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Carer's Allowance

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Summary

Carer's Allowance – formerly Invalid Care Allowance – is a non-contributory, non-means-tested benefit paid to people who care full-time for someone who is severely disabled. To be entitled to Carer's Allowance, a person must be providing at least 35 hours of care a week for someone in receipt of a qualifying disability benefit, not be in full-time education, and, if in paid work, have earnings after certain deductions, of no more than £120 a week.

Entitlement to Carer's Allowance also acts as a "passport" to the carer premiums/additions in means-tested benefits such as Income Support, Pension Credit and Housing Benefit.

Issues frequently raised in relation to Carer's Allowance include:

- The level of Carer's Allowance, when compared with other "income replacement" benefits
- The problems faced by people seeking to study or do paid work while claiming Carer's Allowance
- The fact that Carer's Allowance cannot be paid in addition to certain other state benefits, including the Retirement Pension

The interaction with other benefits is covered in more detail in a separate Library briefing, Carer's Allowance and the Retirement Pension.

The previous Labour Government gave an undertaking to consider reform of carers' benefits – including Carer's Allowance – as part of its wider welfare reform programme, but did not put forward any proposals by the time of the 2010 General Election.

The 2010 Government made no significant changes to the Carer's Allowance rules.

Means-tested support for carers of working age will be subsumed within Universal Credit, but Carer's Allowance will remain a separate benefit.

1. Introduction

Carer's Allowance – known as Invalid Care Allowance (ICA) before April 2003 – was introduced in 1976.[1] It followed the 1974 White Paper *Social Security Provision for Chronically Sick and Disabled People* which stated that there was "a strong case for the provision of a non-contributory benefit of right" to be payable to carers of sick and disabled people.[2] The new benefit was intended to "provide a measure of income maintenance for a man or single woman who had forgone the opportunity of full-time employment in order to care for a severely disabled relative."[3] Entitlement was later extended to married women and to people caring for non-relatives.

Carer's Allowance is payable to people caring "regularly and substantially" for a person in receipt of a qualifying disability benefit. Eligibility is not dependent on a claimant's National Insurance contribution record (i.e. it is non-contributory) or a claimant having limited income and capital (i.e. it is non-means-tested). The 2018-19 rate is £64.60 a week. Those receiving Carer's Allowance are credited with Class 1 National Insurance contributions. In line with other "income replacement" benefits, Carer's Allowance is taxable.

At August 2017 there were 813,804 recipients of Carer's Allowance in Great Britain, of whom 72 per cent were women.[4] Total expenditure in 2017-18 is forecast to be over £2.8 billion.[5]

Research commissioned by the Department for Work and Pensions in 2010 concluded that measuring the take-up of Carer's Allowance – the proportion of those who would be entitled to the benefit who actually claim it – was especially difficult because of the "immense complexity" of the benefit rules, which were "arcane" even by the standards of the social security system. Analysis of the Family Resources Survey suggested a take-up rate of around 65% for the core group of within-household carers not affected by overlapping benefits (see below), but measurement error meant that this was probably an under-estimate.[6]

Carers may also (depending on their household's income and/or capital) be entitled to means-tested benefits such as Income Support, Pension Credit and Housing Benefit. Carer's Allowance acts as a "passport" to the carer premium/addition in means-tested benefits, which is currently £36.00 a week. The premium, which was introduced in 1990, is intended to "focus help on those who have limited opportunity to gain income from work because of caring responsibilities, and who do not gain from entitlement to [Carer's Allowance] because it is taken fully

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1 Section 37 *Social Security Act 1975*, now consolidated in Section 70 of the Social Security Contributions and Benefits Act 1992
2 DHSS, HC 276 para 42
3 DWP, Attendance Allowance, Disability Living Allowance and Carer's Allowance: Retrospective equality impact assessment, September 2010, paras 2.8
4 DWP Tabulation Tool
5 DWP Benefit Expenditure and Caseload Tables, March 2018
6 Richard Berthoud, The take-up of Carer's Allowance: A feasibility study, DWP Working Paper No 84, 2010

into account in the calculation of income related benefit entitlement."[7] Without such a premium/addition, people on means-tested benefits who are also eligible for Carer's Allowance would see no gain because it would reduce the amount of benefit they receive pound for pound.

7 DWP, *The Regulatory Reform (Invalid Care Allowance) Order 2002: Statement by the Department for Work and Pensions*, 2002, para 17

2. Conditions of entitlement

To be entitled to Carer’s Allowance, a person must:

- provide at least 35 hours of care a week for a severely disabled person receiving one of the following benefits:
  - the middle or highest rate Disability Living Allowance care component; or
  - Attendance Allowance (either rate); or
  - Personal Independence Payment daily living component (either rate); or
  - Constant Attendance Allowance at or above the normal maximum rate with an Industrial Injuries Disablement Benefit, or basic (full day) rate with a War Disablement Pension; or
  - Armed Forces Independence Payment[8]
- be aged at least 16 years old;
- meet residence and presence conditions;
- not be subject to immigration control;
- not be in full-time education (21 hours or more a week); and
- not be “gainfully employed.” The criterion for gainful employment is having earnings of more than £120 a week, after deduction of allowable expenses.

If a person is caring for two or more people, they can only claim Carer's Allowance for looking after one of them. A carer is only allowed to receive one award of Carer's Allowance, no matter how many people they are caring for. A person cannot add together the time they spend caring for two or more people to meet the 35 hours requirement. They have to show that they are caring for one person for at least 35 hours a week.

Until 2002 Carer’s Allowance could not be claimed by those aged 65 or over, although it remained payable to those who were eligible immediately prior to their 65th birthday. From 28 October 2002 however the upper age limit for claiming Carer’s Allowance was abolished (see below).

Further information on the Carer’s Allowance rules can be found in:

- Carers UK’s factsheet, Carer’s Allowance 2018/19
- Disability Rights UK Factsheet F30, Carer’s Allowance

2.1 Changes announced in October 2002

The previous Labour Government undertook a review of Invalid Care Allowance (as it was then known) as part of the follow-up work to the

8 The DWP states that “Using the award of these benefits as a proxy for substantial care needs avoids making a separate assessment for Carer’s Allowance purposes” (DWP, Attendance Allowance, Disability Living Allowance and Carer’s Allowance: Retrospective equality impact assessment, September 2010, para 2.9)

1999 National Carers Strategy.[9] On 3 October 2000 Alistair Darling, the then Secretary of State for Social Security, announced £191 million of extra financial help for carers as a result of the review. The package of measures comprised:

- a £2 per week increase to the carer premium paid with means-tested benefits such as Income Support;
- carers would be able to claim ICA for the first time after 65;
- an increase in the earnings limit for ICA from £50 to the level of the Lower Earnings Limit (LEL) for National Insurance, and a commitment that this would rise in line with the LEL[10]; and
- continued payment of ICA for up to 8 weeks after the death of the person being cared for.[11]

The Carers National Association (which became Carers UK in 2001) described itself as "delighted" with the changes announced on 3 October 2000. In a press release it stated:

> CNA is pleased that carers are getting greater recognition. The new measures will make a significant change to the lives of many carers. We are particularly pleased that resources are going to the poorest and oldest carers. Although the £2 increase in the carer premium is of great importance, we will continue our campaign to ensure that the carer premium is doubled and that all carers are recognised for the enormous contribution they make to society.[12]

In fact in the uprating statement on 9 November 2000 Alistair Darling announced that the carer premium would be increased by £10 on top of normal uprating.[13] The increase to the carer premium and the earnings limit for ICA took effect from April 2001.

