



North Tyneside Council

# Policy for the Calculation and Payment of Child Arrangements Order Allowances and Adoption Order Allowances

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## Introduction

This policy refers to those who care for children that are subject to Child Arrangements Orders and Adoption Orders, as parents / carers.

This policy refers to Child Arrangements Order Allowances and Adoption Order Allowances as 'Permanence Allowances' and may be paid to a parent / carer to support the permanent placement of a child.

The Council does not have a legal requirement to financially assess parents / carers who are awarded a Child Arrangements Order or Adoption Order but will do so. All allowances will be reviewed annually or when there is a change in circumstances.

Adoption Order Allowances will be considered at the point of a potential match, prior to a formal match being made at Panel. The Adoption Support Services Regulations 2005 sets out the circumstances in which financial support may be paid to an adoptive parent, following a means tested financial assessment of the adoptive parent.

### **Eligibility for Financial Support**

1.1 Permanence Allowances (on-going financial support paid periodically to meet a need which is likely to give rise to recurring expenditure) will be payable where:

- The Council consider that it is necessary to ensure that the parent / carer can look after the child; and/or
- The Council consider that the child's assessed needs require a greater expenditure of resources than would otherwise be the case because of his illness, disability, emotional or behavioural difficulties or the consequences of past abuse or neglect.

### **Determination of Eligibility and Amount of a Permanence Allowance**

1.2 When considering providing financial support the Council will:

- Endeavour to ensure that the parent / carer is aware of and taking advantage of all other benefits and tax credits (and any other grants, allowances or resources) available to them; and
- Consider the financial means of the parent / carer; and
- Consider the financial needs and resources of the child.

1.3 When determining the amount of any Permanence Allowance, the Council will have regard to the amount of Fostering Allowance which would have been payable if the child were fostered. The Council biannually review the Fostering Allowance payable.

1.4 The maximum amount payable by way of a Permanence Allowance will be equivalent to the Fostering Allowance (less child benefit and any child tax credit for the child/ren subject to an Order) based on the child's age plus any enhancement that would be payable to meet any assessed additional needs of the child or exceptional circumstances which will require such an enhancement which is at the discretion of the responsible Senior Manager. Parents / carers are not eligible for fees paid as remuneration to Foster Carers.

The actual amount payable by way of a Permanence Allowance will be determined using a means-testing model.

1.5 The initial amount of financial support calculated as payable by the Council is based upon the parent / carer's financial circumstances at the time of their application. This is established through the completion by the parent / carer of a Financial Assessment Form and the provision by them of appropriate evidence in support. This amount is a provisional amount and will be paid by the Council for a period of three months from the date an Order is made. The amount is provisional because it is not possible for the applicant or Council to know the amount of Child Tax Credits or Universal Credit that the parent / carer may be eligible for.

During the three month period from the making of the Order the Council expects the parent / carer to apply for all benefits and tax credits / Universal Credits if applicable, (and any other grants, allowances or resources) available to them for the child or children subject to an Order. Within three months of the making of an Order, the parent / carer must submit a new completed Financial Assessment Form which details any income they are now in receipt of in respect of the child or children subject to an Order.

1.6 The following Table details assessable income and outgoings that will be considered by the Council in determining the amount of financial support to which parents / carers are eligible:

**Assessable Income prior to an Order being made**

Pay	Evidence
<p>Salary / Wages</p> <p>Average net weekly income before deductions for savings schemes, social clubs. The LA will calculate net weekly income as 52.143 weeks of annualised income.</p> <p>The income figure will exclude payments into pension funds.</p> <p>This can include overtime, fees, commission, gratuities</p>	<ul style="list-style-type: none"> <li>• 2 wage slips if paid monthly;</li> <li>• 8 wage slips if paid weekly.</li> </ul>

