

Debate Pack

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E-petition debate on allowances and tax arrangements for foster carers

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1 Background

[E-petition 625515](#) calls on the Government “to review and increase allowances paid to foster carers, and also tax exemption levels for foster carers, so they reflect the true cost of caring for a child.” It adds that the number of foster carers is declining and that “the cost of living crisis is worsening the situation.”¹

1.1 Allowances for foster carers

Local authority foster parents are entitled to an allowance to cover the cost of caring for foster children in their home. Foster carers may also be able to apply for extra allowances to help with things such as holidays and birthdays. Allowances are set at a local level and can vary by location, and according to the age and needs of the child.

Minimum weekly allowances for foster carers in England are [published annually by the Department for Education](#).² Under [Standard 28 of the National Minimum Standards for Fostering Services](#), issued under [section 23 of the Care Standards Act 2000](#), each foster parent must receive at least the applicable national minimum allowance.³

The national minimum weekly fostering allowances in England for 2023/24 are available on Gov.uk at: [Help with the cost of fostering](#).⁴ The minimum allowances were increased by 12.43% from 1 April 2023 as part of the Government’s broader reforms of children’s social care (see section 1.3 below).⁵

The Government’s response to the e-petition noted that the national minimum allowances are “routinely uplifted each year”. It added that the 12.43% increase from April 2023 “will help foster parents cover the increasing costs of caring for children in their home.”⁶

¹ E-petition 625515, [Review and increase foster care allowances and tax exemptions](#), closed 24 April 2023.

² GOV.UK, [Help and support for foster parents in England](#).

³ Department for Education, [Fostering services: national minimum standards](#), March 2011, p55.

⁴ Gov.uk, [Help and support for foster parents in England](#).

⁵ DfE, Stable Homes, [Built on Love: Implementation Strategy and Consultation: Children’s Social Care Reform 2023](#), February 2023, para 191.

⁶ E-petition 625515, [Review and increase foster care allowances and tax exemptions](#), closed 24 April 2023.

Allowances in Scotland, Wales and Northern Ireland

Each government of the UK sets its own national minimum allowances for foster carers. Details of the minimum allowances in Scotland, Wales and Northern Ireland in 2023/24 are available on the website of the Fostering Network at: [Fostering allowances](#).⁷

The national minimum allowances increased by 5.5% from April 2023 in Wales and by 3% in Northern Ireland.⁸

Until recently, allowances for foster carers in Scotland were determined at a local level and there were no nationally set minimum allowances. However, in August 2023, the Scottish Government announced a new national minimum allowance for all foster and kinship carers. The weekly allowances were backdated to 1 April 2023. Further information is available on the website of the Scottish Government at: [New national allowance for foster and kinship carers](#).⁹

Fostering Network surveys

The Fostering Network describes itself as the UK's leading fostering charity. Each year it checks the allowances paid by all local authorities in England, Scotland and Wales, and by health and social care trusts in Northern Ireland, "to ensure they meet national minimum levels, and campaigns for them to be brought up to these levels when they are falling short."¹⁰

The Fostering Network's recommended fostering allowances rates for 2023/24 are:

- £227 per week for children aged 0 to 4.
- £275 per week for children aged 5 to 10.
- £349 per week for children aged 11 and over.¹¹

The charity's [foster care allowances survey for 2023/24](#) was published in September 2023. The report was based on FOI requests sent to all local authorities in England, Scotland and Wales, and figures supplied for each trust in Northern Ireland by the Department of Health. The report's findings included:

⁷ The Fostering Network, [Fostering allowances](#).

⁸ The Fostering Network, [Fostering allowances](#); Welsh Government, [National Minimum Allowances for Foster Carers 2023-2024](#) (PDF), 26 January 2023.

⁹ Scottish Government, [New national allowance for foster and kinship carers](#), 29 August 2023.

¹⁰ The Fostering Network, [Fostering Allowances](#).

¹¹ The Fostering Network, [Fostering Allowances](#).

- Allowances in England, Scotland and Wales vary considerably, with some children receiving up to £198.57 per week less than others.
- Northern Ireland is the only part of the UK where all foster carers receive the same rate of allowances.
- Additional allowances that foster carers can claim on top of the weekly amount vary between local areas and are complicated. Some foster carers can claim over £950 a year to take a young person on holiday, for example, while others have no holiday allowance.