The abolition of the age limit for new claims and the extension of ICA for 8 weeks after the death of the person being cared for required changes to primary legislation. The Government achieved this through an order under the *Regulatory Reform Act 2001*.[14] As part of the consultation process required under this Act the Department for Work and Pensions published a consultation paper in July 2001 on *Changes to Invalid Care Allowance*. A draft regulatory reform order was laid on 17 December 2001[15] and debated on 28 May 2002 in the Lords.[16] The *Regulatory Reform (Carer's Allowance) Order 2002* was laid on 29 May 2002.[17] This also provided that from April 2003 ICA would be known as Carer's Allowance.[18] The abolition of the age limit and the 8 week "run-on" came into effect on 28 October 2002.

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9 Department of Health, *Caring about Carers: a National Strategy for Carers*, February 1999
10 In October 2007 the earnings limit was further increased above the level of the LEL, from £87 to £95 a week
11 DSS press release 2000/277, 3 October 2000
12 CNA press release 3 October 2000
13 DSS press release 2000/325, 9 November 2000
14 House of Lords Deposited Paper, HDEP 2001/012, 21 December 2000
15 *The Regulatory Reform (Carers' Allowance) Order* SI 2002/1457; DWP press release, *Caring for our carers is key*, 17 December 2001
16 HL Deb 28 May 2002 c 1222-7
17 SI 2002/1457
18 Article 2

2.2 Introduction of Personal Independence Payment

Personal Independence Payment (PIP) is replacing Disability Living Allowance for people of working age – including existing DLA claimants – and will therefore eventually become the main route by which a carer of a working age disabled person qualifies for Carer's Allowance. Carer's Allowance is currently payable if the person being cared for receives the middle or higher rate DLA care component. Under PIP, receipt of the "daily living" component – at either the "standard" or the "enhanced" rate – by the disabled person will act as the passport to Carer's Allowance.

PIP was introduced for new claims across Great Britain from June 2013, but for most existing DLA claimants reassessment for PIP did not begin until July 2015, and is scheduled to be completed by 2019-20.

Entitlement to PIP is determined by a "new, fairer, objective assessment of individual need" which differs from that currently used to determine eligibility for the DLA care components. The introduction of PIP could therefore have a knock-on effect for some current recipients of Carer's Allowance, if the person they care for is receiving DLA and, on reassessment for PIP, is found not to satisfy the conditions for the PIP daily living component.

Exactly how Personal Independence Payment will impact on current Carer's Allowance claimants is unclear. A DWP Impact Assessment on PIP published in May 2012 stated:

> 26. We expect that the introduction of Personal Independence Payment will not affect the overall size of the Carer's Allowance population or the level of expenditure on the benefit. However, as Personal Independence Payment will be a new benefit with different entitlement conditions, we would expect some shifts in the DLA caseload as claimants are migrated over to the new system. This would in turn, affect those who have an entitlement to Carer's Allowance.[19]

[19] DWP, Disability Living Allowance reform (Personal Independence Payment) impact assessment, 15 May 2012

3. Issues

Issues frequently raised in relation to Carer's Allowance in recent years include the fact that Carer's Allowance cannot be paid in addition to the Retirement Pension (and certain other benefits), and the amount of benefit payable in comparison with other income replacement benefits. The difficulties carers face combining their caring duties with paid work or studying are also a frequent source of complaint.

Debate on these issues often takes place within the context of the wider issue of whether Carer's Allowance should remain an income replacement benefit, or whether it should be intended to cover additional costs that carers incur.

3.1 Overlapping benefits rule

Prior to 28 October 2002, Carer's Allowance (or Invalid Care Allowance, as it was then known) could only be paid to a carer over the age of 65 if they were entitled to it immediately before they reached that age. In its response to the Labour Government's 1998 Green Paper on welfare reform, Age Concern said that older carers were "angry that they receive no financial support in recognition of the important role they play."[20]

Following the Labour Government's subsequent review of ICA (see above), the upper age limit for new claims was abolished. This was expected to extend a new entitlement to 40,000 carers.[21]

Many pensioners were, and new claimants above State Pension age still are, unhappy to discover that Carer's Allowance cannot be paid because they are in receipt of the State Retirement Pension. This is due to the "overlapping benefits rule". The rule applies not only to people eligible for Carer's Allowance and the Retirement Pension, but to people who would satisfy the conditions for more than one non-means-tested "income replacement" benefit. Income replacement benefits also include Incapacity Benefit, contributory Employment and Support Allowance, contribution-based Jobseeker's Allowance, Bereavement Allowance, and Widowed Parent's Allowance.

If a person eligible for Carer's Allowance is also in receipt of another overlapping income replacement benefit, they will not be paid any Carer's Allowance if the other benefit is paid at an equivalent or higher rate. If the other benefit is less than the amount of Carer's Allowance, then the difference is made up.

The rationale for these provisions is that Carer's Allowance is paid to provide income for a person unable to work because of their caring responsibilities. It cannot therefore be paid in addition to any of the other income replacement benefits. To do so would be against the

[20] Age Concern's comments on the Green Paper on Welfare Reform, *New ambitions for our country: a new contract for welfare*, Age Concern Briefings Ref: 1698

[21] DWP press release, *Caring for our carers is key*, 17 December 2001

long-standing feature of the social security system that "double provision should not be made for the same contingency".[22]

At November 2017, 342,710 people over State Pension age satisfied the care conditions for Carer's Allowance, but only 13,173 were actually in receipt of the benefit.[23]

People over State Pension age may however still benefit from claiming Carer's Allowance even though they may not actually receive it because they are already getting the Retirement Pension. This is because an "underlying entitlement" to Carer's Allowance means that they are eligible for the carer premium/addition in means-tested benefits such as Pension Credit and Housing Benefit (see section 1 above). At May 2014, 219,000 people qualified for the carer addition in Pension Credit.[24]

Means-tested benefits are however affected by income and capital, so better off pensioners who are also carers may not get any additional income.

Further information on the overlapping benefits rule, on the Labour Government's statements regarding possible reform, and on the 2010 Government's position, is given in a separate Library briefing, Carer's Allowance and the Retirement Pension.

3.2 Amount of benefit

Carer's Allowance is currently £64.60 a week (2018-19 rate). This is a lower weekly rate than most other income replacement benefits, for example:

Contribution-based Jobseeker's Allowance (aged 25 or over)	£73.10
Contributory ESA (main phase; Work-Related Activity Group)	£102.15
Contributory ESA (main phase; Support Group)	£110.75
Long-term Incapacity Benefit	£109.60
Full Category A Retirement Pension	£125.95

Carers' organisations have long argued that the amount of Carer's Allowance payable to carers is insufficient to meet its stated purpose of providing a replacement income for those who give up work to look after a disabled person.[29] To appreciate why Carer's Allowance is set at the level it is, it is necessary to consider the origins of the benefit.

22 National Insurance Advisory Committee, *Report on overlapping benefit regulations*, HC 36 1948/49

23 Source: DWP Tabulation Tool

24 DWP, Pension Credit: Supporting Information: Information on Pension Credit customers: receipt of additional amounts and Assessed Income Periods, ad hoc analysis, February 2015

28 Age UK and Carers UK, *Walking the Tightrope: The challenges of combining work and care in later life*, July 2016, p17; p29

29 It is perhaps significant that in PQs and in other statements successive governments have said that Carer's Allowance provides "**a measure** of income-maintenance" to carers; see for example HC Deb 27 March 2007 c1502

Invalid Care Allowance was introduced following the 1974 White Paper *Social Security Provision for Chronically Sick and Disabled People* which stated that there was "a strong case for the provision of a non-contributory benefit of right" to be payable to carers of sick and disabled people.[30] Eligibility for Carer's Allowance not dependent on a claimant's National Insurance contribution record. Carer's Allowance is intended to provide income for a person unable to do paid work because of their caring responsibilities; it is not a payment for care provided or a "carer's wage."[31]

ICA was introduced with a range of other new non-contributory benefits, including the Non-Contributory Invalidity Pension.[32] These were all set at a rate of 60% of contributory long-term benefit rates. This relationship has been roughly maintained with Carer's Allowance now being paid at 59% of long-term Incapacity Benefit.

