

# Universal Credit Policy Briefing Note 8

## Foster carers

### 1. Core objectives

- a) The benefit system should offer appropriate support to foster carers to allow them to fulfil a particular socially valuable role. This role is different both to that of claimants who are parents and to those who are engaged in the labour market – and consequently, it is right that foster carers are treated differently to these groups. This applies where a claimant is legally approved as a foster carer and is providing foster care by arrangement with a local authority or a voluntary organisation.
- b) The introduction of Universal Credit offers the opportunity to create a system which takes account of the diverse and complex needs of foster carers – and which is also fair and consistent. We believe that this system should also reflect the key principle of Universal Credit, that claimants should be required to take up work where their circumstances allow.

### 2. History

- a) The treatment of foster carers in the benefit system is complex. Foster carers can choose:
  - i) Either to be treated as self-employed and claim Working Tax Credits, generally until their youngest foster child reaches the age of 18. Any income paid in respect of fostering (up to a maximum of £10,000 per residence, plus £200 a week for each child under 11 and £250 a week for each child aged 11 or over) is disregarded for the purposes of calculating entitlement, and claimants need not fulfil any work-related conditions.
  - ii) Or; to claim out-of-work benefits paid by DWP. Again any income paid in respect of fostering is disregarded. However, depending on their circumstances and the age of the child they are caring for, a foster carer may be entitled to Income Support, Employment and Support Allowance, or Jobseeker's Allowance – each of which has a different conditionality regime.
- b) Lone foster carers may claim Income Support, but are treated differently to lone parents. While lone parents have been subject to changes which require them to be available for work at a progressively earlier time, lone foster carers, including those who are also lone parents, remain entitled to IS until the foster child they are caring for reaches 16.

### **3. Key policy proposals: Universal Credit award and treatment of income**

- a) In the current benefits system, the allowances and fees received by foster carers in return for fostering are fully disregarded for the purposes of calculating entitlement to benefits paid by both DWP and HMRC. For the purposes of calculating income-related benefits, foster children are not included in the benefit assessment.
- b) The same principles will apply within Universal Credit. There are no plans to change this disregard of fostering allowances and fees when Universal Credit is introduced. These payments will not be taken into account as earnings or income, and whether or not a foster carer receives such payments will not affect the amount of Universal Credit they are entitled to.

### **4. Key policy proposals: conditionality**

- a) However, in order to meet our core objectives, we are proposing a series of changes to the conditionality regime under Universal Credit.
- b) Regulations under Universal Credit will provide that:
  - i) While they have a child in placement, a single foster carer will fall into the group subject to a work-focused interview requirement only, until the foster child in their care reaches the age of 16. A fostering couple will be required to nominate a lead carer, who will be treated in the same way.
  - ii) The other member of a fostering couple will fall into the group subject to all work-related requirements, with work search and availability requirements imposed according to that person's individual capability for work.
  - iii) In exceptional circumstances, where there is evidence that a foster child aged 16-17 has proven care needs such that they require full-time care, then a single or nominated foster carer will only be required to participate in work-focused interviews, until the child leaves care (either reaches 18, or the placement ends).
  - iv) In exceptional circumstances, where there is evidence that a foster child has proven care needs such that they require full-time care by two adults, then both members of a fostering couple will only be required to participate in work-focused interviews, until the child leaves care.
  - v) Where a single or nominated foster carer is between placements, then so long as they show evidence of an intention to continue

fostering, they will be allowed a continuous and unbroken period of 8 weeks to find another placement, before full work search and availability requirements are applied.

## **5. In practice, how will this differ from now?**

- a) We intend that these changes will create a clearer and simpler position – by treating all foster carers in a consistent way. Crucially, the new system should reduce current complexities, removing dual treatment and the need for foster carers to make a 'better off' comparison between claiming Working Tax Credits or DWP benefits.
- b) Under Universal Credit, we do not intend to treat foster carers as either self-employed or remunerative work. These provisions exist in the current system in order to allow foster carers to be entitled to benefits which they would otherwise not qualify for (i.e. Working Tax Credits require a person to be in work). Since Universal Credit is paid on the basis of low income, whether the claimant is in or out of work, it is not necessary to take these rules forward.
- c) The provisions under Universal Credit should also avoid single or nominated foster carers being required to look and be available for work, when they experience short-term gaps between placements or whilst awaiting the arrival of a new foster child. Under the current system, single foster carers claiming Income Support are disentitled as soon as their fostering placement ends, and are required to look and be available for work in order to claim Jobseekers Allowance.
- d) Whilst the system will be simpler and allow appropriate easements for foster carers, it will also help foster carers move towards self-sufficiency. Where a foster carer or fostering couple's circumstances allow, we will expect them to take reasonable action to move into work.
- e) So in Universal Credit, other than in exceptional cases, we will require foster carers to look and be available for work when their youngest foster child reaches 16. At present, foster carers may continue to claim Working Tax Credits until their youngest child is 18.
- f) Equally, other than in exceptional cases, where a fostering couple do not have substantial earnings from employment, then one member of the couple will be subject to conditionality. This will mean being required to look and be available for work. Currently, a fostering couple may choose to be treated as self-employed on the basis of their caring responsibilities. They can then claim Working Tax Credits, and neither member of the couple is required to meet work-related requirements.

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