

clifford house fostering

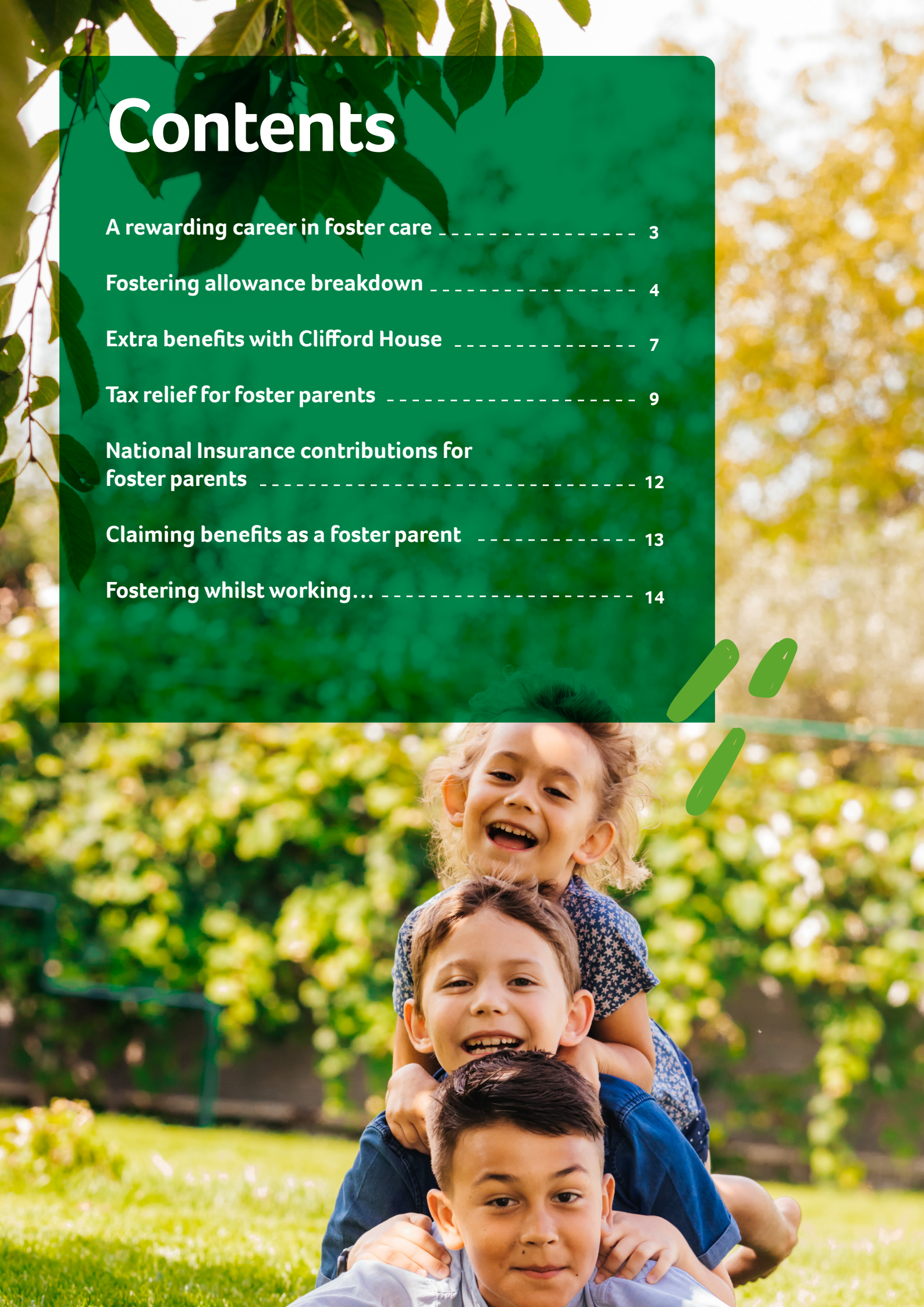


Your Guide to Fostering Finance with Clifford House

Everything you need to know
about foster care pay, tax,
benefits and more

Contents

A rewarding career in foster care	3
Fostering allowance breakdown	4
Extra benefits with Clifford House	7
Tax relief for foster parents	9
National Insurance contributions for foster parents	12
Claiming benefits as a foster parent	13
Fostering whilst working... ..	14



Enjoy an enriching and financially rewarding career in foster care

At Clifford House we want to be open and transparent when it comes to discussing finances and fostering. While finances are not the motivation behind becoming a foster parent, it's crucial to recognize their significance when considering a big career change.

After all, like any caring profession, it's important to know you'll be able to make a difference without having to worry about whether or not you can afford it.