The 1974 White Paper which proposed the new non-contributory benefits gives further clues as to why they were set at such a low level. In setting out the case for the Non-Contributory Invalidity Pension for sick or disabled people who were excluded from the National Insurance system because they lacked a contribution record, the Government said:

> It is for this group of people, deprived of both their normal role in the community and of the normal rights that go with that role, that pressure is strongest for a non-means-tested benefit to confer the very important psychological advantage of membership of the national insurance community.[33]

The White Paper went on to argue that it was

> …palpably wrong to deny altogether basic benefit as of right to people who because of severe disablement have not been able to establish themselves as contributors in the insurance scheme.[34]

Joan Brown, in her 1984 study of *The Disability Income System*, commented however that[35]

> …a justification based on the right to a basic non-means tested benefit did not in the government proposals extend to equality with the National Insurance recipients or to a benefit level which would remove the need for means tested supplementation where the benefit formed the sole or virtually the only income. The government paper first asserted that the case for a benefit for this group 'would not be weakened by the fact that, if they were granted a new non-means tested benefit, some of them (the numbers would depend on the level of the benefit) would still be unable to manage without recourse to supplementary benefit' (*Social Security Provision for Chronically Sick and Disabled People,* p18). Further on in a statement which harked back to Beveridge's views on the necessity to give non-contributors (on National Assistance) a less desirable benefit than the insurance benefit

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[30] DHSS, HC 276 para 42

[31] HC Deb 18 November 2004 c1867W

[32] The Non-Contributory Invalidity Pension was replaced in 1984 by Severe Disablement Allowance which, in turn, was replaced by non-contributory Incapacity Benefit for new claims from April 2001; and ESA in youth from October 2008

[33] HC 276 p13

[34] *ibid.* p18

[35] p216

('otherwise the insured persons get nothing for their contributions'), the paper stated:

> …it would be inconsistent with the maintenance of the insurance base of that scheme (National Insurance) and inequitable in comparison with the treatment of those already over pension age – particularly those who have no or reduced pensions and are just as disabled as those under pension age – to pay non-contributory invalidity benefit at the full contributory rates to people under pension age (*ibid.*, p18)

In other words, the lower rate was thought necessary in order to maintain the integrity of the National Insurance system. Similar considerations appear to have informed decisions about the level of the Invalid Care Allowance. Looking back at the introduction of ICA, Joan Brown commented:

> The decision to make the benefit non-contributory was based on the need 'to include the few who have been at work as well as the many more who have had to give up a paid job' (*Social Security Provision for Chronically Sick and Disabled People,* p20). If the work had been given up for other reasons, for example, invalidity, contributors would draw the normal NI benefit to which they were entitled, instead of ICA, but of the sole reason was to meet attendance needs, then 'the many' with a contribution record on the government's reasoning would have to be levelled down to the rate of benefit considered for 'the few' with no record. Governments in any case took the view that the contingency of giving up work to meet attendance needs could not be provided for under a contributory scheme (*ibid*, p13).[36]

To summarise, therefore, it would appear that Carer's Allowance is set at a lower rate than other benefits because:

- The Government in the 1970s decided that carers could not be supported by a new National Insurance benefit; and
- Non-contributory benefits should be paid at a lower rate than National Insurance benefits.

The following PQ from January 2007 suggests that this was still the official position at that time:

> **Mr. Laurence Robertson:** To ask the Secretary of State for Work and Pensions if he will take steps to increase the level of carer's allowance in line with that of *(a)* jobseekers' allowance, *(b)* income support and *(c)* incapacity benefit; and if he will make a statement. [115338]
>
> **Mrs. McGuire** *[holding answer 15 January 2007]:* The level of carer's allowance is increased in April each year in line with the annual movement in prices as measured by the retail price index, and we have no plans to change these arrangements.
>
> Unlike incapacity benefit and jobseeker's allowance (contributions-based), entitlement to carer's allowance does not depend upon the payment of national insurance contributions; hence, the level of carer's allowance has always been less than

36 *Disability Income Part 2: The Disability Income Scheme*, Policy Studies Institute, 1984, p261

> other income maintenance (contributions-based) benefits such as incapacity benefit and jobseeker's allowance.
>
> Income support and income-based jobseeker's allowance are available to carers in lower-income households. They are not payable at standard rates, but are assessed on the basis of an individual's personal circumstances. Carers entitled to carer's allowance have the carer premium of £26.35 a week [£34.60 in 2005-16] included in the assessment of these benefits, and of housing benefit and council tax benefit. If they are aged 60 or over, they have the equivalent additional amount for carers included in their pension credit assessment.[37]

Other developments in the benefit system since the 1970s suggest however that governments have not always adhered closely to the general principle that non-contributory benefits should be less than contributory benefits.

The Non-Contributory Invalidity Pension was later replaced by Severe Disablement Allowance, which, in turn, was replaced in 2001 by non-contributory Incapacity Benefit for people incapacitated early in life who had not had the opportunity to build up a National Insurance record. Non-contributory IB is paid at the same rate as contributory IB. Employment and Support Allowance – which replaced Incapacity Benefit for new claims from October 2008 – also had a non-contributory version for those incapacitated in youth, which is payable at the same rate as the contributory version. As a result of measures in the *Welfare Reform Act 2012*, new claims for ESA under the "youth rules" are no longer possible and all new claimants of non-means-tested ESA must satisfy the relevant National Insurance contribution conditions.

The DWP's September 2010 *Retrospective equality impact assessment* for DLA, Attendance Allowance and Carer's Allowance said that the rate of Carer's Allowance reflected its non-contributory status, but also mentioned the more generous earnings rules for Carer's Allowance claimants and the availability of additional means-tested support:

> Carer's Allowance is paid at £53.90 (2010/11 rates) and is subject to income tax. The rate of Carer's Allowance, compared with State Pension and Incapacity Benefit/Employment and Support Allowance, reflected the fact that entitlement does not depend on payment of National Insurance Contributions - the rate was originally aligned with that of a married woman's Retirement Pension based on her husband's contributions. However, the high earnings limit, compared with most other benefits, has helped carers who want to combine their caring responsibilities with part-time employment. Additional help is also available, as described above, for carers on low incomes through the income-related benefits.[38]

The level of Carer's Allowance was raised by a number of organisations and individuals who gave evidence to the Work and Pensions Committee's 2008 inquiry on *Valuing and Supporting Carers*. The Committee's report noted:

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37 HC Deb 22 January 2007 c1508W

38 DWP, Attendance Allowance, Disability Living Allowance and Carer's Allowance: Retrospective equality impact assessment, September 2010, para 2.14

> 121. Carers UK stated that "carers are insulted by the low level of Carer's Allowance". [Ev 142] At £50.55 (from 7th April 2008; previously £48.65) it is the lowest of all income replacement benefits. Ms Batten of the National Autistic Society said: "Just to demonstrate how inadequate Carer's Allowance is, even if you did the minimum caring hours of 35 hours a week, that is equivalent to £1.44 an hour compared to a minimum wage of £5.52, which really demonstrates how we value that role. So the rate is inadequate, it sends a message to carers about how we value their role." [Q 20]
>
> 122. Most submissions argued that the purpose of Carer's Allowance is unclear as it does not provide an income sufficient to live on or prevent poverty (the poorest carers have to claim Income Support with a carer premium for an income replacement benefit), but neither is it a benefit paid in recognition of the role of carers or the costs incurred as it is not paid to all who fulfil a caring role (we address eligibility in the following sections). [Ev 65; Ev 73; Ev 163; Ev 158; Ev 152; Ev 101; Ev 128] Ms Redmond of Carers UK said "It is something that is trapped back in the Seventies as if it is a bit of pin money or something, but it is not a proper income replacement benefit. If we are talking about a flat rate income replacement benefit, it has to be of a decent level that replaces income." [Q 17][39]

