

The cost of fostering: briefing paper

November 2022

Introduction

The Fostering Network¹ is calling on all governments across the UK to fund foster care properly by reviewing the levels of foster care allowances, using up to date evidence, to ensure they cover the full costs of looking after a child in foster care to be supported to thrive throughout their childhood.

Foster families are currently receiving much less than they need to support the children in their care. Many dip into their own pockets to cover the costs of caring. This unacceptable situation has been faced by foster carers for years, well before the current cost-of-living crisis. Now, as inflation rises and energy, food and fuel prices soar, foster carers may no longer be able to fund the gaps left by the state.

We are calling for the following:

- Governments across the UK to significantly invest in the rates of foster care allowances for children in foster care in England, Wales, Scotland and Northern Ireland;
- Allowances should be calculated using up to date evidence, cover the full costs of caring for a child and remain under regular review in line with annual inflation and other relevant factors;
- All fostering services should be expected to adhere to nationally agreed allowances; and
- The regulatory bodies for fostering in each country of the UK should introduce systems to monitor compliance in line with current regulatory requirements to ensure consistency for children, foster carers and potential future foster carers.

The rest of this briefing paper sets out the important role foster care plays in our society today, current inconsistencies and different levels of foster care allowance payments made to foster carers and The Fostering Network's proposed solution to achieve a fairer funding framework for children and young people in foster care.

¹ See Appendix A for further information about The Fostering Network.

Part one: Importance of foster care

The Fostering Network strongly believes for those children and young people who cannot live with their families that foster care is the most effective way to ensure children have safe, stable and loving homes. In the UK today over 70,000 children live with almost 56,000 foster families each day. This is nearly three-quarters of the 97,000 children in care away from home on any one day in the UK.

We know that good foster care is a protective factor for children's education and well-being, despite the trauma of coming into care and the challenges children and young people may have experienced. Foster care provides children with stability, security, attachment, and it can be a child's first positive experience of family life. As well as providing this family environment, foster carers are also the primary advocates and first educators for the children they look after.

Foster carers provide a unique form of care for children who are unable to live with their birth family in the short- or long-term. Foster care allows children to grow up in a nurturing family environment and to stay within their local community so they can remain connected with everything that is important to them – their family and friends, school and other activities. However, recruiting and retaining sufficient numbers of committed foster carers with the skills, capacity and support to provide children with loving family homes in which they can thrive is a continual challenge for fostering services across the UK.

The impact of not having sufficient numbers of foster carers in the right place, at the right time is that children are being placed far from home, separated from their siblings or in a placement that does not meet all of their needs. Some of these alternative placements can be extremely costly. A recent Ofsted report found that over one third of children living in residential settings were supposed to be in foster care according to their care plan.²

Against the backdrop of recruitment and retention pressures in foster care and a wider cost of living crisis, it is vitally important that foster care is appropriately funded and the allowance is at the right level to cover the full costs of caring for a child. Foster carers are holding up the weight of the care system but often without the resources and support necessary to allow them to fulfil their role. The continued failure to provide an allowance at the right level to meet the full costs of caring for a child means foster carers may have to subsidise the cost of care, or children in foster care may not be able to access the same opportunities and childhood experiences as their peers.

Part two: Current funding system

For those children and young people who are fostered, their fostering families should be in receipt of an allowance designed to cover the cost of their care. This is generally well accepted at local and central government level, however the reality of how children experience the application of these allowances is far from consistent. In Wales, Northern Ireland and England the governments have set National Minimum Allowances, commonly known as NMA.³ A minimum level has yet to be set in Scotland despite a decade long commitment by the government to introduce it. The NMA levels differ across each country, they are not statutory, there is no statutory monitoring requirement and it does not fall under inspections or notifiable data. This results in some services paying above or below the rates as they are free to interpret them as they see fit. The existing policy therefore fails to provide consistency at a national level between countries of the UK and in application of the minimum level within each country.

² Ofsted (2022) [Why do children go into children's homes?](#)

³ View current NMA rates here: [England](#), [Northern Ireland](#) and [Wales](#).

Consequently, for some children, a weekly NMA will be the only funds their foster carers receive, while for others they may be able to keep receipts and claim for additional items. Some will receive furniture and equipment, some might be able to claim mileage, sometimes extra payments are made during school holidays, or birthdays, occasionally funds for clothing or school trips can be provided, the list of differences goes on. This has resulted in a postcode lottery for children and inequalities due to the variation in financial support available.

