

The role of Carer's Allowance in supporting unpaid care

The logo for Citizens Advice, featuring a dark blue speech bubble shape with the text "citizens advice" in white lowercase letters.

**citizens
advice**

Summary

The UK's six million unpaid carers make an enormous contribution to society. It is estimated that unpaid care is worth £119 billion per year¹, £6 billion more than the planned expenditure for the NHS in 2014/15.² But a growing body of evidence shows that many unpaid carers, including those who claim Carer's Allowance, are struggling with the financial, social and health pressures that result from taking care of someone on a full time basis.³

In the last Parliament there were some improvements for full time unpaid carers. The claiming process for Carer's Allowance has been simplified and moved online, and the introduction of the Care Act now means that people who appear to have caring needs will be entitled to an assessment, and offered support from the local authority if they meet the eligibility criteria. In this Parliament, the Government has pledged to increase support for full time unpaid carers.⁴ But there is little clarity over what this means for the future of the main benefit for carers.

Carer's Allowance is a crucial element of our welfare system. Research shows that it is a vital component of household income,⁵ it helps people care for relatives or friends, and it provides a sense of worth for carers who work hard and take pride in the recognition it gives them. Any changes to entitlement or support levels would have significant implications for individuals and families who are already trying to cope with the practical and financial challenges of ill-health or disability.

This brief report covers the purpose of Carer's Allowance and its importance to those who receive it. It explores the challenges that we currently see at Citizens Advice; issues around eligibility, entitlement and calculation; carers who are struggling financially; the lack of responsiveness of the welfare system when carers experience a change in circumstances; issues around balancing part-time employment and caring; and worsening physical and mental health for carers. The report goes on to discuss the potential impact if any changes are made to the benefit in the future.

¹[Carers UK & University of Leeds \(2011\) *Valuing Carers*](#)

²[NHS Confederation \(2015\) *Key Statistics on the NHS*](#)

³[Department for Work & Pensions \(2014\) *Household finances of Carer's Allowance recipients*; Carers UK \(2015\) *State of Caring 2015*](#)

⁴[The Conservative Party \(2015\) *Conservative Party manifesto \(2015\)*](#)

⁵[Department for Work & Pensions \(2014\) *Household finances of Carer's Allowance recipients*](#)