The Committee did not suggest increasing Carer's Allowance by any specific amount, but it believed that Carer's Allowance as a whole was outdated and recommended that carers' benefits should be "radically overhauled at the earliest opportunity to recognise the contribution carers make and to be more flexible to reflect carers' different circumstances" (see below).[40]

In his 2010 DWP Working Paper on measuring the take-up of Carer's Allowance, Richard Berthoud summarised some of the arguments put forward in favour of increasing the rate of Carer's Allowance as follows:

- Caring should be treated as an insurable risk, and should be paid at the same rate as other long-term insurance benefits which are currently about £95 for a single person.
- It is argued by some organisations that carers' personal incomes are so low that they are left in poverty, and/or dependent on the incomes of the people they care for.
- Although CA is constructed as an earnings replacement benefits, its objectives are often represented, by policy commentators and by carers themselves, as a payment in recognition of their caring role. It is argued that the social value of the work that informal carers do should be recognised in a higher rate of allowance (Carers UK, Real Change, not Short Change, 2007). This idea is often discussed in the context of the cost that would have to be borne by the state if the informal carer was not available or willing to help the disabled person (NAO, Department for Work and Pensions: supporting carers to care, 2009).[41]

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39 HC 485-I 2007-08, 29 August 2008
40 *Ibid.* para 125
41 Richard Berthoud, The take-up of Carer's Allowance: A feasibility study, DWP Working Paper No 84, 2010, p2

3.3 Carer's Allowance and paid work

Carer's Allowance is, formally, an "income replacement" benefit. It is intended to provide "a measure of income-maintenance" for people unable to do full-time paid work because of their caring responsibilities.[42] It is **not** a payment for care provided or a "carer's wage".

Nevertheless, the rules do allow people in receipt of Carer's Allowance to undertake some paid work. There is no limit on the number of hours of paid work a person in receipt of Carer's Allowance can do, provided they are still "regularly and substantially" caring for a disabled person. However, Carer's Allowance may not be payable if earnings exceed a certain amount in any week.

A leaflet produced by the Department for Work and Pensions (DWP) in 2010 explained, in relation to paid work:

> **Can I still get Carer's Allowance if I work?**
>
> You can do some work without losing your benefit. If you earn no more than the 'earnings limit' after taking off the following payments or expenses, you can still get Carer's Allowance:
>
> - Tax and National Insurance contributions.
> - Half of any money you pay into a work or personal pension.
> - Part of your work costs – for example, special clothes you need for your job.
> - Part of the cost for someone (not a close relative) to look after your child, or the person you care for, while you work.
>
> If you earn more than the earnings limit in some weeks, we won't pay Carer's Allowance for those weeks.
>
> If your earnings rise above the earnings limit while you are getting Carer's Allowance, you must let us know.[43]

The Labour Government increased the Carer's Allowance earnings limit substantially, so that by April 2010 it was £100 a week (after deductions). The 2010 Government raised the limit to £102 a week from April 2014, and to £110 a week from April 2015.[44] From 2018 the Carer's Allowance earnings limit increased to £120.

Organisations still argue however that the rules make it difficult for carers to combine paid work with their caring responsibilities. A particular problem is that a person loses entitlement completely as soon as their earnings exceed the threshold. The "cliff edge" problem has long been a source of complaint for carers and organisations representing them.

Some argue that the Carer's Allowance earnings limit should be increased – or abolished altogether – or that a taper should be introduced, so that the benefit is reduced gradually as income exceeds

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42 HC Deb 27 March 2007 c1502
43 DWP, Carer's Allowance, CAA5DCS, May 2010
44 See Appendix 1 of Chapter 60 of the DWP Decision Maker's Guide for changes to the ICA/A earnings limit since 1976

the limit, rather than being removed in full. In its 2008 report *Valuing and Supporting Carers*, the Work and Pensions Committee recommended (original emphasis):

> **174. Despite recent increases to the earnings limit, its level still represents a major barrier for carers to combine work and care, and/or progress in employment. We recommend that the Department urgently commissions and publishes a thorough analysis of the costs and benefits of increasing the earnings limit and introducing a taper.**
>
> **175. The different timetable for Carer's Allowance earnings limit uprating and the uprating of the National Minimum Wage is still a cause of great anxiety for claimants and causes problems for employers. We recommend that the Department finds ways of synchronising the increases in the level of the Carer's Allowance earnings limit with increases in the National Minimum Wage.**[45]

In its response published on 19 December 2008, the Labour Government said, in relation to the above recommendations:

> 42. The Government is keen to help carers to combine some paid work with their caring responsibilities where they are able to do so. However introducing an income taper into Carer's Allowance would make the benefit considerably more complex to administer and much more difficult for carers to understand. It would therefore add an extra burden for carers who already have heavy caring responsibilities as their benefit would need to be reassessed with every change in their income.
>
> 43. The Carer's Allowance earnings limit increased by 13% during 2007, and the Government will continue to keep the level of the earnings limit under review, including the most appropriate timescales for uprating.
>
> 44. As noted above, the Government intends to look systematically at the support offered to carers through the benefits system as part of its development of the single benefit.[46]

In its 2018 report, *Employment Support for Carers,* the Work and Pensions Committee reiterated its earlier recommendation that the Government introduce a taper rate for Carer's Allowance to avoid the "cliff-edge" problem. The Committee called the cut-off an "outdated anomaly in the benefits system and counter to the Government's objective of making work pay."[47]

Effect of increases in the National Minimum/Living Wage

The interaction between the National Minimum Wage (NMW) and Carer's Allowance has been a recurring concern. The main concern has been about increases in the NMW pushing people above the Carer's Allowance earnings limit. The introduction of the National Living Wage

45 HC 485 2007-08
46 HC 105 2008-09
47 Work and Pension Committee, *Employment Support for Carers*, 17 May 2018, HC 518; para 16

for workers aged 25 and over – which could be around £9 an hour by 2020 – may increase the number of carers affected.

The problem of people losing Carer's Allowance because increases in the NMW pushed them above the weekly earnings limit was until a few years ago an annual occurrence. The NMW usually increases from October, and there is no mechanism for automatically adjusting the Carer's Allowance earnings limit to take this into account. The problem was alleviated somewhat from 1 October 2007 – when the earnings limit was increased from £87 to £95 a week, and again from 12 April 2010 – when it was increased to £100 a week.

From 20 May 2014 the earnings limit increased further to £102 a week.[48] From April 2018 the earnings limit increased to £120, after deductions.

From October 2013, the NMW for people aged 21 or over was £6.31 an hour, so that a person working 16 hours a week at the NMW would have weekly gross earnings of £100.96 – in excess of the earnings limit at that time (£100 a week), but under the earnings limit in force from the following May (£102 a week).

From October 2014, the NMW (for those 21 or over) increased to £6.50 an hour – £104 a week for someone working 16 hours. The Carer's Allowance earnings limit was scheduled to increase to £110 a week from April 2015, but in the meantime the £102 a week limit continued to apply. Carer's Allowance claimants whose earnings would have exceeded the limit due to the increase in the NMW could reduce their working hours to retain their benefit, but for some this would have meant losing Working Tax Credit (which for some groups is only payable if the person works at least 16 hours a week).

