claims that are more than 3 months old will only be paid at the discretion of the relevant Team Manager.

4. Discretionary Payments – Children and Young People

4.1 Clothing Allowance

The weekly FCA includes an amount for replacement clothing and once the child is established in placement carers will be expected to replace clothing from this allowance. The table below should act as a guide on what foster carers should be spending on clothing from the weekly FCA.

Age	0 – 4 years	5 – 10 years	11 – 15 years	16 years +
% of FCA	22%	26%	26%	26%

Worcestershire Fostering recognises that most children who become looked after are likely to need their foster carer to purchase clothing for them at the point that they are placed. Worcestershire Fostering has an Initial Clothing Allowance to ensure that when children become looked after without adequate clothing this can be provided by the foster carer at the outset of the placement.

The Initial Clothing Allowance varies according to age and the maximum amount is set out in the yearly Foster Carers' Allowances and Fees leaflet that foster carers will receive at the beginning of each financial year.

At the outset of the placement the foster carer and their supervising social worker should draw up an inventory of clothing the child has and what is needed. Up to 50% of the Initial Clothing Allowance is available immediately if the child is in urgent need of clothing.

Up to the total remainder of the clothing allowance, if needed, is not payable until the second review at the earliest, at four months into the placement. Payments will only be made when there is a clear need and the foster carers can demonstrate how they have spent previous payments and how they are using the clothing proportion of the FCA.

The Placement Meeting and each review during the first year of the placement should consider clothing needs and expenditure from the Initial Clothing Allowance will be authorised accordingly by the relevant Team Manager.

A child who has been looked after for over 12 months will not be eligible for an Initial Clothing Allowance on placement in a new foster home. If the child has not been looked after for a period of 12 months there may be some of the Initial Clothing Allowance still available to transfer with the child in the case of a placement move.

Young people moving towards independence should receive a percentage of the clothing element of the foster care allowance to budget for their own clothes. This should be discussed, and amounts agreed at the placement and review meetings.

If a child's placement ends the foster carer should provide an inventory of the clothing that the child is taking with them.

It is recognised that some children are exceptionally hard on clothes, and that occasionally foster carers may feel that they are spending more on clothes than the amount included in the FCA. This should be discussed with their supervising social worker who will discuss with the relevant Team Manager whether a further clothing grant can be made.

Foster carers must keep receipts for all clothing bought for foster children, as they may have to demonstrate what that proportion of the FCA has been spent on.

4.2 School uniform and school trips

Allowances (up to the maximum specified in the Foster Carers Fees and Allowance leaflet) will be paid for school uniform when a child starts or changes school.

If at the start of a placement a child has insufficient school uniform an allowance for school uniform can be agreed by the relevant team manager in addition to the initial clothing allowance

Worcestershire Fostering expects that the foster carer will pay for most school activities from the FCA however it recognises that some school trips especially those involving overnight stays may be more expensive and an allowance of up to £100 each financial year can be paid to cover school outings subject to agreement from the relevant Team Manager prior to the trip.

4.2 Issues of Culture and Ethnicity

Worcestershire Fostering will not normally make any payments to foster carers other than those already set out. However, it is acknowledged that there may be certain circumstances where extra expenditure is required to assist a child to maintain his/her religion, or in connection with needs relating to culture and ethnicity. Where such costs arise, the foster carer should discuss this with their supervising social worker. The relevant Team Manager must then agree such expenditure.

4.3 Nursery Fees/Additional Activities

In exceptional circumstances Worcestershire Fostering will help fund a nursery place or additional activities for a child. If foster carers need this, they should discuss it with their supervising social worker who will then take the request to the Team Manager and if necessary, the Group Manager.

Worcestershire Fostering would not normally place a child with mainstream carers who require the child to attend nursery on a regular basis.

Foster carers will be expected to be accessing any free provision that the child is entitled to.

Although a holiday allowance is paid foster carers are expected to budget for other holiday or activities (including school) from their weekly allowance. Any request for additional funding for activities must clearly set out why this is needed and how it will benefit the child.