Finances should never be a barrier to fostering. We believe that our family of foster parents deserve to be rewarded well for the work that they do. That's why we offer a competitive and generous allowance and payment structure to our foster parents, so you can focus on providing a loving and safe home for a vulnerable child.

Navigating all the ins and outs of financial support can be tricky. So in this guide, we'll break down everything you need to know about fostering finances including:

- Understanding the fostering allowance
- Navigating tax and National Insurance
- Benefits for foster parents
- Fostering in retirement and pensions
- Working alongside fostering

We hope you find this guide useful as you take the first steps to a new rewarding career in foster care.

Remember, our friendly team are on hand every step of the way to offer confidential advice and support.

Simply give us a call on 0800 369 8515 or complete our [online enquiry form](#).





Fostering Allowance Breakdown

What is Fostering Allowance?

When a child is placed in foster care, the cost of caring for them is paid to the foster parent in the form of a fostering allowance.

Foster parents receive a weekly payment when a child is placed with them. The fee comprises of two elements:

- **Child's Allowance** - this is to cover all expenditure in relation to the child such as clothing, food and entertainment
- **Foster Parent Fee** - this is to financially reward you for your hard work, experience, and commitment

Our fostering allowances and payments take into account the demands of fostering and recognises your dedication, hard work and patience, with payments beginning from the moment a child or young person is placed in your care.

Here at Clifford House, we regularly review the fees that we pay to foster families and make every effort to take in to account the rising cost of living and impact of inflation.



Our Allowances – how it works:

Let's dive right in...

At Clifford House we have a simple payment structure that takes into consideration based on the child's age and your level of experience.

The age of the child

We have three different age categories (0-4, 5-10, and 11-17) which accounts for the increasing costs associated with caring for a child as they get older.

Your experience

When you join Clifford House, you'll be allocated a 'grade' depending on your level of experience.

Grade 1: New to fostering.

Grade 2: After 12 months of fostering and the completion of the Training, Support and Development Standards (TSD Standards), plus all core training.

Grade 3: After 3 years of fostering experience with a proven track-record of achieving extraordinary outcomes for young people.

Below contains a breakdown of our standard weekly fees per age range of the child you foster and the length that you've been fostering. You'll see the two elements of the fostering allowance, which combined, make up your total weekly fee.

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Grade 1	Age of Children Placed			
	0-4 years	5-10 years	11-15 years	16-17 years
Foster Parent Fee	£226.17	£247.45	£247.45	£247.45
Child Allowance	£161.63	£195.93	£227.29	£227.29
Total Weekly Payment	£387.80	£443.38	£474.74	£474.74
Grade 2	Age of Children Placed			
	0-4 years	5-10 years	11-15 years	16-17 years
Foster Parent Fee	£236.18	£257.46	£257.46	£257.46
Child Allowance	£161.63	£195.93	£227.29	£227.29
Total Weekly Payment	£397.81	£453.39	£484.75	£484.75
Grade 3	Age of Children Placed			
	0-4 years	5-10 years	11-15 years	16-17 years
Foster Parent Fee	£246.19	£267.47	£267.47	£267.47
Child Allowance	£161.63	£195.93	£227.29	£227.29
Total Weekly Payment	£407.82	£463.40	£494.76	£494.76

**Fees correct from April 2025.
Foster parent allowance and
fees are reviewed annually.*

Fostering Allowance – Key Takeaways:

- As a foster parent, you'll receive an allowance for every night a child stays in your home
- The fee that foster parents receive comprises of two elements; a fee that covers all expenditure in relation to the child, and a fee that rewards you for your time and commitment in looking after a child
- This fee is paid every two weeks via BACS payment direct to your bank account
- Clifford House pays a generous allowance, plus a range of additional financial benefits
- Generally, your fostering allowance is completely tax-free



Other benefits with Clifford House

Additional birthday and festival allowances

At Clifford House, each fostering household will receive an annual £100 payment to help cover expenses of a child's birthday presents/celebrations, along with an additional £100 payment to also help cover expenses of presents/celebrations for their primary religious festival for each child in their care.

Paid for activities

At Clifford House, we're one big family, and that means a full calendar of fun activities for the whole family. Enjoy barbecues, trampolining, bowling, mini golf, and more! Christmas time is always a special time of year, and foster families are invited to a Christmas party, along with tickets to a seasonal activity such as a visit to the pantomime. Our foster families also receive a gift from us too.

Foster parent discount scheme

We provide all of our foster parents with access to our rewards platform where you can take advantage of fantastic discounts across hundreds of high street names, online stores and supermarkets. Not only that, you can also save money on days out for all the family too. From London theatre tickets, theme park adventures to the National Trust, Ticketmaster or your local cinema, our discount scheme will help bring down the cost of family fun.