The report said the current system is “creating disparity for children in foster care” and some “are not being provided with sufficient funding to achieve a minimum standard of living.” It called on governments across the UK to “significantly invest in the rates of fostering allowances to ensure they cover the full costs of caring for a child in foster care so they can thrive.”¹²

1.2 Tax relief for foster carers

Foster carers across the UK may claim “qualifying care relief” on payments they receive when they have children or adults placed with them by a local authority, health and social care trusts (in Northern Ireland), a fostering service provider, or a shared lives service provider. The amount of tax relief is made up of two parts: a fixed amount for each household for a full year, and a weekly amount for each cared-for child or adult. These provisions are UK-wide.¹³

Qualifying care relief was introduced by the then Labour Government in 2003.¹⁴ Initially the relief could only be claimed by foster carers taking care of children. In 2010 it was extended to shared lives carers, including adult placement carers, staying put carers and certain kinship carers.¹⁵

Statutory provision for this income tax relief was made by [section 176 and schedule 36 of the Finance Act 2003](#). It is incorporated in [chapter 2 to part 7 of the Income Tax \(Trading and Other Income\) Act 2005 \(sections 803-828\)](#), as amended.

¹² The Fostering Network, [‘Our children deserve better’: Calling for a fairer funding framework for children and young people in foster care](#) (PDF), September 2023, pp2-3.

¹³ HM Revenue & Customs (HMRC), [Qualifying care relief: foster carers, adult placement carers, kinship carers and staying put carers, Helpsheet HS236](#) April 2023. HMRC also publish guidance on this relief as part of their Business Income Manual (see para [BIM52753](#), retrieved 2 January 2024).

¹⁴ Inland Revenue, Foster carers: Budget Note REV BN6, 9 April 2003. See also, [HC Deb 3 June 2003 c193W](#)

¹⁵ HMRC, [Income tax relief for shared lives carers: Budget Note BN27](#), 22 June 2010

When qualifying care relief was introduced, the amount of tax relief that could be claimed was set at:

- £10,000 for each household for a full year; and
- an additional weekly amount of £200 for a child aged under eleven, and £250 for a child aged eleven or over.

With the extension of relief to shared lives carers, the £250 weekly amount has applied to each adult that is cared for.

These limits remained unchanged up to 2023.¹⁶ In the Spring Budget 2023 the Government announced that from 6 April 2023 the annual amount of qualifying care relief would be set at £18,140, and the weekly amounts set at £375 (for each child under eleven) and £450 (for each child eleven or older, and/or each adult) from 6 April 2023. In future years the rates would be increased in line with inflation.¹⁷ Statutory provision for this measure was included in the Finance (No.2) Act 2023; specifically, [section 28 of the Act](#).

When debated at Committee stage of the Bill the then Financial Secretary Victoria Atkins noted that “many carers are now paying income tax on payments intended to represent the additional costs of fostering that qualifying care relief was intended to exempt.” The Minister went on to address the impact of this measure:

[The increase in tax relief] will benefit more than 33,000 individuals who receive care income in respect of foster caring and other types of care and who currently submit self-assessment returns; such people look after an estimated 58,000 foster children.

We expect to take most care income out of tax by providing a higher level of relief. It will have simplification benefits, because it will allow more carers to use the simpler method of completing their self-employment pages on their self-assessment return.¹⁸

1.3 Foster carers recruitment

The [final report of the Independent Review of Children’s Social Care](#), published in May 2022, said there was “an immediate and pressing shortage of foster carers”. It recommended the Government launch a national foster carer recruitment campaign to recruit 9,000 additional foster carers between 2023 and 2026.¹⁹

¹⁶ [PQ132322](#), 7 March 2022

¹⁷ Spring Budget 2023, HC 1183 (PDF) March 2023 [para 4.28](#); HMRC, [Qualifying Care Relief increase](#), 15 March 2023

¹⁸ [Public Bill Committee \(Finance Bill\), First sitting, 16 May 2023 c20](#)

¹⁹ The Independent Review of Children’s Social Care, [Final Report](#), May 2022, pp133-134.

On 2 February 2023, the Government published its implementation strategy and consultation on children’s social care reform, [Stable Homes, Built on Love](#). This formed the Government’s response to the Independent Review.

The strategy said the Government would invest £3 million to deliver an initial fostering recruitment and retention programme in the North East, before expanding it from 2023 with an additional £24 million.²⁰ In April 2023, it was reported the Department for Education had issued a tender for a delivery partner to run the programme.²¹

On 15 December 2023, the Government announced an additional £8.5 million for foster care in England. It said this funding would “ensure there are more foster carers available to step up and look after children by extending recruitment campaigns, simplifying recruitment processes, and providing better support for existing foster carers to even more local authorities.”²²

In response to a parliamentary question in March 2023, the Government noted that “finances are often mentioned as a reason for foster carers deregistering”. “To alleviate this issue”, it added, “we have increased the National Minimum Allowance by more than inflation to 12.43% this year”.²³

²⁰ Department for Education, [Stable Homes, Built on Love: Implementation Strategy and Consultation: Children’s Social Care Reform 2023](#), February 2023, pp19 and 97-98.