5. Other Payments to Foster Carers

5.1 Set up Costs/Replacement of Equipment

Following approval or when children are placed under Regulation 24, Worcestershire Fostering can assist with setting up costs if required, up to a maximum of £750. This would include baby equipment and bedroom furniture.

Foster carers are expected to replace equipment or furniture that needs to be replaced through normal wear and tear but where this has been damaged by a child or young person in placement and foster carers are unable to claim this on their insurance Worcestershire Fostering will pay for the replacement.

5.2 Retainers for Mainstream Carers

Mainstream foster carers are paid a retainer of 50% of the fee for up to 8 weeks or when a child is placed, following the end of a placement were the foster carer remains available to take a further placement. This is in acknowledgement of the fact that the placement is available when another child or young person has need of it. The retainer is paid according to the number of placements that have become vacant and available to Worcestershire Fostering .

On some occasion foster carers may ask to go on hold following a child moving on. A retainer will not be paid at that point. When the foster carer comes off hold and the placement is available the retainer will start for a maximum of 8 weeks or until a child is placed.

Where a foster carer is unable to offer a placement because they need to decorate a room due to the damage caused by a looked after young person a retainer is payable. The foster carers should agree with their supervising social worker the time scale for the work and any retainer paid would be counted as part of the 8-week retainer payments.

When a respite placement is made with a foster carer who is approved for short/long term and they are receiving a retainer payment for that placement the retainer payment will be suspended for the time the child is in respite when they will receive the fee and FCA pro rata. Following the ending of the respite placement the retainer payment will resume.

For example, the foster carer has received a retainer for 2 weeks for a short-term placement which is available. They agree to provide respite to a child for a week during which time they receive their fee and the age related FCA. Following the respite placement ending they can be paid a retainer for a further 6 weeks if the placement is available and no child is placed.

A retainer is not paid for a placement made based on an emergency unless the child is placed for 4 weeks or more.

A retainer is not paid for a placement made based on an exemption certificate or temporary change of approval for numbers unless this change is confirmed as permanent and the child leaving the placement had been placed for 4 weeks or more.

The retainer will start on the day after the child leaves the foster home and the fostering allowance and fee will cease on the same day.

5.3 Retainers for Respite Carers

Retainers are not paid for respite placements, even those respite arrangements that exceed four weeks unless, a respite carer provides a respite placement and the duration of the respite is not confirmed when the respite is arranged (or the original respite timescale is extended) and the child remained placed for four weeks or more. In these circumstances a two-week retainer will be paid once the child moves on. The retainer will stop and not be resumed once another child has been placed on a respite basis.

5.4 Family and Friends

Retainers are not paid to Family and Friends cares as they are approved for specific children and are therefore not able to offer placements to other children.

5.5 Lone Payments

If there is an assessed need that a child must be placed on their own, then the foster carers will be paid an additional single fee according to their level if they are approved for more than one placement.

An example of when this would be paid would be where it has been assessed that the child or young person pose a significant physical, sexual, or emotional risk to any other child in the foster home.

An additional fee will not be payable if the carer is approved for only one child or siblings.

No payment will be made for the third placement if the foster carer is approved for three placements.

The additional fee will only be paid where a child's assessed needs are such that a lone placement is required. It will not be paid in respect of children and young people for whom it is difficult to find a placement for or match a second placement with.

Following the end of a placement in this instance a retainer will be payable against any placements that the foster carer is available to provide.

5.6 Foster Carers requesting respite

Worcestershire Fostering recognises there can be many reasons why a period of respite may be appropriate for the looked after child and, or the foster carers and their family.

Where foster carers are requesting respite, they will be paid the full fee plus 60% of the FCA for the first 14 days and the retainer rate plus 60% of the FCA for a further 14 days in any financial year. 60% of the FCA is paid as it is recognised that foster carers will continue to have responsibility for costs relating to the child on respite such as clothing and that household costs are ongoing.

Foster Carers will not receive any payment if they take additional leave in the same financial year.

If Foster Carers do not take respite or do not take the full 28 days this cannot be carried over to the following year.