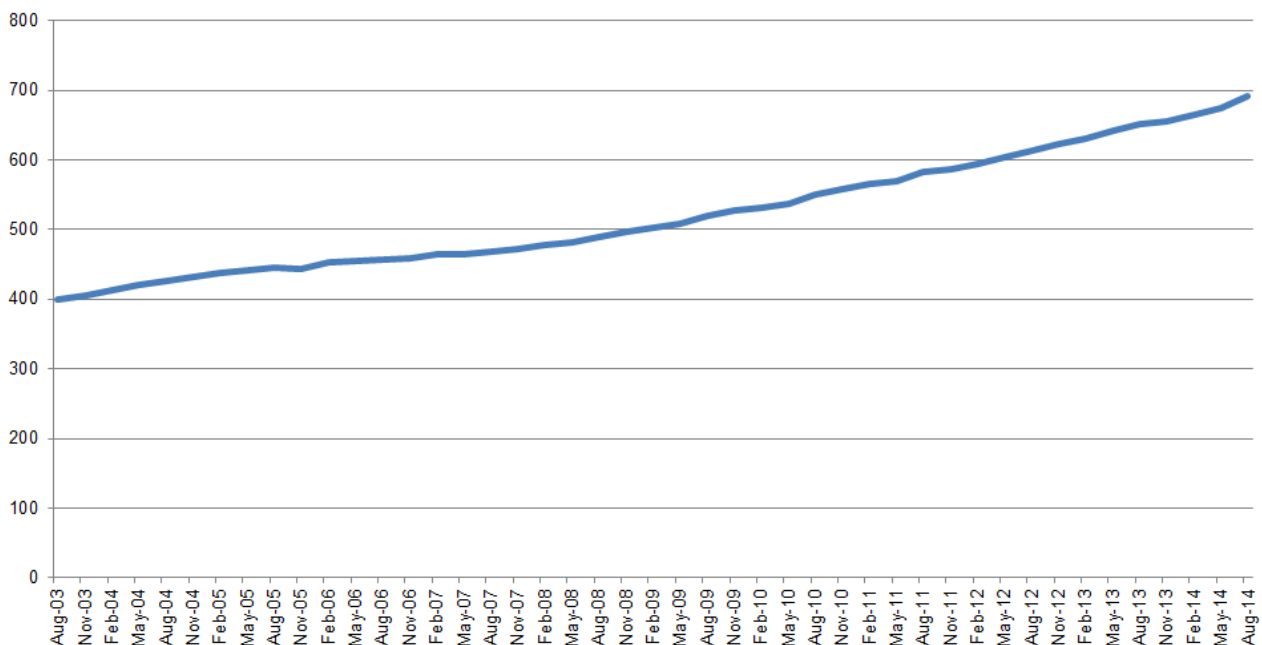
Understanding Carer's Allowance

Carer's Allowance is the main benefit for those who look after someone with a disability. The person being cared for must be considered eligible for a disability-related benefit; this could be Disability Living Allowance (DLA) at either the middle or higher rate, Attendance Allowance (AA) or the daily living component of Personal Independent Payment (PIP). Carer's Allowance is taxable, paid at £62.10 per week, and not means tested, although you must earn less than £110 per week to receive it. You must be 16 or over to claim, and not in full time education.

Recipients of Carer's Allowance are expected to engage in care for the equivalent of a full-time working week, 35 hours. The 35 hours of care needed to claim the benefit could be spent physically helping the person, completing practical tasks such as cooking or washing, or 'keeping an eye' on them to prevent harm. In many cases, carers are family members and live with the person they care for.

In August 2014, there were 692,000 people in receipt of Carer's Allowance, a 6% increase on the same period in the previous year.

Figure 1: Carer's Allowance cases in payment (000s)



Source: Department for Work & Pensions tabulation tool

The increases in those receiving disability-related benefits - and therefore Carer's Allowance - are primarily attributed to a growing, ageing population.⁶

Why is Carer's Allowance important?

Carer's Allowance is not a wage. It is a contribution to help with the cost of caring for someone who has a disability. Many carers who live with the people they are caring for have high transport costs and energy bills, and may need to move house or pay for home modifications. It is possible to earn up to £110 per week and still claim Carer's Allowance, so some carers are able to retain part time work. But for many, the burden of full time care and part time work is something that they cannot manage, leaving them dependent on Carer's Allowance. The London School of Economics has estimated that there are currently 315,000 people who have left the labour market to care, costing 1.3 billion per year, a figure which will rise with the increase in full time unpaid carers.⁷

In 2014, DWP published research⁸ into the experience of people who claim Carer's Allowance, focusing on how it sits in the household budget, how people use it, why they decided to apply for it and the impact it has had on labour market participation. It found that Carer's Allowance was a vitally important part of household income and, without it, carers would have to cut back on food, fuel or transport costs. Some participants said without it, they would have to give up caring altogether and find paid employment. Some people who claim Carer's Allowance also see the benefit as highly symbolic, and are pleased that the benefits system recognises their role.⁹

The societal contribution made by carers is huge. If the amount of people who provide unpaid care is multiplied by the latest unit cost of providing care, the annual saving to the economy is estimated to be £119 billion or £18,473 per carer.¹⁰ This is £6 billion more than the entire projected spend for the NHS for 2014/15. If each carer saves £18,473, the 692,000 people claiming Carer's Allowance save £12.8 billion, around the same as the entire NHS budget in Scotland (£13 billion).¹¹

⁶[Department for Work & Pensions \(2011\) *Disability Living Allowance: Growth in the number of claimants*](#)

⁷[Carers in Employment Task and Finish Group \(2012\) *Supporting working carers: The benefits to families, business and the economy*](#)

⁸[Department for Work & Pensions \(2014\) *Household finances of Carer's Allowance recipients*](#)

⁹[Carers in Employment Task and Finish Group \(2012\) *Supporting working carers: The benefits to families, business and the economy*](#)

¹⁰[Carers UK & University of Leeds \(2011\) *Valuing Carers*](#)