However, for Carer's Allowance earnings are measured **after certain allowable expenses**, so that a person working 16 hours at the National Minimum Wage could remain within the earnings limit even if their gross earnings exceeded it. This point was made by the former Minister for Disabled People, Mike Penning, in a written answer in February 2014:

> **Mr Spellar:** To ask the Secretary of State for Work and Pensions if he will uprate the income threshold for carers allowance in line with increases in the minimum wage. [185757]
>
> **Mike Penning:** The Government keep the earnings limit under review and will consider whether an increase is warranted and affordable.
>
> The earnings rule in carer's allowance allows carers to maintain links with the workplace by allowing recipients to work and earn up to £100 per week, net of allowable expenses. This means that some carers can earn in excess of the limit and still be entitled to carer's allowance.
>
> The increase in the national minimum wage will only affect those carers who claim carer's allowance, work 16 hours a week and do not have allowable expenses to take them below the earnings

48 See Appendix 1 of Chapter 60 of the DWP Decision Maker's Guide for changes to the ICA/A earnings limit since 1976

> limit. In these circumstances a carer who is also receiving working tax credit will have any loss of carer's allowance offset by an increase in working tax credit.[49]

National Living Wage

Summer Budget 2015 announced the introduction of a new "National Living Wage" (NLW) for people aged 25 and over, which effectively replaces the National Minimum Wage for workers in that age group. The Government intends for the NLW to reach 60% of median earnings by 2020, which could be around £9 an hour.[50]

It has been suggested that the Carer's Allowance earnings limit should be uprated in line with increases in the National Minimum/Living wage, so that carers affected by increases in the latter do not have to choose between giving up Carer's Allowance and losing Working Tax Credit.[51] In response to parliamentary questions on this, Ministers have pointed to the substantial increase in the earning limit from April 2015. For example, in a written answer on 9 March 2016 DWP Minister Justin Tomlinson said:

> The earnings limit for Carer's Allowance which is not linked to the number of hours worked is currently £110 per week (net of certain expenses). It was increased to £110 in April 2015 – an increase of nearly 8%, which far outstripped the growth in earnings.
>
> The Government keeps the earnings limit under review and keeps under consideration whether an increase in the threshold is warranted and affordable.[52]

The 2016 Age UK and Carers UK report, *Walking the Tightrope*, called on the Government to ensure the earnings limit rose to ensure carers could always work a minimum of 16 hours on the National Living Wage.[53]

The recommendation was supported by the Work and Pensions Committee in its 2018 report *Employment Support for Carers*.[54] It stated:

> **The Government should seek to eradicate such barriers in its quest to make work pay. We recommend a link between the National Living Wage and the Carer's Allowance earnings threshold. For as long as 16-hour rules exist in the benefits system, the Carer's Allowance threshold should be equivalent to no less than 16 hours at the National Living Wage.**[55]

[49] HC Deb 5 February 2014 c265W
[50] See Library briefing CBP-7319, Economic impacts of the National Living Wage: in brief
[51] See for example Dr Eilidh Whiteford's contribution to the debate on the National Living Wage; HC Deb 18 April 2016 c707
[52] PQ 29988
[53] Age UK and Carers UK, *Walking the Tightrope: The challenges of combining work and care in later life*, July 2016, p43
[54] HC 518
[55] HC 518, para 21

3.4 Studying and claiming Carer's Allowance

Section 70(3) of the *Social Security Contributions and Benefits Act 1992* provides that a person is not entitled to Carer's Allowance if he/she is in full-time education. Generally, a person will be deemed to be in full-time education if their course is described as full-time by the educational institution, but regulation 5 of the *Social Security (Invalid Care Allowance) Regulations 1976*[56] states that a person is in full-time education if he/she is attending a course at a university, college or other educational establishment for at least 21 hours a week. In calculating the 21 hours only "supervised study" counts. Meal breaks or "unsupervised study" do not count. Supervised study does not necessarily have to be at the institution in the physical presence of a teacher, tutor or lecturer; it includes study the person is directed to undertake as part of the reasonable requirements of the course. Hours of study in excess of the normal requirement count as unsupervised study.[57]

The rationale for excluding those in full-time education from the Carer's Allowance is the same as that for the so-called "overlapping benefits rule", which applies in certain circumstances when a person is entitled to more than one social security benefit (see above). DWP officials[58] have in the past confirmed to the Library that the prohibition on people in full-time education receiving Carer's Allowance is an extension of this principle. The assumption is that people in full-time education are already being maintained via mainstream student support, and that payment of Carer's Allowance would duplicate provision.

The 21 hour study rule has been criticised by a number of organisations as a barrier to carers wishing to engage in education or training in order to update their skills with a view to entering or returning to the labour market. In its July 2008 report, *Valuing and supporting carers*, the Work and Pensions Committee stated (original emphasis):

> **163. Carers currently face a stark choice between engaging in education and training without any financial support or living on benefits. Many carers would be able to undertake education or training in addition to providing in excess of 35 hours of care per week. We recommend that the Department evaluates the effect of lifting the 21 hour study rule for carers on Carer's Allowance to enable carers to engage in education and training as a route into paid employment. We also recommend that the Department evaluates the effect of adding Carer's Allowance to the list of qualifying benefits for reduced education and training fees.** [59]

The Labour Government's response was published on 19 December 2008. In relation to the above recommendations it said:

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[56] SI 1976/409 as amended

[57] For further details see para 60068 onwards in Chapter 60 of the DWP Decision Maker's Guide

[58] DWP Disability and Carers Directorate Benefit Policy Division

[59] HC 485 2007-08

> 39. The Government is keen to ensure that carers have access to training opportunities that will enable them to improve their skills in preparation for entry or re-entry to the job market if their caring responsibilities come to an end. Rather than consider piecemeal changes to Carer's Allowance, the Government intends to look specifically at the support offered to carers through the benefits system as part of its development of the single benefit.[60]
>
> 40. The Department for Innovation, Universities and Skills is committed to tackling the many barriers people face to accessing opportunities to get into training and on at work. This includes those with full time caring responsibilities, of whom an estimated 1 in 5 has left or turned down a job because of caring responsibilities.
>
> 41. The Department for Innovation, Universities and Skills is introducing a new advisory service - the adult advancement and careers service (aacs) - that will combine skills and training advice with practical guidance for people on how to overcome the barriers they face in getting on in life. The aacs will provide a one-stop-shop for those seeking training and help into work but who also face problems in areas like childcare, money matters, housing and disability issues. The service will be freely available to all, but it is intended that it will provide particular targeted support for groups such as carers, ensuring that they do not miss out on opportunities to achieve their ambitions because of the social contribution they have made. The new service will be operational from autumn 2010.[61]

The proposed "Adult Advancement Careers Service" was never established, but the 2010 Government launched the National Careers Service (NCS) in April 2012.

[60] In its July 2008 Green Paper, *No one written off: reforming welfare to reward responsibility*, and December 2008 White Paper, *Raising expectations and increasing support*, the Labour Government said that it was attracted to the idea of a single benefit for people of working age that would cover a number of claimant groups; see pp38-42 of Library Research Paper 09/08, Welfare Reform Bill 2008-09: social security provisions

[61] HC 105 2008-09

Universal Credit will provide a single integrated system of in- and out-of-work support for working-age families. Income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit and Housing Benefit will all be abolished. UC was introduced for a small subset of new claimants in selected "pathfinder" areas starting from April 2013, and is gradually being extended to further areas and to new groups. UC is not expected to be fully introduced until 2021.

Carer's Allowance will remain outside Universal Credit and the maximum amount of UC payable will be reduced pound for pound by any Carer's Allowance a person/family receives. Where a person satisfies the care conditions for Carer's Allowance – ie they are "regularly and substantially" caring for a person receiving a qualifying disability benefit – a "carer element" will be included in the calculation of their UC maximum amount. This mirrors the carer premium/addition currently payable with means-tested benefits, and is worth £156 a month (2018-19 rates). A person does not have to be in receipt of Carer's Allowance or have made a claim for it to receive the carer element – the calculation of the UC award will include the carer element for as long as the person satisfies the care conditions. An award of UC can include the carer element even if Carer's Allowance would not be payable because the person's earnings exceed the Carer's Allowance earnings limit (currently £120 a week, net of certain expenses[69]).

The introduction of Universal Credit is being accompanied by a new "conditionality" regime setting out what people will be required to do in return for receiving it. People who satisfy the conditions for the carer element – ie who have "regular and substantial" caring responsibilities – will be in the "no work-related requirements" group. This means that they will not be expected to look for work or undertake any work-related activities to receive UC.