There may be times where Foster Carers need additional support to care for a child in placement. For example, where a child has an assessed high level of needs, and additional support is required to meet those child's needs, or where a child may be stepping down from residential care into a foster home. Additional respite to support the placement will be assessed on an individual case by case basis and will remain under review. Agreement for additional respite support must be agreed by the Fostering Service and the Children's Service, and form part of the child's care plan.

Where regular respite had been agreed as part of the child's Care Plan to support the placement no deductions to fees or allowances will be made.

For example:

Mainstream carers – holiday leave year 1st April to 31st March

Days 1 to 14 requested respite	Full Fee & 60% FCA
Days 15 to 28 requested respite	50% Fee & 60% FCA
More than 28 days requested	All payments stop for duration of respite
Respite to support placement	Full pay

Placement Plus Carers – holiday leave 1st April to 31st March

Days 1 to 28 requested respite	Full Fee & 60% FCA
More than 28 days requested	All payments stop for duration of respite
Respite to support placement	Full pay

Contact Carers – Holiday year is different to other Carers – specific to individual Carers

Days 1 to 28 requested respite	Full Fee & 60% FCA (includes respite or paid Annual Leave when no child in placement)
More than 28 days requested	All payments stop for duration of respite
Respite to support placement	Full pay

Specialist Scheme - Respite year 1st April to 31st March

Days 1 to 28 requested respite	Full Fee & 60% FCA
More than 28 days requested	All payments stop for duration of respite
Respite to support placement	Full pay

N.B. Placement Plus and Contact are OLD SCHEMES no longer being recruited to

5.7 Foster Carer's Ill Health

If a foster carer goes on hold because of ill health the Group Manager has the discretion to agree the payment of a retainer for a maximum of 8 weeks. The foster carer must have been approved by Worcestershire Fostering for at least a year and have been actively fostering and the nature of their illness must preclude them fostering.

5.8 Payments Relating to Training and Support Groups/Attending meetings

Foster carers can claim a mileage allowance for travel to foster carer groups, training, and development events, working groups, local or national events where they are representing Worcestershire Fostering.

Child related meetings, attendance at the fostering panel or meetings for a fostering review can also be claimed for. Any other journey for which foster carers may wish to claim a mileage allowance for must be discussed in advance with their supervising social worker.

Where a foster carer requires childcare to enable them to attend or deliver a training event or attend a meeting Worcestershire Fostering will pay up to £7 an hour per child either to the foster carer to pay for child-care directly or pay directly to another foster carer providing the day care.

Foster Carers should complete the claim form sent out with the joining instructions for the course.

5.9 Adoption Introductions

Foster carers can claim mileage when they transport a child as part of adoption introductions. When it is necessary for the foster carer to be away overnight, accommodation and subsistence payment can be claimed. Foster carers must discuss with their supervising social worker the cost of accommodation and subsistence for the period required before booking. Payments requests will be considered by the relevant Team Manger.

Where foster carers are hosting prospective foster carers (adopters) in their home over mealtimes the relevant Team Manager can agree reimbursement of the additional meal costs.

5.10 Payments Following Allegations

If a child remains placed in your home pending the outcome of any investigations into an allegation fostering payments will continue as normal.

When a child has been removed or it has been decided not to place children pending conclusion of investigations the following shall apply:

- The full fee according to the foster carer's level will be paid for 16 weeks or until resolution of the allegation whichever comes sooner.
- The fee will be paid in respect of the placement from which a child has been moved because of the allegation and any placement which was vacant and available prior to the allegation.
- The fee will not be paid in respect of a placement which was on hold for any reason at the of the allegation.
- The Foster Care Allowance (FCA) will not be paid.

The payment will start from either the date on which the child was removed or the date of the decision to put any available placement on hold.

