Financial Capability and Looked After Children:

The role of Corporate Parents

Guidance for Local Authorities in England, Scotland and Wales and Health and Social Care Trusts in Northern Ireland

Department for Education

pfeg Personal Finance Education Group

sharefound

Contents

pfeg financial education advisory service helpline: 0300 6660 127 or support@pfeg.org (see below for more details)

Introduction

This document is designed to help those with corporate parenting responsibilities[1] promote the financial capability of the children and young people in their care, so that they are better able to manage their finances when they become independent.

This document forms part of the financial educational element of the Department for Education initiative to provide Junior ISAs for Looked After Children (also known as children in care). The initiative, led by The Share Foundation, provides children in care who are not in receipt of a Child Trust Fund, with a junior individual savings account (Junior ISA). Further information about Child Trust Funds, Junior ISAs, as well as the initiative, appears later in this document.

The detail of corporate parenting arrangements varies between, and within, nations in the UK. However, the over-arching responsibilities are similar, and as such the document should support relevant local/regional officers in England, Scotland, Wales and Northern Ireland.

In addition to those concerned with the social welfare and residential circumstances of the children and young people, it also aims to help those involved with their education. It is hoped that elected members in local government will find it useful and that those responsible for different aspects of care and education will use it to increase coordination of this aspect of their work.

[1] Local Authorities in England, Scotland and Wales, and Health and Social Care Trusts in Northern Ireland

What are Child Trust Funds and Junior Individual Savings Accounts?

Child Trust Funds (CTFs)

Child Trust Funds, introduced by the Labour government in 2002 as a tax-free savings vehicle for children, ceased to receive state contributions following a decision by the coalition government in 2010. However, children – including those in care - born between 1st September 2002 and 2nd January 2011 are entitled to a CTF, which should already be open and active.

The majority of children in care will have someone with parental responsibility who manages their CTF account for them, even if they are not currently living with that person. There may be some children, however, for whom there is no one appropriate with parental responsibility who can manage their CTF account, e.g. orphans with no legal guardian.

In this case, the Official Solicitor (for England, Wales or Northern Ireland) or the Accountant of Court (for Scotland) manages the CTF accounts of those children, either until someone with parental responsibility becomes available or until the child reaches the age of 16 when the child can take over the management of their own CTF account.

For more information on Child Trust Funds for children in care, see www.hmrc.gov.uk/ctf/la-info.htm

Junior Individual Savings Accounts (Junior ISAs)

In order to maintain support for children in care, the Government has initiated a scheme to open Junior ISA accounts for children who have been in care for 12 consecutive months and who do not have a CTF. An initial sum of £200 will be paid into a Junior ISA account for these children.

The Share Foundation, which has been appointed by the Department for Education to establish and operate these accounts, is raising funds to provide additional donations which will be used to increase the value of these accounts. The Share Foundation is an independent charity set up in 2005 to help children and young people whose family situation is either severely disadvantaged or non-existent to achieve their potential by providing support in the form of financial resources and education.

Whilst most children in care will have either a CTF or a Junior ISA, these are additional to - and should not replace - existing financial support such as the setting up home allowance.

For more information about Junior ISAs for children in care, see www.sharefound.org

What is financial capability?

Financial capability is the ability to manage one's finances and to become a confident, questioning and informed consumer of financial services. It is a lifelong process and concerns the ability to make ends meet, keep track of finances, plan ahead, choose financial products and services and stay informed about changes and developments in financial matters.

Why do Corporate Parents need to promote the financial capability of children in their care?

Children in care often miss out on opportunities to learn about money as part of everyday family life. Like their peers, they need opportunities to use and talk about money as they grow up - discussing the need to prioritise spending in relation to toys and clothing, food, rent and mortgages, household materials, utilities or the cost of going out with friends.

> *'Not only are almost half of the young people we asked leaving care at a much earlier age than their peers typically leave home, they report that they cannot always rely on their Corporate Parents to make sure they have the preparation and support they need to do so'*
>
> After Care – Ofsted 2012

Although most people recognise the importance of financial capability, it is rarely explicitly mentioned in local documents or plans, with the exception of those concerned with older teenagers as they move towards independence. Because the development of financial capability is a gradual process, financial education needs to start when children are very young so that knowledge, skills and attitudes develop over time and are applied in real life situations long before the young people are required to live independently.

There is an assumption that children learn about managing money at school. However, many children in care move in and out of placements and change schools frequently (sometimes mid-year) and hence miss out on personal finance education. Provision in schools can, in any case, be inconsistent.

What can Corporate Parents do to promote financial capability?

- Ensure that strategic plans include ways of developing children and young people's financial capability from an early age. Check that different services involved in their education and care provide coordinated support that covers all aspects of financial education – including practical experience of spending and saving money and planning for the future.