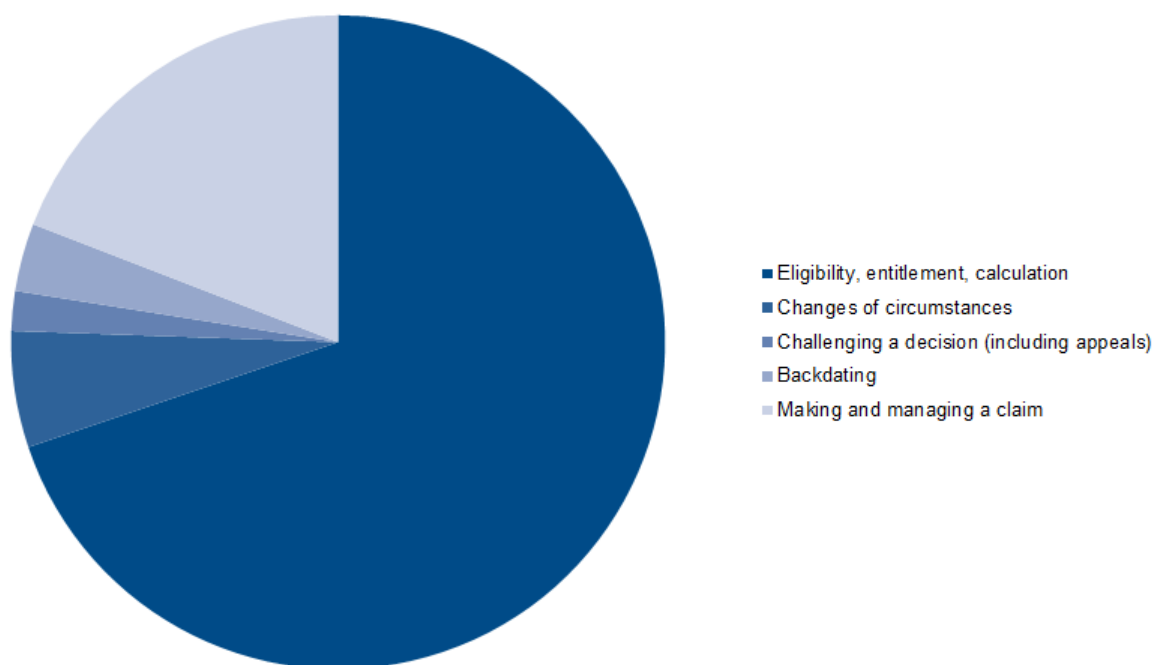
¹¹[NHS England \(2014\) *Understanding the new NHS*](#)

What sort of issues do carers need help with?

In 2014/15 over 2.5 million people came to Citizens Advice for help. Over the last 3 years, benefits have overtaken debt as the largest category of issues we deal with. In the last quarter, we helped with over 12,000 Carer's Allowance issues, ranging from entitlement and calculations, making and managing a claim, to poor administration and challenging decisions.

Quantitative data collected at each advice session shows that almost 7 in 10 queries about Carer's Allowance relate to eligibility, entitlement and calculation, and almost 1 in 5 need help with making or managing a claim.

Figure 2: Citizens Advice Carer's Allowance issues (Q4 2014/15)