In exceptional circumstances where the post allegation procedures are still ongoing after 16 weeks, through no fault of the carers, the Group Manager can agree the payment of a retainer (i.e. 50% of the fee) for up to a further 16 weeks. An extended police enquiry for example, may constitute justification for continuing the payment. It will not be possible to continue to pay the foster carer simply because the post allegation process is not resolved at the end of the initial 16 weeks. A decision to extend for a further 16 weeks is not automatic and is at the discretion of the Group Manager.

6. Staying Put Payments

Staying Put is an arrangement where a young person remains with their former foster carer/s after their eighteenth birthday.

Young people will be expected to claim any benefits to which they are entitled and to contribute to the cost of the Staying Put arrangement. If the young person is in higher education, they will be expected to apply for any grants, loans, and bursaries to which they are entitled.

The total payment to a Staying Put host in respect of a Staying Put Arrangement will be £220 per week. This is broken down into 3 elements:

6.1 Staying Put Fee

A fee of £137.50 is payable by Worcestershire Fostering directly to the Staying Put host in recognition of the support they will provide to the young person.

6.2 Rent

The Young Person will pay £60 rent per week. The Young Person will be expected to claim housing benefit and will pay this to the host.

- If a young person is in receipt of earnings and is not eligible for Housing Benefit or receives a reduced rate then they will pay the rent out of their earnings or make up the difference between their Housing Benefit and the £60.
- Where a young person has savings and is not entitled to full Housing Benefit, they would be expected to pay the £60.
- If a young person is in higher education and is therefore not eligible for Housing Benefit or is unable to claim Housing benefit for any other reason the rent will be paid for by Worcestershire County Council.

6.3 Board and Utilities

The young person will contribute from their wages, Income Support, Job Seekers Allowance or if they are in higher education any grant, loan and/or bursary they receive

- £20.00 towards food costs and
- £2.50 per week towards utility lighting and heating.

Foster carers need to recognise that the young person as an adult has the responsibility for providing their own clothing, phone costs, leisure activities etc.

7. Insurance

Foster Carers are expected to have building and contents insurance and should inform their insurance company as well as the company providing their car insurance that they are foster carers.

Where a foster carer is living in rented accommodation, they should inform their landlord that they are fostering as the landlord is likely to hold building insurance.

Where a child or young person in placement causes damage Worcestershire fostering expect the foster carer to submit a claim to their insurers in the first instance. If the claim is not settled or there is an excess payment the Group Manager can consider paying an ex-gratia payment. The foster carer will be expected to provide the Group Manager with evidence of any excess payment required and their insurers decision not to settle the claim.

8. Tax and Benefits

For tax purposes foster carers are classed as self-employed and should register as self-employed with HM Revenue and Customs (HMRC) even if they have no tax to pay. You can register in one of 3 ways:

- Completing the CWF1 form available on the HMRC
- [HMRC Register for Online Services](#)
- Calling HMRC helpline on 0300 200 3500.

HMRC set up a tax scheme for foster carers to simplify the calculation of their taxable income called Qualifying Care Relief.

Qualifying Care Relief is made up of 2 elements:

1. A fixed rate of £10,000 pounds income from fostering that is tax free if you have been a foster carer for the entire tax year. The amount is calculated on a pro rata basis if you were approved during the tax year.
2. In addition to this you can receive a weekly element of
 - a. £200 per child per week for a child under 11 years
 - b. £250 per child for a child over 11 years before you pay tax.

To calculate your tax relief, you will need to add together all the payments you receive from Worcestershire Fostering. If your total fostering income is less than your Qualifying Care Relief, then your taxable income is deemed as nil.

If you have any fostering income that exceeds your qualifying amount you also have your personal tax allowance to use as well providing this is not being used against other sources of income.

If you still have an excess, you are likely to have a tax liability.

Foster Carers can seek advice from several sources of the possible impact of payments received on any benefits they may claim and any tax liability they may have. The following are useful resources:

- [Government Site-Help with Fostering](#)
- [Foster Talk- Being Self-employed](#)
- [Fosterline- Finances](#)

Advice can also be sought from the Advice and Mediation Worker whose details you will have been given during your induction.

The Fostering network also runs Tax workshops for Worcestershire Fostering, and these are advertised in the training programme.