- Establish a ‘preparation for independence’ strategy that has a financial capability component, which recognises the varied skills and needs of children and their different placement contexts.

- Establish a pocket money policy and a formal structure for encouraging saving. Include guidance on children’s learning about spending and saving.

- Include reference to the importance of financial capability in guidelines and other documents relating to children in care – including newsletters for carers.

- Make reference to ways of promoting financial capability in training for foster carers and residential care staff. Stress the importance of starting the work with young children so that they can build knowledge and skills.

- Support foster carers and residential care staff in helping children and young people to experience and learn from money management at home and in the community ensuring that support is not limited to older teenagers. Include reference to Child Trust Funds (CTFs) for children born between 1st September 2002 and 2nd January 2011 and to Junior ISAs for children who are entitled to these (see above for full details).

- Build the promotion of financial capability into the job descriptions of key staff concerned with children in care – both those concerned with their social care and those involved with planning their education.

- Incorporate reference to the importance of financial capability in training and resources provided for teachers working with children in care (for example, designated teachers).

- Support schools in adopting an incremental approach to personal finance education with key messages being reinforced at different stages to reduce the likelihood that children who move between schools will miss opportunities to develop vital financial knowledge and skills.

- Include financial capability in children and young people's review meetings at school and at home and in their personal education plans.

- Distribute the materials developed for carers and young people by **pfeg** (Personal Finance Education Group) as part of this project and, in addition, create a pool/library of innovative and flexible financial education materials that can be used with children and young people. All materials and further financial education resources are available at www.pfeg.org/JISA or www.sharefound.org.

- Contact **pfeg**'s advisory service for Corporate Parents which can give help and advice on developing personal finance education, using the materials mentioned above, as well as signposting to further sources of support. See below for details of how to contact the advisory service.

- Ensure there are both formal and informal structures for gathering the views of the children and young people themselves. Children in Care Councils or Youth Forums can, where they exist, be consulted about what actions should be taken to support financial capability. However, ensure that they are representative and that the views of all age-groups are taken into account.

- Ensure that all elected members are aware of the importance of financial capability within corporate parenting and how they can support children in care to develop the appropriate knowledge and skills.

- Ensure that criminal injuries awards are invested and advice and guidance provided for when the young person reaches 18 to avoid large sums being spent unwisely.

- Provide additional support for those receiving disability finance, considering future needs and helping the young people transfer to adult services when the time comes.

Financial education advisory service for Corporate Parents

As part of the Junior ISA initiative, **pfeg** (Personal Finance Education Group) is providing an advisory service for Corporate Parents in England, Scotland, Wales and Northern Ireland.

- **pfeg** is an independent charity whose mission is to support education providers in giving children and young people the skills, knowledge and confidence to manage money. They do this by:
- Influencing policy and practice
- Supporting educators in teaching money matters with confidence
- Providing education resources that will engage and inspire.

The advisory service offers information and advice about:

- financial education materials for young people (including the specific materials produced for 11 year olds and 15 year olds in care as part of this Junior ISA initiative)
- materials to support schools as they develop personal finance education in the curriculum and information about specific support in the different countries
- supporting carers in playing their part in promoting financial capability including the use of specific materials for carers developed as part of this initiative
- how to include effective personal finance education in young people's care plans including pathway plans and personal education plans.

Contact the advisory service on 0300 6660 127 or support@pfeg.org.

Further materials available

Along with this guidance for Corporate Parents, **pfeg** (Personal Finance Education Group) has also produced, on behalf of The Share Foundation, the following materials as part of this project:

- Financial Capability and Looked After Children: guidance for carers and residential care workers
- A workbook for young people in care aged 11

- A workbook for young people in care aged 15

All materials are available at www.pfeg.org/JISA or www.sharefound.org.

How do you promote the voice of the child?

Children and young people's wishes and feelings should be ascertained before making decisions affecting them and their care. Their views on learning about money are important because they tell us that it is essential to their future well-being, but that they receive too little financial education too late.

> *'I've been in sixteen different placements and sixteen different schools in the past ten years. Learning about money just didn't come into it!'*
>
> *16 year old male*

Discussions with young people show lack of understanding of the value of money, a focus on today rather than a desire to plan for the future

> *'If someone gave me £1,500 I'd buy an iPhone and iPod and iPad and a Ferrari and a bike.'*
>
> *9 year old male*

> *'If I had £10,000 I'd buy an all-inclusive cruise around the Caribbean''*
>
> *15 year old female*

In all four nations, consulting with children and young people about policy and practice is regarded as best practice. In England and Wales this is translated into law - local authorities have a legal requirement to consult the children and young people in their care about matters concerning them and keep a written record of their wishes and feelings.