<p>Self-Employment</p> <p>Where one or both applicants are self-employed the only income that can be considered is "drawings" as this is equivalent of pay from an employer. Any profit from the business that has not been reinvested should be considered as capital - see other sources of income.</p>	<ul style="list-style-type: none"> <li>• Tax return prepared for Inland Revenue.</li> </ul>
<b>Benefits &amp; Pensions</b>	<b>Evidence</b>
<p>The following benefits and pensions are assessable income:</p> <ul style="list-style-type: none"> <li>• Employer's sick pay;</li> <li>• ESA</li> <li>• Statutory maternity, paternity and / or adoption pay and / or maternity allowance;</li> <li>• Bereavement Benefit;</li> <li>• Universal Credit.</li> </ul>	<ul style="list-style-type: none"> <li>• Wage slip;</li> <li>• Notification from DWP;</li> <li>• Award Notice from DWP (with breakdown)</li> </ul>
Housing Benefit - disregarded	<ul style="list-style-type: none"> <li>• Award notice from Local Authority.</li> </ul>
State, Occupational and / or private pensions received	<ul style="list-style-type: none"> <li>• Statement from pension provider;</li> <li>• Bank statement.</li> </ul>
Working Tax Credit	<ul style="list-style-type: none"> <li>• Award notice from DWP.</li> </ul>
Benefits (payable to the family and other children) this is excluding the child/ren subject to the Order but includes any benefits derived for children in the care of a parent / carer including Disability Living Allowances and any other benefits received by a parent / carer	<ul style="list-style-type: none"> <li>• Award Notice from DWP.</li> </ul>
Total Child Tax credit received	<ul style="list-style-type: none"> <li>• Award notice from DWP.</li> </ul>
Total Child Benefit	<ul style="list-style-type: none"> <li>• Notification from DWP;</li> <li>• Bank statement.</li> </ul>
Wages, Income Support or Jobseekers Allowance paid within the household over 18 years of age	<ul style="list-style-type: none"> <li>• Wage Slips;</li> <li>• Notification from DWP.</li> </ul>

Other Sources of Income	Evidence
Capital - Income from capital, savings and investments.	<ul style="list-style-type: none"> <li>• Bank statements;</li> <li>• Statements of holdings of shares;</li> <li>• Savings accounts.</li> </ul>
Income from Boarders & Lodgers. Include aged 18 years and over.	<ul style="list-style-type: none"> <li>• Rent Book.</li> </ul>
Income from rented property.	<ul style="list-style-type: none"> <li>• Tax return prepared for Inland Revenue;</li> <li>• Bank statements.</li> </ul>
Maintenance payments for child in household.	<ul style="list-style-type: none"> <li>• Correspondence;</li> <li>• Bank account.</li> </ul>
Permanence Allowance for a child placed with the family whether by the Council or another local authority	<ul style="list-style-type: none"> <li>• Correspondence;</li> <li>• Bank account.</li> </ul>
Income Related to the Child subject to an Order	Evidence
Regular interest or income to which the child has a legal interest and entitlement e.g. savings account, trust fund, property legacy Existing allowances' (including any enhancements or specific payments for special needs) paid for the child.	<ul style="list-style-type: none"> <li>• Bank statements;</li> <li>• Statements of holdings of shares;</li> <li>• Savings accounts.</li> </ul>
Payments from Criminal injuries and / or Medical Compensation Awards - exempt	<ul style="list-style-type: none"> <li>• N/A</li> </ul>

### Assessable Outgoings

Home Expenditure	Evidence
Mortgage payments - capital & interest. This may include endowment payments linked to the mortgage.	<ul style="list-style-type: none"> <li>• Correspondence / statements from mortgage provider / endowment</li> </ul>

Rent - amount payable after deduction of Housing Benefit	<ul style="list-style-type: none"> <li>• Rent book;</li> <li>• Award notice of housing benefit</li> <li>• Bank statement.</li> </ul>
Council Tax - amount payable after deduction of Council Tax benefit	<ul style="list-style-type: none"> <li>• Council Tax statement;</li> <li>• Bank statement.</li> </ul>
<b>Other Outgoings</b>	<b>Evidence</b>
Repayments of loans taken out as part of meeting the need incurred as a result of an Order (e.g. buying a larger car / extension). Note - this will usually apply to loans taken out at the start of the living arrangements for the child. The decision to include a loan as an outgoing expense must be made by the Senior Manager, Looked After Children Resources in writing before the placement is made, this will then be considered at the friends and family panel.	<ul style="list-style-type: none"> <li>• Correspondence / Statement from Loan provider.</li> </ul>
Maintenance Payments.	<ul style="list-style-type: none"> <li>• Court Orders;</li> <li>• Correspondence with Child support Agency;</li> <li>• Bank statements.</li> </ul>
Court Orders.	<ul style="list-style-type: none"> <li>• Court Order</li> </ul>
Private pension contributions and National Insurance if self-employed or not working.	<ul style="list-style-type: none"> <li>• Correspondence;</li> <li>• Bank statements.</li> </ul>
Work related travel expenses - these are for purpose of travel between home and work. They can include:	<ul style="list-style-type: none"> <li>• Photocopy of season ticket, Metro pass;</li> <li>• Mileage - details journey, car log book.</li> </ul>

<p>Either</p> <ul style="list-style-type: none"> <li>• Public transport costs - actual cost; or</li> <li>• Mileage when one own vehicle is used - based on Inland Revenue-Mileage Allowance Payment rate for use of own vehicle at work.</li> </ul>	
<p>Childcare costs (for children of parent / carer) (after any childcare element paid as part of Working Tax Credit) not exempt</p>	<ul style="list-style-type: none"> <li>• Statement of costs</li> </ul>
<p>School fees and further education costs of dependent children (for children of parent / carer) - not exempt</p>	<ul style="list-style-type: none"> <li>• Statement of costs</li> </ul>