For those carers who are in work, Age UK and Carers UK have called for a realistic conditionality regime, with an understanding of the specific challenges faced by working carers.[70]

Further information on how Universal Credit affects carers can be found in:

- DWP, Universal Credit Policy Briefing Note 7: Carers, 12 September 2011
- Entitledto, Caring overview: Universal Credit for Carers
- Carers UK, Universal Credit

[69] See section 3.3 above
[70] Age UK and Carers UK, *Walking the Tightrope: The challenges of combining work and care in later life*, July 2016, p17

5. Carers and the Benefit Cap

The 2010 Government introduced a cap on the total amount of benefit that working-age households can get, from April 2013. Measures in the *Welfare Reform and Work Act 2016* have reduced the cap further, starting from 7 November 2016.

Households where someone is claiming a disability benefit (including PIP, DLA, and the Support Component of Employment and Support Allowance) are **not** subject to the cap. Receipt of Carer's Allowance did not however in itself give exemption from the cap prior to November 2016.

In a judgment on 26 November 2015, the High Court held that the failure to exempt full-time unpaid carers in receipt of Carer's Allowance from the Benefit Cap constituted unlawful discrimination against disabled people, in breach of Article 14 of the European Convention on Human Rights.[71]

During the Third Reading of the *Welfare Reform and Work Bill 2015-16* in the House of Lords, the Minster for Welfare Reform, Lord Freud, tabled an amendment to exempt all recipients of Carer's Allowance (and Guardian's Allowance) from the Benefit Cap.[72]

With effect from 7 November 2016, all claimants entitled to Carer's Allowance are exempt from the cap and any existing capped claims where there is an entitlement to Carer's Allowance had the Benefit Cap removed from 7 November 2016.[73]

Further information can be found in Library briefing CBP-6294, The Benefit Cap. Carers UK also has information on its Benefit Cap page.

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[71] *Hurley & Others v Secretary of State for Work And Pensions*, [2015] EWHC 3382 (Admin)

[72] HL Deb 9 February 2016 c2121

[73] Changes also came into force at the same time to exempt from the Benefit Cap households with someone in receipt of Guardian's Allowance

6. Reform proposals

On 29 August 2008 the Work and Pensions Committee published a report, *Valuing and supporting carers* (HC 485 2007-08) which looked at support for carers in detail. The report argued that the current system of benefits for carers was outdated and recommended the introduction of two distinctive "tiers" of support for carers, offering: (i) income replacement support for carers unable to work, or working only part-time; and (ii) compensation for the additional costs of caring for all carers in intensive caring roles:

> **198. We endorse the commitment in the 2008 Carers Strategy to review carers' benefits as part of a wider process of welfare reform. We believe that this review should be guided by the principles that carers who are not able to work due to their caring responsibilities should be entitled to an income replacement benefit comparable to other income replacement benefits; and that an additional payment should recognise the additional costs of caring for one or more people.**
>
> **199. We ask DWP to give urgent and detailed consideration to replacing Carer's Allowance with a two-tiered benefit for carers, and cost our proposals as soon as possible. They would operate as follows:**
>
> - ***Carer Support Allowance*, to be paid at the same rate as Jobseekers' Allowance, with the opportunity to earn a modest amount in a paid job (offering reasonable consistency with CA and in line with the permitted earnings rules). As this will be an income replacement benefit we do not think it should be payable in addition to other income replacement benefits; however we do not believe it is necessary, or desirable, to 'means-test' Carer Support Allowance, as carers entitled to receive it will need to be fully occupied by their caring role (for at least 35 hours per week).**
> - ***Caring Costs Payment*, available to all carers in intensive caring roles (35+ hours per week, consistent with existing Carer's Allowance), but payable also to those over State Pension age, to compensate them for the additional costs of caring, and/or to enable them to buy in some help, goods or services to ease their caring situation. We recommend that CCP should be set at a level commensurate with other parallel payments in the UK social protection system (such as Child Benefit); this would make it likely that CCP could be set somewhere between £25 (£1,300 p.a.) and £50 per week (£2,600 p.a.).**[74]

Further background to this proposal can be found in paras 188-197 of the Committee's report.

In its response to the Committee's report in December 2008 the Labour Government accepted the general principle put forward by the

[74] Original emphasis

Committee that a future system of support for carers should distinguish between income replacement and the extra costs faced by carers. However, it gave no specific timetable, saying that any changes would be looked at as part of its wider welfare reform programme:

> 51. The Department accepts the Committee's general principle that a future system of support for carers should be able to differentiate between the support that a carer needs because they have no income, and the support that a carer needs because of other costs relating to the caring responsibilities. In the White Paper Raising expectations and increasing support - reforming welfare for the future the Department says that it will explore whether a single benefit would be a good way to provide a more adaptive system of support. The needs and circumstances of carers will play a key part in the consideration of options for streamlining the benefit system.
>
> 52. But it would not be right to undertake any review of carers' benefits in isolation. Many of the difficulties that carers experience arise from the interactions between different benefits and interactions with different aspects of the wider welfare system.
>
> 53. The Government said in Carers at the heart of 21st century families and communities that it would be important to look at carers' benefits in the context of wider welfare reform. It remains committed to doing this and recognises the importance of taking a joined-up approach to looking at the future of carers' benefits - across the Department for Work and Pensions and across Government.

No further announcements were made before the 2010 General Election.

Media reports in March 2015 suggested that, as part of an investigation into the options for making further welfare savings, DWP officials had been asked to look into changes to disability and carers' benefits, including abolishing Carer's Allowance and limiting help to carers eligible for Universal Credit (see below).[75] According to leaked documents seen by the BBC, the DWP estimated that restricting help to carers eligible for UC could save £1 billion a year, and result in 40% of claimants losing out.[76]

In its 2015 Green Budget, the Institute for Fiscal Studies (IFS) estimated that scrapping Carer's Allowance and allowing claimants to claim Universal Credit instead would only save around £300 million a year. The reduction in spending would be relatively small since most claimants would be entitled to claim means-tested support to offset the loss of Carer's Allowance.[77]

Commenting on the BBC report, the IFS said that the discrepancy between the leaked figures and its estimate was likely to be because the

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75 "Election 2015: Conservative benefit cut options leaked," BBC News, 28 March 2015
76 Ibid.
77 "Options for reducing spending on social security," in *Green Budget 2015*, February 2015, p217

Green Budget figures did not account for non-take-up of means-tested benefits.[78]

The BBC report stated however that the Conservatives had insisted that the proposals in the leaked documents were not party policy. It added:

> A spokeswoman for Work and Pensions Secretary Iain Duncan Smith said: "This is ill-informed and inaccurate speculation.
>
> "Officials spend a lot of time generating proposals - many not commissioned by politicians.
>
> "It's wrong and misleading to suggest that any of this is part of our plan."

