



Financial allowances for kinship carers

Summary

- Kinship families are struggling against the rising cost of living. Current financial support for kinship carers is inadequate and extremely variable, reflecting not the needs of the kinship family but instead a legal and postcode lottery.
- Poor financial support is a barrier to permanence for children living in kinship care, and this comes at a significant cost to the state. It makes sense to invest in kinship care; well-supported kinship care delivers better outcomes for families and for local authority budgets.
- We want to see the Government introduce a mandatory financial allowance for kinship carers in the forthcoming kinship care strategy, and fund local authorities appropriately to deliver this. In the meantime, local authorities should prioritise good financial support for kinship families and ensure they have clear and accessible financial support policies.

When kinship carers step up to raise children, they take on full financial responsibility for them. But unlike foster carers, most kinship carers do not receive a financial allowance to help them cover the costs of raising a child. Our [#ValueOurLove](#) campaign is calling on the Government to equalise financial support between kinship carers and foster carers to ensure more children can grow up within their family networks.

Key messages

Kinship families are struggling against the rising cost of living.

Signs of financial stress for kinship families are increasing. Our 2022 annual survey report – [The Cost of Loving](#) – revealed that 6 in 10 carers had borrowed money, taken out a short-term loan or used credit cards for everyday purchases in the last year. Our [2022 Financial Allowances Survey](#) found that 44% of kinship carers could not pay all their household bills, 26% could not always afford food for their families, and 35% could not afford clothes for their children. More than 6 in 10 enquiries to our advice service include an element of financial support.

Taking on the care of a child compounds kinship carers' already vulnerable financial positions. [Evidence shows that](#) kinship carers are more likely to be older, have long-term disabilities or health problems, have lower incomes, live in insecure accommodation, and be in low paid employment or unemployed than any other group raising children; 76% of children in kinship care live in a deprived household.

Current financial support for kinship carers is inadequate and extremely variable.

The majority of kinship families do not receive any financial support. Available support is typically determined not by the needs of the child, but by the legal order (or lack thereof) securing the family arrangement, whether or not the child was previously or is currently 'looked after' by the local authority, and which local authority is responsible for supporting the family. The current statutory framework is inadequate, and this legal and postcode lottery leads to [variable, poor and sometimes unlawful practice](#). Many kinship carers find it impossible to find clear information about what they are entitled to.

A lack of entitlements at work forces many kinship carers out of employment, pushing them further into financial insecurity. Please see our recent report – [Forced Out: delivering equality for kinship carers in the workplace](#) – for more information on our recommendation to introduce paid kinship care leave.

Only the small minority of kinship carers who are kinship foster carers are entitled to a financial allowance. Some other kinship carers – predominantly special guardians caring for children who were previously 'looked after' – may also receive financial support. However, this is discretionary, commonly means tested and subject to ongoing annual reviews unlike the allowance provided to foster carers, and despite evidence indicating that a non-means tested allowance for special guardians [delivers better outcomes for families](#) and for the local authority whilst reducing administrative costs.

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Poor financial support is a barrier to permanence and comes at a cost to the state.

The Independent Review of Children’s Social Care rightly observed that the current system [perversely incentivises](#) kinship carers to become foster carers given this is often the only route by which kinship carers and their children can access financial and other support. This also creates a barrier to permanence for children who would benefit from being cared for under a different legal order which confers parental responsibility to the carer, such as a special guardianship order or child arrangements order.

The love and sacrifice of kinship carers saves the public purse millions a year by preventing children from going into the care system. For every 1000 children raised in kinship families rather than in local authority care, [the state saves £40 million](#) and increases the lifetime earnings of those children by £20 million. It makes sense to invest in kinship care.

However, the financial strain and lack of support facing kinship families is so great that it risks family breakdown. Last year, nearly 8 in 10 kinship carers who responded to our annual survey told us they weren’t getting the support they needed from their local authority, and over one-third of them were worried they [may not be able to continue caring](#) for their children as a result. This would come with devastating consequences for families and for the state, as the likely alternative would mean those children entering local authority care.

Our recommendations

1. The Government should introduce a mandatory financial allowance for kinship carers.

This should be non-means tested and equivalent to the national minimum fostering allowance. The Government should commit to legislating as soon as possible within the forthcoming kinship care strategy, and fund local authorities appropriately to deliver this entitlement, ending the current unacceptable variation and poor practice in financial support for kinship families.

In February 2023, the Government’s children’s social care implementation strategy – [Stable Homes, Built on Love](#) – committed to exploring the case for financial allowances for all special guardians and kinship carers with child arrangements orders where the child would otherwise be in care, but fell short of committing to this as recommended by the Independent Review of Children’s Social Care. The Government should also ensure that all kinship families can access other financial help to support family life, such as free childcare, and consider additional targeted funding ahead of future .

2. Local authorities should prioritise financial support for kinship families.

The Government’s children’s social care implementation strategy encourages local authorities to deliver financial allowances for kinship carers now, highlighting that this promotes positive outcomes for children and families and “makes good financial sense for local authorities”, but warns too that kinship care “should not be seen as a free (or nearly free) option” to reduce costs and that “savings should be diverted to supporting kinship carers and children”.

All local authorities should have an up to date, accessible and visible policy on the provision of financial support for kinship carers so they are fully informed about their rights and entitlements. [Special guardianship guidance](#) is clear that “financial issues should not be the sole reason for special guardianship arrangement failing to survive”. Local authorities should also provide additional immediate financial support for new kinship carers to help them cope with early, unexpected costs.

3. Tests of ‘family network support packages’ should be ambitious and comprehensive.

Testing of ‘family network support packages’ through [planned Pathfinder and pilot activity](#) must realise the [Review’s original ambition](#) of significant and flexible funding which adapts to the needs of kinship families (e.g. by funding home adaptations and compensating for reduced working hours) in order to properly evidence how early, intensive support for informal kinship families in particular can deliver better experiences and outcomes and keep children safe and loved within their family networks.