To demonstrate the levels of difference that result, according to currently published NMAs, a foster carer raising a child aged two years old living in England should receive £137 per week, a foster carer raising the same aged child living in Wales should receive £200 per week. These children may live just a postcode apart but the funds allocated by their respective governments to raise them could differ by £63 per week, £252 over the course of the month or £3,204 annually. The impact this level of difference could have on the child's wellbeing, experiences and access to opportunities is considerable.

The existing policy is not delivering its original intent of covering the cost of caring for a child in foster care. In our most recent State of the Nation's Foster Care survey, which surveyed over 3,300 foster carers from across the UK, over a third reported that their allowances do not cover the full cost of looking after a child.⁴

Through forums with our fostering service members, we also know that services are concerned that differing rates of allowances are impacting on local recruitment. In order to ensure as many children as possible remain in their local communities, fostering services should be required to adhere to consistent allowances in order to ensure recruitment is driven by children's needs and not financial incentivisation.

Part three: Fairer funding framework for children and young people in foster care

The Fostering Network is proposing a solution which is primarily intended to ensure sufficiency of funds for fostering families but would also have the benefit of creating consistency and simplicity. Our recommendations seek to eliminate the issues with the current system which are affecting the fostering community and impacting negatively upon children.

Underpinning our work are six key principles which we have developed in consultation with the fostering sector and informed by previous work in Wales and Scotland.

1. **CHILD CENTRED** – Decisions relating to finance should be made with the best interest of children as the primary factor. In the development of this work we held in mind the question, 'what would we want if this were our child?'
2. **EFFICIENT** – Paperwork, such as claim forms, collating and providing receipts should be kept to a minimum. This is not the best use of foster carers or staff time.
3. **TRUST** – Vulnerable children are entrusted to the care of foster carers every day. We must implement systems which reflect trust in them to make the best use of funds provided on a day-to-day basis.
4. **SUFFICIENT** – Foster carers should never be out of pocket for the task that the state has asked them to undertake on behalf of society. Ensuring financial stability is a key component and a basic need for all children.

⁴ The Fostering Network (2021) [State of the Nation's Foster Care 2021](#) p14-15

5. **ASPIRATIONAL** – Organisations charged with the responsibility for raising children looked after should provide the components for these children to thrive and exceed their expectations. The funding should be allocated to realise this aspiration.
6. **CONSISTENT** – Where a foster carer lives, who they foster with, their relationship to the child, or the nature of their foster care approval should not impact on the funds they receive to raise a child in care.

These principles are central to and underpin our call for investment into a foster care allowance which covers the full cost of caring for a child. The intention is to ensure each and every child has everything that they need to thrive and reach their potential.

The table below shows what we consider to be acceptable minimum allowances made to foster carers to look after the children in their care.

The Fostering Network’s rates of foster care allowances:

	0-4 years*	5-10 years	11+ years
Minimum Income Standards	£143	£172	£216
Basic costs excluding childcare element			
50 per cent multiplier			
Nina Oldfield’s research	£72	£86	£108
Total weekly allowance (rounded to the nearest pound)			
	£215	£258	£324

*Median calculation utilised (see Appendix B).

These rates are based on two primary sources of evidence:

- Loughborough University’s [Minimum Income Standard for the United Kingdom](#) which produces budgets for different household types, based on what members of the public think you need for a minimum acceptable standard of living in the UK.
- Nina Oldfield’s [‘The Adequacy of Foster Care Allowances’](#) which identifies the additional costs of caring for a child in foster care.

Further detail on how we calculated the rates is available in Appendix B.

Appendix A: About The Fostering Network

The Fostering Network is the UK's leading fostering charity. We have been leading the fostering agenda for more than 40 years, influencing and shaping policy and practice at every level. We are passionate about the difference foster care makes to children and young people and transforming children's lives is at the heart of everything we do. As a membership organisation we bring together individuals and services involved in providing foster care across the UK. We have approximately 60,000 individual members and nearly 450 organisational members, both local authorities and independent fostering providers, which cover nearly 77 per cent of foster carers in the UK. Our views are informed by our members, as well as through research; in this way we aim to be the voice of foster care.

Appendix B: Rates explained

Fostering is primarily undertaken by a single adult, as a sole care giver, or by a couple with a primary care giver identified. All fostering households receive a foster care allowance to cover the cost of caring for a child. Our calculations do not consider the impact of forgone earnings as a result of loss of employment to undertake fostering. This element is sometimes considered to fall under the 'fee' aspect of fostering income which should be paid in addition to, and separately from, the allowance for the child. Not all foster carers receive a fee payment, we would advocate that they should and will undertake further work in respect of this area of practice.