Free membership of FosterTalk

FosterTalk offers a range of services for our foster parents, including an independent helpline, discounted insurances, financial advice, and a discounted Tax Return Service.

Paid Respite

Caring for a vulnerable child or young person takes a lot of hard work and commitment. That's why we offer all our foster parents two weeks of paid respite per year to help recharge their batteries so they can continue to provide a high standard of care.

Generous mileage allowance

We want to ensure you make use of all our great events, support groups, and training opportunities here at Clifford House. This is why, once you hit the set mileage completed, we pay a generous mileage allowance for travel, meaning you're never out of pocket for enjoying our ready-made family support network.

Refer a friend bonus

We know that our family of foster parents are amazing advocates for fostering. That's why we offer our approved foster parents a thank you payment of £1,500 when someone you have referred becomes approved (subject to terms and conditions) and another thank you payment of £1,500 after they have been fostering with us for a year. That's because we really appreciate the support that our approved foster parents offer to those who are new to fostering.



Tax Relief for Foster Parents

Are you wondering how much tax you'll pay on your fostering allowance? We've got you covered. Let's delve into how fostering payments and allowances affect your tax, with some practical examples to show how much you could pay.

Fostering Allowances are generally tax-free

Thanks to generous tax relief from HMRC, you are highly unlikely to pay any tax on your fostering income.

This is because of a special kind of tax relief designed specifically for foster parents, known as 'Qualifying Care Relief' (QCR).

How does QCR work?

Qualifying Care Relief allows foster parents to receive payments to care for looked after children and young people up to their tax threshold without having to pay any tax. It is deducted from your overall income, including your fostering allowance.

Qualifying care relief comprises of two parts:

1. Annual tax allowance - you can receive £19,690 in fostering income, per year, before you have to pay any tax.
2. Weekly relief - a weekly tax relief amount for each child in your care:
 - £415 per week for children under 11
 - £495 per week for children aged 11 or over



Let's take a look at some examples...

Below are a couple of practical examples of how tax on foster parent allowance is calculated to give you an idea of what your tax-home income could be from fostering.

Example 1: Claudia

Claudia is an experienced foster parent and fosters a young boy aged 14 for 32 weeks.

- Claudia's total annual fostering allowance: £15,220.80

Tax exemption:

- Annual tax relief: £19,690
- Weekly tax relief for 32 weeks at £495 (for a child over 11): £15,840
- Total in tax relief: £35,530
- Claudia's tax relief exceeds what she earns through fostering, therefore **she does not pay** any tax on her fostering income.



Example 2: Tim

Tim fosters two children (aged 5 and 11) on a long-term basis. He fosters full-time and doesn't receive any other form of income.

- Tim's total annual fostering allowance: £45,754

Tax exemption:

- Annual tax relief: £19,690
- Weekly tax relief for 52 weeks at £415 (for a child under 11): £21,580
- Weekly tax relief for 52 weeks at £495 (for a child over 11): £25,740
- Total in tax relief: £67,010

Tim's tax relief exceeds what he earns through fostering, therefore **he does not pay** any tax on his fostering income.



Factors that may affect how much tax you pay:

Although fostering allowances are generally tax-free, there are some factors which may affect the tax calculations, including:

- If you are caring for more than one foster child
- Whether you are paid an enhanced rate for complex, solo or parent and child placements
- If you share foster caring (and the fees) with another person as a partnership
- Whether you receive income from other sources – for example, from a part-time job or from rental properties

Employment status as a foster parent

Foster parents are classified as self-employed, so you'll need to register with HMRC as soon as you start fostering. This applies irrespective of the type of fostering you provide, whether it be full-time care or occasional respite, and regardless of how much you're likely to earn.

Submitting your annual tax return

Once approved, you'll need to submit a 'Self-Assessment' tax return each year, even if your income falls below your Qualifying Care Relief. Failing to do so may result in a fine from HMRC. You can complete a tax return online, by post, or through an accountant who will submit this on your behalf.

[Find out more about submitting a tax return here.](#)

Don't worry if this is all new to you. When you foster with Clifford House, you'll receive free membership with FosterTalk which offers a range of services for our foster parents including an independent helpline, discounted insurance, financial advice, and discounted tax return service.

Tax and Fostering Allowance: Key Takeaways

- Thanks to a special type of tax-relief known as 'Qualifying Care Relief' (QCR), foster parents are unlikely to pay any tax on their fostering allowance
- If your total income from fostering is less than your QCR, you will not pay tax
- Foster parents are classed as self-employed and must return a complete self-assessment tax return each year
- With Clifford House, you'll receive free membership to FosterTalk which offers a discounted Tax Return Service and free financial advice

National Insurance contributions for foster parents

As a foster parent you are classed as self-employed, which means there are two types of National Insurance contributions (NICs) that are applicable to you, these are known as Class 2 NICs and Class 4 NICs.