Carers UK issued the following response to the media reports:

> **Carers UK responds to leaked plans for welfare cuts**
>
> 27 March 2015
>
> Responding to reports from the BBC that the DWP has drawn up plans that would see a tightening of eligibility for Carer's Allowance:
>
> Emily Holzhausen, Director of Policy at Carers UK said;
>
> "Carers UK represents all carers providing unpaid support for disabled, ill and frail relatives and friends. The value of their support, overall is worth a staggering £119bn a year yet caring can come at a huge personal cost to carers placing a strain on finances as well as health and wellbeing.
>
> Carer's Allowance is the lowest benefit of its kind paid to people who have largely given up work to care for their relatives who are disabled or chronically sick. To get the benefit they have to be providing at least 35 hours of unpaid care per week.
>
> Our research shows that over one third of carers could not afford to pay utility bills and 45% were cutting back on food.
>
> Carers have made it very clear that they need more financial support not less and this needs to the priority of any future Government. "

In a joint letter to *The Guardian* on 31 March 2015 in response to the leaked documents, Rosemary O'Neill of the campaigning group Carer Watch and over 70 other individuals from disability, carers' and other organisations argued that moving carers to Universal Credit would result in an unfair system that gave no recognition of their contribution to society. They believed that governments should accept their responsibility to carers, who deserved a "livable income, a separate benefit which recognises that they are not unemployed or "passive" recipients of benefit." The letter continued:

> Those in receipt of carer's allowance cannot be classed as being inactive. Carers are unique within the benefit system in that they have to provide a minimum of 35 hours a week care in order to qualify for carer's allowance. Over 1.5 million carers provide more than 50 hours' a week of care, some providing care 24 hours a day, seven days a week. Carer's allowance cannot therefore be considered as being a "passive" benefit. Caring places physical

78 Stuart Adam, Andrew Hood, and Robert Joyce, The search for further benefit cuts, IFS Observation, 27 March 2015

> and emotional demands on a carer. Unpaid caring entails carrying out the same tasks and duties considered by society to be work when carried out by paid care workers.
>
> Without carers' unpaid contribution to society, this unpaid care would have to be provided by state-funded social care staff at a considerably higher cost to society. Without carers, our NHS and social care systems would collapse. The average carer is saving the nation over £15,260 a year. A full-time carer saves the nation considerably more. CarerWatch believes these proposals indicate a failure on the government's part to recognise that caring is not passive and that carers make a valuable contribution to society (estimated to be worth £119bn a year).[79]

In the event, the incoming Government did not announce changes to Carer's Allowance, but Summer Budget 2015 set out a package of measures to yield additional welfare savings of £13 billion a year by 2020-21, including limits to Child Tax Credit, a four-year freeze in working-age benefits (rather than a two-year freeze as previously announced), abolition of the Employment and Support Allowance Work-Related Activity Component for new claims from April 2017, and reductions in the household benefit cap.[80]

6.1 Work and Pensions Committee Report

In November 2017 the Work and Pensions Select Committee launched an inquiry into Support for Carers to examine the "realities of juggling caring duties with paid employment". One of the areas the inquiry focused on was the benefits systems. Evidence to the inquiry highlighted similar concerns with Carer's Allowance to those raised by the Committee 10 years earlier in the *Valuing and Supporting Carers* report. They included:

- the income "cliff-edge" that resulted from Carer's Allowance being removed in full when earnings exceed the threshold; and
- the disconnect between the earnings threshold and the National Living Wage.

The "cliff edge" problem has long been a source of complaint for carers and organisations representing them (see section 3.3 of note). If earnings calculated for the purposes of Carer's Allowance exceed the threshold of £120 per week, the carer loses 100% of the benefit. A marginal increase in income can therefore result in £64.60 being withdrawn. It can therefore act as disincentive for carers to increase their working hours. Carers UK, in giving evidence to the inquiry, described this as "one of the harshest penalties in the benefits system"[81]

79 "Carers deserve a livable income," *Guardian* letters, 31 March 2015. The figure of £119 billion for the economic value of the annual contribution made by carers in the UK originates from a 2011 study commissioned by Carers UK – see University of Leeds and Carers UK, Valuing Carers 2011: Calculating the value of carers' support, May 2011
80 For details see Library briefing CBP-7251, Welfare Reform and Work Bill
81 HC 518, para 11

Echoing the recommendations to the Committee's 2008 inquiry, witnesses called for the introduction of a taper rate for Carer's Allowance. Since the 2008 inquiry, Universal Credit has been introduced which uses a taper rate to avoid the "cliff edge" problem.

In its 2018 report, entitled *Employment Support for Carers*,[82] the Committee stated that the Carer's Allowance income threshold cut-off was an "outdated anomaly in the benefits system and counter to the Government's objective of making work pay".[83] Although, recognising that the introduction of Universal Credit would resolve the problem for some claimants, the Committee also pointed out that a fully operational Universal Credit system was some years away and, furthermore, not all Carer's Allowance claimants would receive Universal Credit. The Committee recommended that a taper rate be incorporated into the Carer's Allowances system:

> **The Government already has a solution for work incentive cliff edges in the taper it uses for Universal Credit. Coherence and fairness in the benefits system dictates Carer's Allowance should be withdrawn at the same rate. We recommend that the Government introduce a taper for Carer's Allowance at the same rate as used for Universal Credit**.[84]

Even, if the taper system was adopted, the Committee warned that problems would remain for people claiming both Working Tax Credits and Carers Allowance due to effect of the National Living Wage. The Committee report explains:

> Certain claimant groups, such as single parents, must work at least 16 hours per week to receive WTC. However, 16 hours at the current NLW (for people aged 25 and over) of £7.83 pays £125.28, more than the current Carer's Allowance earnings threshold of £120. Carers on the NLW can effectively face a choice between the two benefits.[85]

Since the introduction of the mandatory NLW from April 2016, charities representing carers have been calling for the earnings threshold to rise to ensure that carers can always work a minimum of 16 hours on the NLW.[86]

Evidence to the Committee highlighted that the issue will persist for working parents after the introduction of Universal Credit as they must work a minimum of 16 hours a week at at least the NLW to be eligible for free childcare for three and four year olds. As a result, parent carers must balance their work commitments to ensure they work enough hours to qualify for the childcare subsidy but do not exceed the earnings threshold for Carer's Allowance. For many parent carers considering work, this may act as a disincentive to take up employment.

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82 Work and Pensions Committee, Employment Support for Carers, 17 May 2018, HC 518

83 *Ibid,* para16

84 *Ibid*

85 Work and Pensions Committee, Employment Support for Carers, 17 May 2018, HC 518; para 18

86 See for example, Age UK and Carers UK report, Walking the Tightrope, July 2016

In light of the evidence, the Committee recommended there should be:

> ***….* a link between the National Living Wage and the Carer's Allowance earnings threshold. For as long as 16-hour rules exist in the benefits system, the Carer's Allowance threshold should be equivalent to no less than 16 hours at the National Living Wage.**[87]

The Committee's other recommendations relating to Carer's Allowance were:

- Guidance on Carer's Allowance on the gov.uk website should include full details of the taxes and expenses that can be deducted from earnings (allowable deductions) before the threshold applies.
- As part of the application process for Carer's Allowance, claimants should receive information on support services, including signposts to those provided locally by the third sector. This information should also be made available in GP surgeries and hospitals.
- People who only claim Carer's Allowance are not currently entitled to an appointment with a Jobcentre Work Coach. If they want one, they should be eligible for one.
- DWP should review Work Coach training and guidance to ensure it adequately covers carer awareness, and collect data on the quality of the support and accuracy of information given to carers as part of its regular performance monitoring.

6.2 The Carer's Action Plan

On 5 June 2018, the Government published its *Carer's Action Plan*, setting out a cross-government programme to support carers over the next two years.[88] The Action Plan draws on responses to the Government's 2016 Carers strategy: call for evidence. The Foreword to the Action plan provides that:

> Carers need to be recognised and valued. Carers need access to information and support to provide the best care they can. Carers need to be helped to balance their caring responsibilities with their own employment and to preserve their personal health and wellbeing. That is why we are publishing this Carers Action Plan. It sets out the practical actions we plan to take over the next two years working together across government and with partners beyond government.[89]

The 31-page Action Plan briefly mentions Carers Allowance in *Chapter 2 - Employment and financial wellbeing* - where it states:

> The Department for Work and Pensions will ensure that benefits for carers (including Carer's Allowance and Universal Credit) meet the needs of carers and support employment for those carers who are able to work.[90]

87 HC 518, para 21
88 Department for Health and Social Care, Carers Action Plan 2018-20 – Supporting Carers Today, June 2018
89 Ibid, Foreward
90 Ibid, p20

The Carer's Action Plan received a luke-warm reception from carers' groups and campaigners, with many criticising the lack of commitment to provide additional financial support for carers. …

The Low Incomes Tax Reform Group said that while there were sensible recommendations in the plan, the "lack of a full and detailed response to the issues raised in the call for evidence is disappointing".[91] LITRG referred to the proposals on emotional and financial wellbeing as "worryingly vague". In particular it was disappointed that the Government had not mentioned uprating the Carer's Allowance earnings threshold for the National Living Wage, in line with the recommendation of the Work and Pensions Committee in its recent report.