²¹ Children and Young People Now, [DfE offers £1m contract to run foster care campaign](#), 17 April 2023.

²² DfE, [England’s first ever kinship care strategy launches](#), 15 December 2023.

²³ [PQ 156068 \[foster care: recruitment\]](#), 9 March 2023.

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Parliamentary material

2.1

Parliamentary Questions

Carers: Finance

04 December 2023 | UIN 1734

Asked by: Munira Wilson

To ask the Secretary of State for Education, whether her Department has made an assessment of the potential financial implications of providing all kinship carers with a financial allowance equivalent to the national minimum fostering allowance in the context of potential savings to children services and other public services.

Answering member: David Johnston | Department: Department for Education

As part of the commitment outlined in 'Stable Homes, Built on Love', the department is exploring the feasibility of introducing a new financial allowance for kinship carers. Further details will be shared in due course.

The department is in the final stages of drafting its kinship strategy, which outlines plans to enhance support for all kinship families in England. This strategy will complement the existing support initiatives offered by the department, such as the peer-to-peer support service and the upcoming training and support programme set to launch next year.

Universal Credit: Foster Care

22 November 2023 | UIN 1844

Asked by: Andrew Gwynne

To ask the Secretary of State for Work and Pensions, with reference to his Department's press release entitled, Employment boost for thousands of parents on Universal Credit, published on 25 October 2023, if he will consider the potential merits of applying similar conditionality requirements for family and friend carers as foster carers.

Answering member: Jo Churchill | Department: Department for Work and Pensions

Friends and family carers, also known as kinship carers, provide incredible care to children who cannot remain with their parents. The government recognises the difficult circumstances in which many kinship carers find themselves when they first take a child into their care. As such, for the first year they are only required to attend jobcentre appointments and are not required to search or prepare for work. This allows time for adjustments to the family's life and for the children to settle in.

The policy for foster carers reflects their particular circumstances. Universal Credit does not provide claimants with financial support for any foster children in their care and only requires foster carers to attend regular appointments rather than look for work.

We have recently made changes to lead carer (including kinship carer) conditionality – an increased frequency of jobcentre appointments for lead carers of 1 and 2 year olds, and an increase to the maximum hours of work-related activity for lead carers of 3-12s. Alongside this, we have increased support with childcare. These changes in conditionality and childcare availability are designed to provide support to lead carers of children, including kinship carers, to help them move into work or grow their earnings and provide the children in their care with the best possible start in life. We believe that this strikes the right balance.

Foster Care: Cost of Living

07 September 2023 | UIN 197623

Asked by: Navendu Mishra

To ask the Secretary of State for Education, whether her Department is providing additional financial support to local authorities in England to support foster children and parents with the cost of living.

Answering member: David Johnston | Department: Department for Education

The Fostering Services National Minimum Standards, issued by the Secretary of State under the Care Standards Act 2000, set out the expectation that fostering service providers cover the full cost of caring for each child placed with a foster carer. This should include paying at least the national minimum allowance (NMA), plus any agreed expenses to cover the full cost of caring for each child placed with them (Standard 28). The department expects fostering service providers to review their rates each year and to set out a clear policy on what their foster carers can expect. The Fostering Services National Minimum Standards can be accessed at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/192705/NMS_Fostering_Services.pdf.

This year the department has raised the NMA for foster carers by an above inflation increase of 12.43%, to reflect the increasing costs of caring for a child.

Foster carers also receive Qualifying Care Relief that is made up of tax exemption on the first £10,000 shared equally among any foster carers in the same household and tax relief for every week a child is in their care. This year, the department has increased the amount of income tax relief available to foster carers up to £18,140, from £10,000.

Foster Care: Allowances

22 February 2023 | UIN 147321

Asked by: Rachael Maskell

To ask the Secretary of State for Education, what assessment she has made of the potential merits of raising the National Minimum Allowances for Children in Foster Care.

Answering member: Claire Coutinho | Department: Department for Education

The National Minimum Allowance (NMA) is routinely uplifted each year, taking into account changes in inflation and what is affordable for local government. This year we have uplifted it by 12.43%, resulting in an increase of between £17 and £30 in allowances per week per child.

Local fostering service providers are responsible for setting the allowances paid to foster carers and should review their rates each year and set out a clear policy on what their foster carers can expect. Whilst these allowances will vary in accordance with local need, they should cover the costs for caring for a child. The Fostering Services: National Minimum Standards, issued by my right hon. Friend, the Secretary of State, under the Care Standards Act 2000, set out the expectations that are placed on foster carers and their agencies. These standards include that all foster carers receive at least the national minimum allowance plus any agreed expenses to cover the full cost of caring for each child placed with them (standard 28). More information can be found here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/192705/NMS_Fostering_Services.pdf.