- 1.8 The guidance detailed above does not deal with all possible financial circumstances. Where a situation arises where there is a need to make a judgement as to whether a matter of income or outgoing is deemed to be assessable, the matter will be referred to the responsible Senior Manager for a decision. This decision will be confirmed with the parent / carer in writing within 28 days. The letter will afford the parent / carer the opportunity and sufficient time to make representations to the Council regarding its decision. The Council will then consider the representation and determine whether to include or exclude the financial circumstance from assessment and inform the parent / carer in writing of its decision.
- 1.9 The means-testing model calculates assessable income of the parent / carer's family. 20% of this amount is then disregarded. It then considers the assessable family outgoings, adding an amount of money the Benefits Agency identifies as the 'core expenditure' for any family and then adds an additional 25% to this figure.
- 1.10 Where parents' / carers' disposable income is calculated to be less than £0.00, the Council accepts that the parents / carers do not have the means to care or continue to care for a child or children subject to an Order. Accordingly, they will therefore be entitled to an allowance from the Council equivalent to the Fostering Allowance (less child benefit and any child tax credit for the child/ren subject to an Order) based on the child's age plus any enhancement that would be payable to meet any assessed additional needs of the child or exceptional circumstances which require such an enhancement which is at the discretion of the responsible Senior Manager.

- 1.11 Where the parents / carers disposable income is calculated to be higher than £0.00, the Council accepts that the parents / carers have the means to meet some or all of the expenditure to care or continue to care for a child or children subject to an Order. The amount of disposable income evidenced will determine the amount to which the parents / carers will be financially supported. The amount of disposable income is tapered at a set rate of 50%. This means that for every £1.00 of disposable income a parent / carer is calculated to have, 50 pence is deducted from the Fostering Allowance (less child benefit and any child tax credit for the child/ren subject to an Order) based on the child's age plus any enhancement that would be payable to meet any assessed additional needs of the child or exceptional circumstances which require such an enhancement which is at the discretion of the responsible Senior Manager. This means that the higher the amount of disposable income, the less financial support a parent / carer is entitled to.
- 1.12 Where the parent / carers' disposable income is calculated to be such that the allowance tapers to less than £0.00 of the Fostering Allowance (less child benefit and any child tax credit for the child/ren subject to an Order) based on the child's age plus any enhancement that would be payable to meet any assessed additional needs of the child or exceptional circumstances which require such an enhancement which is at the discretion of the responsible Senior Manager, the parent / carer is not eligible for an allowance. The parent / carer has been determined to have provided evidence that they have the means to accommodate all of the expenditure that would be reasonably required to care or continue to care for a child or children subject to an Order.
- 1.13 Where it is calculated that no allowance will be paid, the parent / carer can make representations to the responsible Senior Manager that their circumstances are such that an amount payable by way of an allowance is necessary in order to ensure that the parent / carer can look after the child having regard to the exceptional needs of the child or any other exceptional circumstances; in which case an amount shall be paid at the discretion of the responsible Senior Manager. Confirmation of any discretionary payment deemed necessary will be provided to the parent / carer in writing. The discretionary payment will not, ordinarily, exceed the maximum Fostering Allowance (less child benefit and any child tax credit for the child/ren subject to an Order) based on the child's age plus any enhancement that would be payable to meet any assessed additional needs of the child or exceptional circumstances which require such an enhancement which is at the discretion of the responsible Senior Manager.

#### **Use of Allowance paid to Parents / Carers**

- 1.14 An allowance paid by the Council is intended to ensure that the average costs of caring for a child or children subject to an Order are met. The Council does



not prescribe how parents / carers should spend the allowance or specify the amounts that should be spent on particular items or elements of care, as expenditure will vary from one parent / carer to another. However, the allowance is intended by the Council to cover the following costs:

- Food and accommodation (including a contribution towards heating and lighting costs);
- Clothing;
- Age-appropriate pocket money;
- Transport usually associated with any child living in a family including to and from education and out-of-school activities;
- Leisure activities;
- School meals and other education costs;
- Reasonable costs associated with the promotion of Contact.

1.15 Any other costs incurred by a parent / carer associated with the care of a child subject to an Order are expected to be met from the allowance paid. Exceptional cost relating to the child may be applied for by the parent / carer to the Family and Friends Panel. Confirmation of any discretionary payment deemed necessary for the child will be provided to the parent / carer in writing. A parent / carer should not enter into any commitment to an exceptional expense without prior, written agreement to reimbursement having been given by the Senior Manager. Exceptional costs will not, ordinarily, include payments for household items or other related expenditure.

