Pocket money and savings

Fostering allowances are paid to all foster carers and should cover the full cost of caring for the child they are looking after. Within the fostering allowance there should be an element for personal expenses, including pocket money for the child or young person. Children and young people have very different needs and the way in which the personal expenses are used will be different for each young person. The National Minimum Standards for fostering services 2011 state clearly that foster carers should receive clear guidance about how fostering allowances should be used and what they should cover prior to or at the point of placement. They should also help children and young people develop the skills, competence and knowledge necessary for adult living.

Depending on the understanding of the fostered child or young person, they should also be involved in discussion about how the personal expenses element of the fostering allowance should be managed and used.

Foster carers have a role to educate the children and young people in their care about how to manage their money and budget, and to encourage them to save for their future.

Pocket money should be a stated amount of money and the young person should be aware of this amount and be allowed to use this in whatever way they choose, with appropriate adult support and guidance. Supervision should be given to younger children and they should be encouraged to discuss how their money is being spent and to understand basic budgeting skills and about making choices whilst experiencing money handling at a very young age. Older children should be encouraged to start taking more responsibility for budgeting, which could include buying their own mobile phone top ups, paying for personal toiletries or funding activities. Saving for a larger item or trip could become part of the child's care plan and saving could be targeted for this purpose. As the young person starts to move towards independence then they could be encouraged to be purchasing goods for this purpose too.

Discussions about pocket money should include the child's social worker and foster carer.

Bank Accounts

Children and young people should have a bank account and this should be set up and managed by foster carers.

Setting up a bank/savings account is not always easy and different banks have a variety of regulations for this process. Foster carers will need to research this to find the most suitable account for the requirements of the child/young person. Children must have access to their bank accounts but foster carers need to support young people to build and retain funds so that they have money available to them when they become independent.

Generally a foster carer will require proof of a child's identity and a birth certificate can be obtained for this purpose. The child's social worker should be able to assist with the required documents.

The foster carer can be delegated the authority to become the "trustee" of the bank account at a placement planning meeting. This is particularly appropriate for long term placements. For shorter placements parents can be involved in the decision making. This can be included in the paperwork for "Delegated Authority."

Every bank should have a specialist unit to which "non standard" cases can be referred. If there are difficulties in opening an account for a CLA then the staff in the local bank should be able to tell you how to contact this unit for assistance.

Savings for the fostered child should never be in a foster carer's own bank or building society account. Foster carers are at risk of being accused of fraud if they behave in this way.

Child Trust Funds and Junior ISAs

Every child will now have either a Child Trust Fund (CTF) or a Junior ISA account which is government supported, into which further monies can be paid. On behalf of the local authority foster carers have a duty to ensure that their child or young person has one and that further funds are paid in to it. Foster carers can become the "registered contact" for the account. The £200 paid in by the government to Junior ISAs cannot be accessed until the young person reaches the age of 18 but the registered keeper or person with Parental Responsibility can manage the account only until the child reaches 16. It is recommended that savings for the child could be put directly into these existing accounts.

Fostering Network is supportive of promotion of savings for children looked after to support their independence**. "*The LA must identify those children who do not have a CTF account when they come into care or do not have an appropriate person to operate the account. There is a requirement for additional contributions to be made to this fund. LAs should clearly set out their intention for savings for looked after children and young people in a policy*." P4 FN 2008**

It is desirable that a child/young person in long term care will have both a savings account as above and an additional bank account to support independent money management.

Savings in excess of £6,000 in the young person's personal accounts may affect their ability to access benefits. Financial advice should be sought for vulnerable young people, single parents and disabled children, as they are young people who may become eligible for welfare benefits at age 16 years.

Pocket money and savings for Children Looked After in Hampshire County Council

- ☐ Pocket money should be paid at the rate agreed at the Placement Planning meeting and the child encouraged to have a money box or other receptacle where they can save their money safely in the short term. Any excess money or additional funds should be paid into their bank/savings account. The child or young person should be encouraged to participate in the running of this account as age/understanding appropriate. An account with a passbook and or notice period for withdrawals is most appropriate for this purpose. (Fostering Network may be able to advise on experiences in your area.)

- ☐ Pocket money should be reviewed regularly and discussions to consider any changes should include the foster carers, child and their social worker.

- ☐ Payment of pocket money can be flexibly managed to include the possibility of earning extra money for undertaking chores and as a reward or incentive, e.g. doing well at school. Any excess money or additional funds should be paid into their bank/savings account.

- ☐ Savings should be paid into the child's CTF or Junior ISA account on a regular basis, e.g. once a month. Foster carers should have permission to manage this account as the "registered contact" in agreement with the child's social worker and the child, if age/understanding appropriate.

- ☐ As young people are able to take more responsibility for managing their own money, discussions should take place between the young person and the foster carer about how much money is given to the young person and what they should be providing for themselves out of this money and agreed by all parties.

- ☐ Once the child/young person receives a personal allowance, there are likely to be expectations on them to fund personal items. This would be agreed in Placement Planning meetings and care should be taken to ensure that the child is not being encouraged to enter into a lifestyle which would be unaffordable in future. Additional money could be put into savings to avoid this situation.

- ☐ Reasonable consideration of pocket money variation can be made to fall in line with the foster carers' own children to avoid conflict within the fostering family but should fall within the "recommended amounts". Any difference should be paid into the foster child's bank/savings account.

- ☐ Savings should always be consistent with the recommended amount, as the fostered child is likely to be in an adverse position in the future in comparison to birth children and therefore require access to savings.

- ☐ If foster carers are paying subscriptions for comics or clubs etc, this can be taken into consideration as part of the pocket money and a lower amount given to the child/young person, in consultation with their social worker.

☐ If a child moves to a new placement then the money should move with them to their new foster carers.

☐ Foster carers can retain up to 25% of the young person's pocket money to partially repay for damage, in agreement with the child's social worker. The child should have been warned of this possibility and have the opportunity to earn back money, if possible.

☐ Foster carers can retain up to 25% of the young person's pocket money as a sanction, in agreement with the child's social worker. The funds removed should be put into the child's savings/bank account. The removal of pocket money should also not encourage the young person to behave illegally as if they do not have access to money they might turn to stealing or other behaviours to fund themselves.

☐ No more than a total of 25% of a child's pocket money can be removed at any time.

☐ Savings cannot be withdrawn for the purpose of compensating foster carers or their family members.

"Recommended Amounts" for pocket money and savings are as follows :-

Age (in years)	Pocket Money (£)	Weekly /monthly	Savings (£)	Weekly / Monthly
0-2	0	Weekly	£5	Monthly
2-5	£1-3	Weekly	£5	Monthly
5-10	£3 - £5	Weekly	£5	Monthly
11-14	£5- £10	Weekly	£10	Monthly
14-16	£10-£15	Weekly	£10	Monthly
16 plus	Personal allowance	Weekly or Monthly	£15	Monthly

This is to be used as guidance rather than being prescriptive. It could be that, in discussion with the child and social worker, the child will be responsible to purchase all their clothing and toiletries. Consideration of other income should be taken into account in conjunction with the Care Leavers' Finance Policy.

Useful Links

Fostering network website: www.fostering.net
Fostering network Fosterline: 0800 040 7675