Foster Care: Allowances

10 January 2023 | UIN 114587

Asked by: Caroline Lucas

To ask the Secretary of State for Education, pursuant to the Answer of 2 December 2022 to Question 98806 on Foster Care: Finance, if she will make an assessment of the financial impact on foster parents of not uprating the national minimum fostering allowance in line with September 2022 consumer prices index inflation; what mechanisms are in place to determine the adequate level of uprating necessary to ensure that no one suffers financially because of their fostering role; if she will make it her policy to uprate the national minimum fostering allowance in line with September 2022 consumer prices index inflation; and if she will make a statement.

Answering member: Claire Coutinho | Department: Department for Education

Foster parents deserve high quality support to provide safe and loving homes for children in their care. The department is working with stakeholders to understand the impact of financial pressures on foster carers, particularly in the context of the cost of living. The department is also in the process of looking at the annual uplift to the national minimum allowance (NMA), with

the next update to come into effect in April 2023. The NMA is not considered a wage or income for the foster parent but money to support the child in the family.

It is the responsibility of fostering service providers to set their own payment structures in accordance with local needs, using the NMA. This includes reviewing their rates each year and setting out a clear policy on what payments their foster carers can expect. This policy should include how other necessary expenses are covered for the care, education, and reasonable leisure interests for any child living with them in a fostering placement and any additional fees that the foster carer is entitled to. In 2021, the department wrote to any local authority that failed to provide the NMA.

Foster carers can also benefit from reformed tax and benefit allowances which ensure they receive the best support for their individual financial circumstances, in recognition of their role. As with all aspects of the tax system, the government will keep tax reliefs under review and any decisions on future changes will be taken by the Chancellor in the context of the wider public finances.

Foster Care: Taxation

18 October 2022 | UIN 60200

Asked by: Kim Leadbeater

To ask the Chancellor of the Exchequer, whether his Department has made an assessment of the potential (a) financial and (b) other implications of the Making Tax Digital reforms on foster carers; and if he will meet affected groups to discuss this issue.

Answering member: Richard Fuller | Department: Treasury

The Making Tax Digital (MTD) reforms aim to preserve the existing Income Tax easements for carers, whilst ensuring the wider benefits of MTD are realised.

Whether a carer is within the scope of MTD depends on if their income from caring exceeds their allowance for Qualifying Care Relief, as well as the MTD for Income Tax threshold.

All existing Income Tax easements for foster carers, such as where carers completing a tax return do not have to report expenses from caring, will apply to MTD as well.

The Government has committed to ensuring there are free software products for the smallest businesses with straightforward affairs.

HMRC will continue to engage with foster carers and their representative bodies.

2.2

Debates

Support for Kinship Carers

14 September 2023 | Westminster Hall | 737 cc447-428WH

Foster Carers

21 April 2022 | Westminster Hall | 712 cc151-174WH

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Press articles

The following is a selection of news and media articles relevant to this debate.

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[DfE launches first national kinship strategy](#)

Community Care

15 December 2023

[Foster carers in England to receive more money next year as government announces allowance increase](#)

The Fostering Network

December 2023

[Plymouth City Council offers benefits to foster carers](#)

BBC News

8 November 2023

['It is almost impossible to run a home and foster'](#)

BBC News

7 September 2023

[Spring Budget 2023 increases foster parent tax relief](#)

Foster Care Associates

16 March 2023

[Foster carers hit by rising prices consider leaving](#)

BBC News

10 November 2022

[Half of foster carers considering quitting due to cost of living crisis, finds survey](#)

Community Care

2 August 2022

[Six steps to improve the lives of foster carers and vulnerable children](#)

The Guardian

13 August 2018

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Further reading

[Championing kinship care: national kinship care strategy](#)

Department for Education

15 December 2023

[Children's social care: stable homes, built on love](#)

Department for Education

21 September 2023

[New national allowance for foster and kinship carers](#)

Scottish Government

29 August 2023

[Foster care allowances report UK 2023/24](#) (PDF)

The Fostering Network

August 2023

[Qualifying Care Relief increase](#)

HMRC

15 March 2023

[Fostering allowances policy position paper](#)

The Fostering Network

2023

[Fostering Pay policy position paper](#)

The Fostering Network

2023

[Fair funding for children in foster care](#) (PDF)

The Fostering Network

8 November 2022

[Cost of living update](#)

FosterTalk Blog

17 November 2022

[Cost of Living Report 2022](#) (PDF)

FosterTalk

2022

[2022 Cost of Living Crisis Survey Results](#)

FosterWiki

July 2022

[Statement on the cost of living increase: national minimum allowances](#)

The Fostering Network

March 2022

Fostering the future: Recruiting and retaining more foster carers

Social Market Foundation

29 August 2021

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