



Universal Credit and fostering (Wales)

Introduction

Universal Credit is a means-tested benefit for people, both single and couples, of working-age, who are in or out of work, who are on a low income, to help with living costs, children, housing costs and other needs.

It is one benefit, administered by the Department for Work and Pensions (DWP) and it is non-taxable.

Universal Credit is designed to help you get into work and do as much work as you can.

Universal Credit replaces six current welfare benefits

- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Income Support
- Child Tax Credit
- Working Tax Credit
- Housing Benefit

Universal Credit is designed to be simpler than the legacy benefits and tax credits system it replaces and is paid as one payment. Claimants are assessed according to their circumstances over a calendar month.

Universal Credit was introduced in 2013 and will not be fully implemented until 2023/24. Some foster carers will still be getting the legacy benefits that Universal Credit replaces and may continue to do so, for a number of years to come. Generally speaking, there are no new claims possible for those legacy benefits, with the expectation that Universal Credit will be claimed instead. People who have a change of circumstances will also switch to Universal Credit.

From 2022 onwards, existing claimants of the legacy benefits will begin to be contacted by the DWP and invited to apply for Universal Credit (called 'managed migration') and this is due to be completed by 2024.

Universal Credit is made up of different 'elements'

- Standard allowance (i.e. single & under 25, single 25+, couple & under 25, couple where either is aged 25+)
- Work allowances
- Child elements
- Childcare costs element
- Housing element
- Limited capability for work elements
- Disabled child elements

You cannot receive Universal Credit if your capital (for example, savings, investments etc) is about £16,000. Your income (excluding your fostering payments) needs to be sufficiently low enough in order to be entitled to Universal Credit. As your income increases your Universal Credit award decreases.

In order to get Universal Credit, you have to accept a 'claimant commitment', an agreement between the claimant and the DWP, which lists your general responsibilities and work-related requirements whilst getting the benefit. If you do not accept your claimant commitment you will not be entitled to Universal Credit. There are different 'work related requirements' and the ones which will apply to you will depend on your circumstances. For example, you may have to:

- look for work - both searching for work and being available to work
- prepare for work
- take part in 'work focused interviews'
- some claimants might not have any work-search requirements at all, for example, if you are ill or you have a disability (you might be assessed as having 'limited capability for work')
- when you claim Universal Credit, you will be assigned a 'work coach' who is responsible for making sure you meet all of your 'work related requirements' within your claimant commitment. Remember your 'work related requirements' will be dependent on your own circumstances

Special Universal Credit rules for foster carers

- **Fostering is not treated as being in work or self-employment.** The DWP view is that foster carers are providing a service and are neither employed nor self-employed as foster carers.

- **All fostering payments are disregarded as income.** Universal Credit is based on a list of income that is fully or partly counted. If a source of income is not on that list, then it is disregarded. Payments for fostering are not on that list and are, therefore, disregarded as income.
- You still need to declare all of the fostering payments you are getting from your fostering service on any Universal Credit form/claim or on your online 'journal' once your claim is made. Include a note saying that your fostering payments should be fully disregarded, otherwise the DWP may assume your fostering payments coming into your bank account are undeclared wages.
- **Single foster carers caring for a foster child aged under one have no 'work related requirements' whatsoever.**
- **Single foster carers with a child aged one, but under 16, are only required to attend 'work focused interviews'.** They do not have any other 'work related requirements' until the child reaches 16. They will then be required to look for, and be available for, work.
- **Foster carer couples must nominate a 'lead carer'.** The lead foster carer in a household is not generally required to look for work as a condition of getting benefit, in all cases where the child is under 16 and in some cases up to their 18th birthday.
- **The other foster carer has all the 'work related requirements' that apply in his/her circumstance** i.e. look for work if unemployed, prove that they have limited capacity for work if unable to work due to ill-health.
- **A single or lead foster carer (if part of a couple) between placements is allowed a continuous and unbroken period of eight weeks before full work search and availability requirements are applied** - as long as they show evidence of an intention to continue fostering.
- **When a foster carer is caring for a foster child who is 16 or 17 and needs full-time care** - in exceptional circumstances and where there is evidence* the foster carer is only required to participate in work focused interviews and no other work-related requirements until the child reaches 18 or the placement ends, whichever comes first.
- **When a foster carer couple are caring for a foster child or children who need full-time care by both foster carers** - in exceptional circumstances and where there is evidence* both foster carers are only required to participate in work focused interviews and no other work-related requirements.

** There is no definitive list of evidence which is deemed acceptable, this allows there to be flexibility rather than it being restrictive. A DWP decision maker will use the available evidence (as provided by the foster carer) to decide whether the carer has shown sufficient evidence that care needs are such that it would be unreasonable to expect the foster carer to be able to carry out work related requirements. A key piece*

of evidence a foster carer could provide is something in writing from their fostering service which states the carer cannot work, together with the reasons.

What are work focused interviews?

Many single foster carers, or a lead carer if part of a couple, who are making a claim for Universal Credit are likely to fall under the category where they are only required to attend occasional work focused interviews and do not have any other work related requirements.

In the case of these foster carers, the occasional work focused interviews are more of a formality, a bit of a tick box exercise. The Job Centre wants to maintain contact with the foster carer and not have them completely drop off their radar, in case their fostering ends and to help prepare them for work, but it's not like 'signing-on' as unemployed. If your Job Centre work coach is telling you that you have to look for other work whilst you have a child in placement, they are wrong!