So what exactly does this mean? Let's explore more below...

Class 2 NICs

These contributions provide you with access to a range of state benefits including:

- **Basic state pension** – so you can claim your basic state pension once you reach retirement age
- **Bereavement benefits** – if you take a break from fostering after your husband, wife or civil partner has died
- **Maternity allowance** – if you decide to take some time out of fostering while you expand your own family
- **Contributory Employment Support Allowance (ESA)** – if you're sick and not able to foster as a result

Although you are not required to pay Class 2 NICs if your taxable income from fostering is less than the Qualifying Care Relief (as explained on page 9), you may want to pay on a voluntary basis so you can qualify for the above benefits.

If you do opt to pay Class 2 NICs voluntarily, then this is just £3.45 per week to secure state benefit entitlement.

Class 4 NICs

In addition to Class 2 NICs, most self-employed people are also required to pay Class 4 NICs. As a foster parent, you are only required to pay Class 4 NICs if your taxable income from fostering i.e. the amount above your Qualifying Care Relief – is over £12,570 (23/24).

Paying National Insurance – Key Takeaways:

- National Insurance funds valuable state benefits such as state pension and maternity allowance
- If your taxable income from fostering is less than the foster carer tax allowance, you do not have to pay National Insurance
- However, foster parents may still decide to pay Class 2 National Insurance contributions (NICs) voluntarily (at £3.45 per week) to secure entitlement to state benefits in case you need to claim them in the future



Claiming benefits as a foster parent

As a foster parent you are entitled to claim for benefits, just like any other person in the UK. In most cases, the benefits you claim, and the amount you receive, will not change.

If you already claim benefits, you should still be able to claim the same benefits exactly as before you started fostering, providing your financial circumstances outside of fostering remain the same.

For example, if you were receiving child tax credit before fostering, and all other circumstances remain the same, you'll still be able to claim it once you've become a foster parent.

There are two basic types of benefits available:

- Contributory benefits
- Non-contributory (means-tested) benefits

Whether you receive these benefits will depend on your personal circumstances.

Contributory benefits:

As the name suggests, these are only available to people who have worked, and have therefore paid National Insurance contributions. These benefits include:

- Jobseeker's Allowance (JSA)
- Employment Support Allowance (ESA)
- Retirement Pension, Widows Pension, and Maternity Benefits



Non-contributory benefits:

Unlike contributory benefits, you don't need to have worked or paid National Insurance to qualify for these benefits. However, some of these are means-tested. In other words, how much benefit you receive – or whether you can claim these benefits – depends on your overall income and financial status. These benefits include:

- Carers Allowance (fostering income is disregarded)
- Income Support
- Working Tax Credit
- Child Tax Credit
- Jobseeker's Allowance (income based)
- Housing and Council Tax Benefit

Foster Parent Benefits – Key Takeaways:

- Foster parents are still entitled to claim benefits
- Some benefits are means-tested and depend on what you earn
- It's important to remember that the money you earn from fostering does not count towards mean-tested benefits
- In most cases, the benefits you claim, and the amount you receive, will not change



Fostering whilst working

We know it's important to ensure you're in a financially stable position before becoming a foster parent. While we do have foster parents who work as well as foster, there are some key things to consider to ensure it's going to work out well for you and the children in your care.

Let's take a look at some of the practicalities you'll need to consider...

If you want to work and foster, have you thought about:

- How flexible your employer is, and if they support your decision to foster a child?
- How many hours you'd be working?
- Whether you're fostering as a single person or with a partner/spouse?
- If you have a strong support network who can be there for you if you have to work? This could be friends, family, co-workers, neighbours and other people in your life.
- What type of fostering you're interested in and the age of the children you could care for? Younger children demand more physical supervision and attention, whereas teenagers and older children are generally more independent.
- Whether you'd want to care for a child with additional needs who might require specialist care and attention?

At Clifford House we'll strive to offer flexibility to our foster parents to enable them to balance other employment opportunities. However, the safety and wellbeing of the child must always come first. In short, having another job is feasible, but you must always prioritise providing a high level of care and commitment to the children in your care.

Speak to an advisor today

Everybody's situation is unique, so please don't hesitate to get in touch where we can talk to you in more detail about your individual circumstances around the need to work and foster.

Simply give us a call on 0800 369 8515 or complete our [enquiry form.](#)



A photograph of a man and a woman smiling and holding a baby outdoors. The man is on the left, wearing a grey t-shirt, and the woman is on the right, wearing a dark top. The baby is in the center, wearing a floral dress and white shoes with pink soles. They are all looking at each other and smiling. The background is a bright, hazy sunset or sunrise.

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