Our analysis of child-care costs is based on two primary sources:

- [Centre for Research in Social Policy](#) is an independent research centre based in the School of Social Sciences at Loughborough University. Over the past 30 years, it has built a national and international reputation for high quality applied policy research. The centre is responsible for the research and analysis of a Minimum Income Standard (MIS) for the United Kingdom. The MIS is the core component of our allowances calculations; and
- Nina Oldfield's *The Adequacy of Foster Care Allowances*.⁵ Oldfield's research on the adequacy of foster care allowances was originally published in 1997 (reissued in 2018 due to its relevance), it identified that the cost of caring for a child looked after was between 50-60 per cent more than the cost of caring for a child who was not. The research sanctioned a multiplier approach which has been utilised to calculate foster care allowances since first published. Although based on research undertaken in the 1990s, the factors identified as the source of additional costs remain broadly similar.

Oldfield's research identified additional costs in relation to housing maintenance, household goods, wear and tear, fuel, food, clothes, cleaning, travelling, personal care, communication, and leisure. The reason behind these additional costs are explained in detail in the research. In summary, they are attributed to the impact of a child's early experiences and how this presents in their behaviour. Some additional costs relate directly to the presence of birth family for example, contact requirements, communication needs and spending on these family members by the child to support ongoing relationships.

We have based all calculations on the costs identified in the MIS for the first child. The number of children cared for within a fostering family can differ on a day-to-day basis. The small reductions identified for the second and third child under MIS are not applicable to fostering households due to the differences between fostering families and typical family life. Bedroom sharing, reusing clothes,

⁵ Oldfield N (1997) [The Adequacy of Foster Care Allowances](#) (1st ed.) Routledge

toys or personal items are not a comparable factor in a fostering family environment due to the regulatory requirements for children to have their own bedroom and to comply with care and support needs.

The Fostering Network's suggested rates of foster care allowances include funds to enable foster families to save for birthdays, holidays and festival payments with the intention that foster carers can control and spend these additional funds as they see fit. They are designed to cover the full costs of caring for a child.

Age categories explained

There are three age categories in our framework: 0-4 years, 5-10 years and 11+ years.

- To calculate a rate for ages 0-4 years we have combined the MIS data for 0-1 and 2-4 years to arrive at a median. The difference is minimal, and we recommend a single rate of allowance for ease of application.
- The age bracket 5-10 years is set exactly according to the MIS data for this age range.
- The age bracket 11+ years directly reflects the MIS cost calculations for 11-17 years.

It is important to note that the current research supports a single rate of allowance for children aged 11 and over, however the NMAs in existence suggest an increase in allowance at age 16. Once a young person reaches the age of 18 years allowance rates do not apply, yet policy to endorse post-18 arrangements is in place across all nations. A lack of financial support for these arrangements has been reported by foster carers as a barrier preventing more young people being able to benefit from these policies.⁶ We strongly endorse the single rate of allowance for children aged 11-17 years old and recommend that services uphold this until post-18 arrangements conclude for young people to access stability and support into adulthood.

Other factors we have considered are:

- **Savings** – Savings must be seen as an essential requirement not a luxury for children looked after. The allowance must incorporate savings to enable children looked after to have the same opportunities and life chances as their peers. Children and young people in foster care do not always have the same family network to scaffold them as they transition to adulthood it is therefore important that savings are funded and included through the allowance. Having access to savings empowers young people to make their own choices, whether that means they are able to choose where they live, what jobs they can apply for, whether to continue studying or deciding to travel the world. Services should be administering long term savings centrally.
- **Mileage** – Average travel costs have been included in the recommended allowances above, these should be sufficient for most children's needs. They include the application of the multiplier to reflect the additional travel costs associated with children looked after. Mileage costs can be variable over the year, during school holidays they may reduce from twice daily school runs or they may increase if a child usually uses a school bus and needs additional transport in the holiday period. In some situations it may be necessary to pay additional mileage. We would recommend a policy to enable foster carers to claim additional mileage should this be required

⁶ The Fostering Network (2021) [State of the Nation's Foster Care 2021](#) p12-13

to support a child's specific needs to be met, such as long-distance travel to maintain health and education needs.

- **Enhancements** – Should the needs of a particular child require additional finance to enable a foster carer to meet these needs, an enhancement to the usual child's allowance may be considered. We would recommend that any enhancement is paid based on a clear assessment of additional needs and with a regular review date attached to this additional payment, for example if a child cannot safely live with other children their associated allowance payment should reflect this additional need until it is assessed that it is safe to have other children living in the household. The allowance for the child is designed to meet the needs of the majority of children and to be used at the discretion of the foster carer, thus enabling flexibility to spend or save in line with the needs of the child. Enhancements should therefore be the exception and not the norm, in line with the needs of individual children.

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