DWP Job Centre staff are used to dealing with parents who are expected to look for work when the youngest of their own dependent child(ren) reaches three years old and may not realise or grasp the concept of the special rules which apply to foster carers whereby it is only once their youngest foster child reaches 16 years of age (or possibly even older if in exceptional circumstances (as listed above) are they required to look for work.

What happens if my foster placement ends, would I then have to look for work?

If your foster placement ends and you do not have any further foster children in placement under the age of 16 years, or any of your own dependent children under the age of three years old you would then be subject to work search requirements. However, a special rule which applies to foster carers is you are allowed **a period of 8 weeks** from when your placement has ended whereby you will not be subject to work search requirements. This 8 week window takes into consideration that the foster carer is waiting for another placement. If after the 8 weeks you still do not have a new placement, you will be subject to work search requirements.

Do I have to declare my fostering payments on any Universal Credit claim form, given that they are to be fully disregarded as income/earnings?

Yes, you still need to declare all of the fostering payments you are getting from your fostering service on any Universal Credit form/claim, but they must be fully disregarded when calculating the amount of Universal Credit award you will get.

What can I do if my fostering payments are not being correctly disregarded as income/earnings?

If the DWP are incorrectly taking your fostering payments into consideration as income/earnings, you will need to put this in your journal so that you can raise it with your work coach who will look at this. You may find it useful to show them this information sheet and also our 'Universal Credit and special rules for foster carers' information sheet, which goes into a lot more detail about the Welfare Reform Act, Universal Credit regulations and Agency Decision Making guidance.

How to claim Universal Credit

You can make a claim for Universal Credit online at www.gov.uk/apply-universal-credit. If you need help with your claim, you can call 0800 328 6544 (Monday-Friday 8am-6pm). If you do not have access to a computer and/or the internet we would suggest you contact the Citizens Advice 'Help to Claim' service (details below). There are processes in place to help claimants in that situation. Once you submit your claim you will be given a phone number to book an appointment for an interview at your local job centre. It is at this interview you will meet your work coach and be required to sign your 'claimant commitment'.

Universal Credit, tax and fostering

Foster carers who claim Universal Credit are still required by HMRC to register as self-employed and use Qualifying Care Relief, the annual tax calculation for foster carers, to work out if they have to pay any tax from their fostering. Receiving Universal Credit benefit and their self-employment as a foster carer are two separate matters and should not be confused together.

Where to get more information

Benefits: information for foster carers

The Fostering Network signpost booklet 'Benefits: information for foster carers' (2021-22) is available to purchase from our bookshop at the following link <http://www.fosteringresources.co.uk/?pid=321> You can also purchase it over the phone by calling 0844 335 1892 (this will take you through to Partridge and Print who manage and distribute all of our publications).

Turn2Us is a charity that provides information about benefits (but not individual benefits advice) and an online benefits calculator. They have information about fostering and benefits at the following link <https://www.turn2us.org.uk/Benefit-guides/Foster-carers-and-benefits/What-is-a-foster-carerps://www.turn2us.org.uk/Benefit-guides/Foster-carers-and-benefits/What-is-a-foster-carer>. You can also call them on 0808 802 2000.

Child Poverty Action Group (CPAG) has written a more detailed publication about Universal Credit, 'Universal Credit: What you need to know' (6th edition), available to purchase at the following link <https://cpag.org.uk/shop/cpag-titles/universal-credit-what-you-need-know-6th-ed>

Universal Credit helpline

on 0800 328 5644, open Monday to Friday, 8am to 6pm.

Citizens Advice: Citizens Advice Universal Credit Help to claim line

Wales: [08000 241 220](tel:08000241220)

available 8am to 6pm, Monday to Friday

<https://www.citizensadvice.org.uk/about-us/contact-us/contact-us/help-to-claim/>

The Help to Claim advisers can help you with the early stages of your Universal Credit claim. You can talk to them on the phone, online over chat or face-to-face.

Their advisers can help you:

- work out if you can get Universal Credit
- fill in the Universal Credit application
- prepare for your first Jobcentre appointment
- check your first payment is correct

The briefing note below was produced by the UK government in September 2011 when the Universal Credit regulations were being written. It is a helpful document as it provides a 'before and after' overview for foster carers and Universal Credit. All the proposals mentioned in the briefing document have now been implemented.

Advice:

[Fosterline Wales](#) funded by Welsh Government, provides a free public advice line, providing information about all aspects of foster care, including tax and national insurance, benefits, allowances and insurance. It also offers confidential support, including to those who face an allegation, or who may be concerned about a care plan, or who are unclear about the legislation and guidance related to foster care in Wales.

Call us on **0800 316 7664** from **9.30am - 12.30pm** Monday to Friday.

If you call outside this time, please leave a message and someone will call you back as soon as possible.

You can also email at: fosterlinewales@fostering.net

Universal Credit Policy Briefing Note for 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 Income Support 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 fulltime 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 as 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.

How The Fostering Network can help

The Fostering Network offers advice, information and support. Our expertise and knowledge are always up-to-date and available through our vital member helplines, publications, training and consultancy.

Advice: See [Fosterline Wales](#) on page 6 above.

Support and resources

Our website is an essential source of information, while our online community brings together foster carers for peer support and advice. Members can log in to share their experience and get advice from other foster carers. Our online community is a safe and secure area to discuss foster care matters.

thefosteringnetwork.org.uk

Training and consultancy

Wherever you are in your fostering career, as a foster carer, social worker or manager, The Fostering Network has a range of [training](#) designed to meet your development needs. For more information please email wales@fostering.net for more information.

Contact details

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