### **Financial Support in addition to that paid to Parents / Carers by way of an Allowance**

1.17 Legal costs incurred by a parent / carer associated with the care of a child subject to an Order are not expected to be paid by the parent / carer from the amount paid by way of an allowance. Legal costs can, on occasions, be significant. Parents / carers will need to evidence to the Council that they are not eligible for Legal Aid. The Council will then pay for reasonable legal costs at the equivalent to legal aid rates. A parent / carer should not enter into any commitment to pay legal expenses without prior, written agreement to reimbursement having been given by the responsible Senior Manager.

1.18 Exceptional transport costs related to the promotion of family time and other associated exceptional costs relating to the promotion of family time are not expected to be paid by the parent / carer from the amount paid by way of an allowance. Exceptional contact arrangements and costs are expected to be

detailed within the Support Plan. The Council will then pay these additional costs. A parent / carer should not however enter into any commitment to pay exceptional contact costs without prior, written agreement to reimbursement having been given by the responsible Senior Manager. Costs of transporting to and from contact within the Borough, hosting contact within the family home or at a free public venue will not be considered exceptional.

### **Exceptional Hardship Assistance for a Child in the care of a Parent / Carer**

- 1.22 Where a parent / carer's immediate circumstances are such that assessment by the Council is that they would not be able to remain a parent / carer for the child, the responsible Senior Manager may consider a discretionary payment to support the maintenance of the care arrangement. Each case will be unique and based on the assessed needs of the child, the particular circumstances of the parent / carer and the immediacy and level of risk to the care arrangement disrupting.
- 1.23 Where the Council offers a single sum of over £250, a clear written agreement will be drawn up so all parties are clear about the intended purpose and use of the payment.
- 1.24 Where the Council offers a series of payments, these will be time-limited and will be reviewed every six weeks for the duration of the agreed period of payment. A clear written agreement will be drawn up so all parties are clear about the intended purpose and use of the payments.

### **Review of Financial Support**

- 1.25 The Council will review the financial support paid to a parent / carer when:
- The Council becomes aware of a significant change in the circumstances of the family; or
  - The parent / carer informs the Council that there has been or is to be a significant change in the circumstances of the family; or
  - On an annual basis; or
  - At any point the Council considers it would be appropriate to do so
- 1.26 Reviews are undertaken by the Finance Section of the Placement Service. Parents / carers will be required to complete Financial Assessment Documentation and supply copies of required evidential documentation upon request. The Annual Review will be triggered at the ten month point from the previous Review, enabling the parent / carer and the Council sufficient time to

review the circumstances and establish eligibility and any amount to be paid within the next period.

### **Suspension of Financial Support**

1.27 Payments may be suspended by the Council when:

- The parent / carer has failed to notify the Council of any significant change of circumstances; or
- The parent / carer has not responded within 28 days of request by the Council for information required as part of the Annual Review process; or
- The Council has reasonable cause to suspect that the parent / carer may be making a fraudulent claim for the allowance.

1.28 Where a payment is suspended, the parent / carer will be informed in writing of the reasons for suspension. The parent / carer may make representations to the responsible Senior Manager in writing. Any decision to reinstate payments will be notified in writing. No back payments to cover the period of suspension will be made unless it can be shown that the Council acted in error in making the suspension.

1.29 Where fraud is suspected, the responsible Senior Manager will decide whether to refer the matter to the Police.

### **Ending of Financial Support**

1.30 Financial support will no longer be payable by the Council if:

- The child no longer has a permanent home with the parent / carer; or
- The child ceases full time education or training and commences employment; or
- The child qualifies for benefits in his / her own right; or
- The child dies; or
- The parent / carer's financial circumstances are such that their means no longer require the financial support of the Council to care for the child; or
- The parent / carer refuses to engage in the review process.

1.31 If the Council proposes to terminate financial support it will give the parent / carer written Notice of the proposed termination and afford the parent / carer the time and opportunity to making representations. The Council will then consider any representations received within the period specified in the Notice

and then decide whether to continue, vary or terminate payment of financial support and inform the parent / carer in writing of its decision.

### **Conditions of Payment of Financial Support**

1.32 If it is agreed that financial support is to be paid by the Council, parents / carers must comply with the following conditions:

- That the parent / carer informs the Council if they change their address; or
- That the parent / carer informs the Council if the child dies; or
- That the parent / carer informs the Council if there is a significant change in their financial circumstances or the financial needs or resources of the child; or
- That the parent / carer completes and returns within 14 days any request by the Council for information detailing and evidencing their financial circumstances
- That the parent / carer uses the financial support for the purposes intended by the Council