In England, Children in Care Councils can provide a place where young people in care can have their say on issues that matter to them including service planning and in Wales youth forums in each local authority area fulfil a similar function.In Scotland children and young people are supported in sharing their views by *Who Cares? Scotland* and by the *Scottish Throughcare and Aftercare Forum*. In Northern Ireland *Voice of Young People in Care*, *VOYPIC*, provide a forum whereby young people in care can have their say on issues that affect their everyday life.

As young people move towards independence pathway planning processes provide opportunities for them to feed their views into the plan.

Whether formal structures exist or not, it is essential to check that views put forward are representative and that all children and young people in care – whatever their age - feel that they are listened to and can influence decisions that affect them. Multiple rather than single structures and routes are more likely to achieve this.

What are the national contexts?

England

The full list of regulations and guidance for England can be found in one place on the Department for Education website:

www.education.gov.uk/childrenandyoungpeople/families/childrenincare/regs

Children and Young Persons Act 2008

Making statutory elements of the white paper *Care Matters: time to deliver for children in care*, the *Children and Young Person Act 2008* is designed to put in place increased and more consistent support for children in care and care leavers. The Department for Education (DfE) has updated the legal framework for working with children in care based on this Act.

The Revised Legal Framework - Regulations and Guidance 2011 (based on the Children Act 1989)

This framework covers all aspects of a child's journey through care, including health, education and ensuring the child's voice is heard in the care process. The framework also includes regulations and guidance relevant to children's homes and fostering services providers. These regulations and guidance are designed to work together as a coherent whole, helping give local authorities the tools to ensure high quality care for all their children in care.

The framework includes:

- **Care Planning, Placement and Case Review – Regulations and Guidance 2010**
- **Planning Transition to Adulthood for Care Leavers - including The Care Leavers (England) Regulations 2010.**

These regulations and guidance aim to ensure that care leavers receive the same level of care and support their peers would expect from a reasonable parent and that they have the opportunities and chances needed to help them move successfully to adulthood. They include requirements to promote young people's financial capability.

- **Statutory Guidance on the Fostering Services (England) Regulations 20011**
- **Statutory Guidance on the Children's Homes Regulations 2001(amended)**
- **National Minimum Standards for the Provision of Fostering Services (March 2011)**
- **National Minimum Standards for Children's Homes (March 2011)**

In both national minimum standards documents, STANDARD 12 – 'promoting independence and moves to adulthood and leaving care' includes the requirement for fostering services/children's homes to support children in developing financial capability, knowledge and skills.

Wales

The Children (Leaving Care) Act 2000 guidance

www.legislation.gov.uk/ukpga/2000/35/section/3

This Act includes a chapter on Pathway Plans which in turn includes self care and practical skills and specifically:

- household budgeting, including the matching of expenditure to income, the regular payment of bills and avoidance of the excessive use of credit.

The Government of Wales Act (GOWA) 2006

www.legislation.gov.uk/ukpga/2006/32/contents

The Government of Wales Act 2006 gave Wales devolved powers in certain areas including Social Services for Children. As a result a new Social Services Bill for Wales was being developed at the time of writing (see below).

Children and Young Persons Act 2008

www.legislation.gov.uk/ukpga/2008/23/contents

This Act is designed to put in place increased and more consistent support for children in care and care leavers and is relevant in Wales where those sections that are within its devolved powers have been implemented.

Sustainable Social Services: A Framework for Action (June 2011)

see http://wales.gov.uk/topics/health/publications/socialcare/guidance1/services/?lang=en

The Framework sets out plans for Wales including plans for children in care. The framework provides the context for the Social Services Bill for Wales.

Social Services Bill for Wales

At the time of writing, the consultation on the Bill was complete and is due to go before the National Assembly in January 2013. This legislation is likely to impact on current arrangements including the *Planning Transition* guidance.

Scotland

The Children (Scotland) Act 1995

www.legislation.gov.uk/ukpga/1995/36/contents

This is the main legislation in Scotland relating to children, to the adoption of children and to young persons who as children have been looked after by a local authority. Section 29 requires the authority to carry out a needs assessment for each young person who ceases to be looked after beyond school age, with a view to determining what advice, assistance and support the authority should provide.

The Support and Assistance of Young People Leaving Care (Scotland) Regulations 2003

www.legislation.gov.uk/ssi/2003/608/contents/made

These regulations and their accompanying guidance set out the duty of local authorities to prepare young people for ceasing to be Looked After ("throughcare") and to provide advice, guidance and assistance for young people who have ceased to be Looked After ("aftercare") over school age up to 18 and a power to do so up to 21.