Carers UK welcomed the cross-party recognition provided by the Action Plan of the need to improve support for carers. However, they too expressed disappointment that plan did not commit to further financial support for carers. They stated:

> With the cuts to local government funding and services, support to carers has never been more important. The Plan raises greater expectations for more far reaching proposals on the funding and support provided to families and friends who care, as part of the forthcoming Green Paper on social care. We will continue to press the Government to make sure that the Green Paper brings the wider changes to our social security, employment, and health and care systems that carers need.[92] However, the issue of additional resources to fund support for carers is conspicuously absent.[93]

The sentiment was also expressed by others in the care sector including Melanie Henwood, an independent health and social care research consultant who noted that "the issue of additional resources to fund support for carers is conspicuously absent" from the Action Plan.[94]

The Labour Party's shadow Minister for Social Care, Barbara Keeley MP, stated:

> This action plan is notable for planning very little action that would actually support carers, when the need for support through better-funded social care has never been more urgent.[95]

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91 LITRG press release "Unpaid carers action plan does not go far enough" 11 July 2018

92 Further information on the social care green paper can be found on the Library briefing page

93 Press release "Carers UK welcomes Carers Action Plan but says pressure is now on for social care green paper" 5 June 2018

94 From "While the Carers Action Plan is welcome, it is not good enough in itself", London School of Economics and Political Science blog

95 Labour "Carers action plan is notable for planning very little action that would actually support carers," 5 June 2018

7. Further Scottish devolution and Carer's Allowance

On 27 November 2014 the Smith Commission published its report detailing "Heads of Agreement" on further devolution of powers to the Scottish Parliament. The Commission proposed devolving full responsibility for certain benefits, including Disability Living Allowance, Attendance Allowance, Personal Independence Payment, and Carer's Allowance. The *Scotland Act 2016* gives effect to the Smith Commission proposals. The Scottish Parliament will have the power to create additional benefits in these areas, replace existing benefits with new benefits or other payments and to determine the structure and value of such provision.

In their 2016 Scottish Parliament election manifestos, the SNP, Scottish Labour, the Scottish Conservatives and the Scottish Liberal Democrats all committed to increasing Carer's Allowance to bring it into line with Jobseeker's Allowance. The SNP also pledged to increase Carer's Allowance for those looking after more than one disabled child, to recognise higher costs.[96]

The Scottish Greens' manifesto campaigned for a 50% increase in Carer's Allowance to £93.15 per week, explored introducing a "Young Carer's Grant", supported a redesign of the Carer's Allowance "to value care, tackle financial stress and reduce paperwork" including a lower threshold for hours of care and a top-up for people who care for more than one person, and advocated excluding Carer's Allowance from the means test for local authority non-residential care charges.[97]

In May 2016, First Minister Nicola Sturgeon confirmed that the Scottish Government would increase the rate of Carer's Allowance and consider the introduction of a young carer's allowance:

> We will increase carers allowance, and I can announce today that we will consider the introduction of a young carers allowance to provide extra support for young people with significant caring responsibilities. That proposal was in the Green Party manifesto—I think that it has real merit, and we will now ask our carer advisory groups for their views on how to take it forward.[98]

Further information on the proposals can be found in the Scottish Parliament Information Centre (SPICe) briefing, *Scotland Act 2016: Carer's Allowance*.

The proposals were set out in the Scottish Government's consultation, *A New Future for Social Security*. The consultation closed on 28 October 2016.[99]

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96 SNP Manifesto 2016, p21; Scottish Labour, Labour will deliver better support for Scotland's carers; Scottish Conservative and Unionist Party Manifest 2016, p21; Scottish Liberal Democrats Manifest 2016, p14

97 Scottish Greens Manifesto 2016, p8

98 SP OR 25 May 2016, c7

99 Scottish Government, *A New Future for Social Security: Consultation on Social Security in Scotland*, July 2016, section 7

Following the consultation, a 'Policy Position Paper' on support for carers was published in October 2017 as part of a series of updates on the *Social Security* (*Scotland) Bill*. The paper[100] outlined the Scottish Government's commitment to improve support for carers in Scotland by introducing a:

- ***Carer's Allowance Supplement*** to raise the level of Carer's Allowance to that of Jobseeker's Allowance
- ***Young Carer Grant*** amounting to £300 a year for young adults caring for an average of 16 hours a week.

The Carer's Allowance Supplement is due to be delivered by the summer of 2018, with payments backdated to April 2018. The timescale for the introduction of the Young Carer Grant is autumn 2019. In addition, the policy position paper states a commitment to introducing an additional payment for carers of more than one disabled child by the end of the Parliamentary term, once the Scottish Government takes full control of Carer's Allowance.

[100] Scottish Government, Social Security Position Paper - Support for Carers, October 2017

8. Key sources

8.1 Information for claimants and advisers

Detailed information on the Carer's Allowance rules can be found in guides such as the Child Poverty Action Group's annual Welfare Benefits and Tax Credits Handbook and Disability Rights UK's annual Disability Rights Handbook, both of which may be available in public libraries.

Information is also available online:

Disability Rights UK Factsheet F30, Carer's Allowance

Carer's Allowance, GOV.UK

Carers UK's factsheet, Carer's Allowance 2018/19

Carers UK, Carers and the Welfare Reform Act: How carers will be affected by planned changes to benefits, May 2013

Carers UK, State of Caring 2016, May 2016

Carers UK, Carers Rights Guide 2016 – looking after someone

Child Poverty Action Group in Scotland, Welfare reform and carers, March 2014

Commons Library Briefing CBP-7219, Carers' rights and benefits (England), 5 June 2015

DWP, Decision Maker's Guide DMG Volume 10, Chapter 60, Carer's Allowance

8.2 DWP policy and research publications

Hilary Arksey, Peter Kemp, Caroline Glendinning, Inna Kotchetkova and Rosemary Tozer, Carers' aspirations and decisions around work and retirement, DWP Research Report 290, November 2005

Sarah Vickerstaff, Wendy Loretto, Alisoun Milne, Elaine Alden, Jenny Billings, and Phil White, Employment support for carers, DWP Research Report 597, September 2009

DWP, Attendance Allowance, Disability Living Allowance and Carer's Allowance: Retrospective equality impact assessment, September 2010

Richard Berthoud, The take-up of Carer's Allowance: A feasibility study, DWP Working Paper No 84, 2010

Gary Fry, Benedict Singleton, Sue Yeandle and Lisa Buckner, Developing a clearer understanding of the Carer's Allowance claimant group, DWP Research Report 739, May 2011

Gillian Parker, Anne Corden, Annie Irvine and Caroline Glendinning, Household finances of Carer's Allowance recipients, DWP Research Report 875, July 2014

8.3 Parliamentary and related material

Work and Pensions Committee, Valuing and supporting carers, HC 485 2007-08, 29 August 2008

Valuing and Supporting Carers: Government Response to the Committee's Fourth Report of Session 2007–08, HC 105 2008-09, 19 December 2008

National Audit Office, Department for Work and Pensions: Supporting Carers to Care, HC 130 2008-09, 26 February 2009

Public Accounts Committee, Supporting Carers to Care, HC 549 2008-09, 8 September 2009 (and the Government's response, printed in Cm 7736, December 2009)

Library briefing paper, Carers (CBP 7756), November 2017

Debate pack: http://researchbriefings.files.parliament.uk/documents/CDP-2016-0108/CDP-2016-0108.pdf

Work and Pensions Committee, Employment support for carers, HC 581, 17 May 2018

Department for Health and Social Care, Carers Action Plan 2018-20 – Supporting Carers Today, June 2018

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Number 00846, 19 July 2018