Appendix 1

GUIDANCE ON THE USE OF DISABILITY LIVING ALLOWANCE

Disability Living Allowance (DLA) is a benefit available to children under 16 with disabilities who have difficulties walking or who require help with personal care and/or supervision, over and above that of other children of the same age, because of their illness or disability.

The DLA benefit contains both a care and mobility component and is paid at different rates according to the child's needs. They must have had these difficulties for at least 3 months and expect them to last for at least 6 months. If they're terminally ill (that is, not expected to live more than 6 months), they don't need to have had these difficulties for 3 months.

- a) DLA care component is paid at a low, medium, or high rate.
- b) The Mobility Component is paid at low or high rate.

Any adult caring for a child who meets the eligibility criteria, providing the child is not in hospital or residential care for more than 28 days, can apply for the benefit. Although the foster carer does not need the permission of the parent to apply for DLA, the child's social worker must inform the parent of their intentions. In this situation the foster carer will become the "appointee".

If a child is in receipt of DLA, prior to becoming a looked after child, the child's social worker should be involved in discussions with the parent concerning transfer of the DLA to the foster carer. The parent must notify the Department of Works & Pensions (DWP) that the child is no longer in their care. The foster carer must inform the DWP that they will be the appointee for the child. In the same way if a child moves from one foster carer to another the foster carer to whom the child moves must notify the DWP that the appointee has changed.

Any letter giving a change in the child's circumstances should be addressed to the DWP office which is dealing with the claim and should include the following:

- Child's name and date of birth
- Reference number
- Details of alteration to placement:
- Date of move
- Name and address of new foster carer

DLA is paid to the child not the carer. Normally if the child is under 16 years old the carer will act as the appointee. Otherwise the young person, providing they are capable, can have the benefits paid to them direct.

There are no conditions laid down by the DWP as to how the money should be spent. It is intended that the money is used to enhance the child's life, so that the child derives maximum benefit from the payment of this benefit.

The money is not intended to be saved for the child for use in later years as this could result in penalties. Monies exceeding the eligible amount in an account when the child returns home will affect any benefits claimed by the parents or affect any claim for income support and housing benefits once the child reaches 16 years and makes a claim.

The use of this benefit must be discussed between the child's social worker, the parent (or person with Parental Responsibility), the supervising social worker and the foster carer. All those involved should consider flexibility in the use of the money towards the aim of improving the quality of life for the child.

The Placement Agreement Meeting will agree guidelines for its use. Carers should record all expenditure in order that they can demonstrate that the money is being used for the benefit of the child. If DLA is applied for or granted following the start of the placement, an agreement must be drawn up at that point.

Where the child is under 16, unless they are capable of managing the benefit themselves, the foster carers will be expected to set up a separate bank account for the receipt of DLA for each child, in the joint names of the child and the foster carer, into which the DLA will be paid.

The child's social worker and the supervising social worker will monitor the way in which the money is spent.

If there is evidence that the DLA is not being spent by the foster carer on the child, this will be addressed immediately with the foster carer. Foster carers should be aware that Worcestershire Fostering will take this matter seriously and this may lead to a foster carer's approval being terminated if it can be shown that they have spent the child's DLA inappropriately.

Examples of how the money could be spent

Please note this is not an exhaustive list and other potential uses for the money to benefit the child should always be discussed with the social workers;

- Activities which will particularly benefit the individual child e.g. horse riding, after school clubs
- Taxi fares for trips out
- Special holiday for the child, which could include covering additional expenses incurred by the foster family specifically in relation to the child's needs
- Activity holiday
- Extra support such as child sitting service, an escort to enable social events to be attended, or an extra helper for an outing or holiday.
- Individual equipment such as a computer
- Additional communication aids

- Special toys/play equipment
- Laundry service and appliances
- Replacement clothing where there is excessive wear and tear on clothing
- Additional heating costs
- Provision of special diet
- Additional help with personal care
- Other provision which will improve the child's life

The DLA will not be used to purchase equipment, adaptations or services which should be provided to the child by statutory agencies.