These Are Our Bairns: A guide for community planning partnerships on being a good corporate parent. 2008

http://www.scotland.gov.uk/Resource/Doc/236882/0064989.pdf

This document provides guidance to councils and other partners on how to improve outcomes for children and young people in care through better fulfilling their corporate parent function. It reiterates joint responsibility for corporate parenting in all council services, including social work, education, culture, leisure, housing, health, police and voluntary sectors in meeting the needs of children and young people in care.

The Looked After Children (Scotland) Regulations 2009

http://www.legislation.gov.uk/ssi/2009/210/contents/made

The Adoption and Children (Scotland) Bill 2007

http://www.legislation.gov.uk/asp/2007/4/contents

These two items provide the legislation framework for the planning for, and care of, children once they have been identified as needing to be looked after. They tighten up, modernise and consolidate provisions around assessing the needs of looked after children as set out in the Children (Scotland) Act 1995. They also place a duty on the local authority to prepare a child's plan which will describe on what basis the child is being placed and how their needs will be met and, in turn, reviewed.

Northern Ireland

The Children (Leaving Care) Act (Northern Ireland) 2002

www.legislation.gov.uk/nia/2002/11/contents

The Act aims to improve the life chances of young people who are looked after by HSC Trusts as they make the transition to independent living. It amends the Children Order to strengthen the existing duties on HSC Trusts to provide a service to young people leaving care. The main aims of the Act are to:

- ensure that young people do not leave care until they are ready to do so
- improve the assessment, preparation and planning for young people leaving care

- provide better personal support for young people after they leave care and
- improve the financial support available to care leavers

Meeting the Financial Needs of Care Leavers Age 16+ and 16-17 Year Olds Assessed as Homeless and/or Child in Need. Good practice guidance and resource tool to assist with joint working between HSC Trust, Social Security Agency and other relevant agencies.

Good practice guidance that recognises the contribution of financial support to the preparation and support of young people aged 16-21 years (or 24 if in education or training) leaving care and young people aged 16/17 years, who are assessed as "homeless" and/or "child in need" and estranged from parents. It should be considered alongside each HSC Trust's financial policy for young people leaving care.

The Children Order Guidance and Regulations – volume 8 Leaving and Aftercare (2005)

http://www.dhsspsni.gov.uk/index/hss/child_care/child_care_leaving_after_care/child_care_after_care_guidance.htm

Section 8, 10 of this guidance requires HSC Trusts to produce a written schedule of the areas where they would normally provide funding to young people leaving care and which gives clarity about how they would treat young people's own funds when deciding the support to be provided.

Our Children and Young People – Our Pledge – A Ten Year Strategy for Children and Young People in Northern Ireland 2006 – 2016

This strategy includes strategic goals in key areas affecting children and young people and takes into account the role of parents and families. It also examines the scope for achieving a more joined up approach within Government to children's issues.

http://www.ofmdfmni.gov.uk/index/equality/children-young-people/children-and-young-people-strategy.htm

Care Matters in Northern Ireland (2007)

www.dhsspsni.gov.uk/care-matters-ni-3.pdf

A strategic vision for wide-ranging improvements in services to children and young people in and on the edge of care, *Care Matters for Northern Ireland* seeks to increase support for vulnerable children and improve outcomes for care experienced young people.

Fostering Achievement Scheme

www.fosteringachievement.net

Delivered by the Health and Social Care Boards through two voluntary organisations *Fostering Network* and *Include Youth*, the scheme aims to give foster carers opportunities to secure educational and development support for children fostered with them.

All fostered children and young people who have been in care for at least three months are eligible and some elements are also available to young people in residential care.

Junior Individual Savings Accounts (JISA) for Looked After Children: Guidance for Health and Social Care Trusts – Circular CCPD 01/12

Minimum Kinship Care Standards (2012)

www.dhsspsni.gov.uk/kinship-care-standards.htm

At the time of writing both **Minimum Foster Care Standards** and **Leaving Care Service Standards** were being developed.

About The Share Foundation

www.sharefound.org The Share Foundation is an independent charity which has been appointed by the Department for Education to provide Junior ISA savings/investment accounts for all young people in care (known as 'Looked After') for over one year continuously, who do not have a Child Trust Fund. The Share Foundation is responsible for:

- Establishing each account with an initial grant of £200 from the Government;
- Raising additional voluntary money by encouraging individuals and organisations to contribute and invest in the futures of these young people;
- Monitoring the operational and investment performance of these accounts for best results; and
- Providing financial education with the help of **pfeg**.

About pfeg

www.pfeg.org pfeg (Personal Finance Education Group) is the UK's leading organisation helping schools to plan and teach children and young people how to manage their money now and in the future. pfeg's mission is to support education providers in giving children and young people the skills, knowledge and confidence to manage money. We do this by:

- Influencing policy and practice
- Supporting educators in teaching money matters with confidence
- Providing education resources that will engage and inspire.