Source: Citizens Advice management information

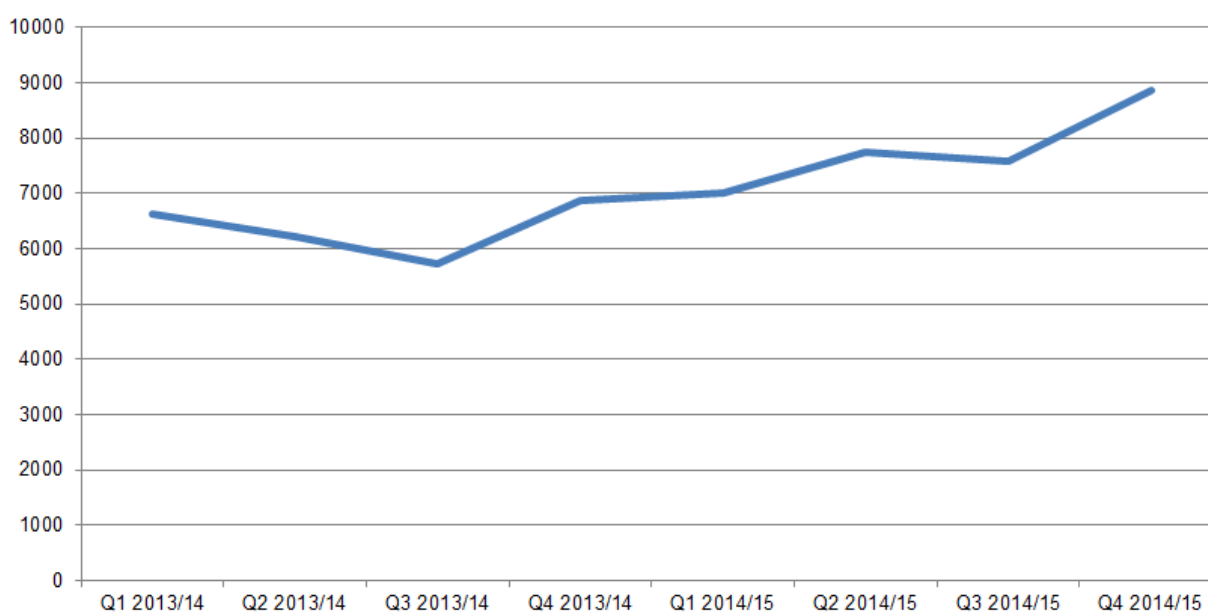
A new online [claiming process](#) should reduce queries about Carer's Allowance applications we see at Citizens Advice, and we will continue to monitor progress as the claiming process matures. The changes to the system were in part prompted by research from the Government Digital Service (GDS), which found many carers applying for the benefit during the small hours of the morning - indicative of the demands on their time.¹² The new claiming process was designed around the needs of the user, and the new application form has 49% (170) fewer questions than the

¹²[Government Digital Service \(2014\) *Simpler Carer's Allowance digital service now live*](#)

old one. This is welcome progress, and should mean carers need less help with the application process from DWP helplines, local authorities and advice agencies.

But for Citizens Advice, queries around what the benefit is, who can claim, and how it relates to employment are expected to remain high, and have grown since the first quarter of 2013/14.

Figure 3: Citizens Advice Carer's Allowance issues: Eligibility, entitlement and calculation



Source: Citizens Advice management information

In the last quarter of 2014/15, advisers helped with almost 9,000 queries about eligibility, entitlement and calculation. Many problems we see are linked to delays in awarding Carer's Allowance, or problems with administration, such as the case below.

Case study: Impact of poor administration

Gail, a 57 year old who has been caring for her mother for over 2 years, went to Chichester and District Citizens Advice because her Carer's Allowance payments had been stopped unexpectedly. Our adviser was able to establish that the payment had stopped in error after Gail had informed DWP of a house sale the previous month. Carer's Allowance is not a means tested benefit and should not have been stopped because of an increase in income from a property sale. Gail now has to wait until the payment is reinstated.

Changes to Carer's Allowance: factors to consider

At Citizens Advice, our evidence shows a range of current challenges faced by carers. These include financial concerns, difficulty balancing caring and employment, and a negative effect on health and wellbeing.

If any changes are considered, policy makers must carefully consider their impact and ensure that sufficient advice and support is available to help people navigate the system efficiently and effectively. We have used a combination of our case evidence and wider research to focus on some of the areas which need careful attention.

Financial factors

What are the current challenges?

At Citizens Advice, our evidence shows that people struggle financially for a number of reasons. Some find the Carer's Allowance payment is simply not enough to manage a household budget on, some wait for long periods of time without the benefit due to delays in the administration of associated benefits such as DLA/PIP, and some have been affected by policy changes such as the introduction of the benefit cap.

Carer's Allowance is paid at £62.10 per week, about £10 less than Jobseeker's Allowance (£73.10). Carer's Allowance is not intended to replace an income to live on, and employment earnings cannot be more than £110 per week. Because eligibility for Carer's Allowance relies on caring for 35 hours per week, many carers are unable to undertake part time work to boost their income, and we see many carers struggling financially as a result.

Case study: Impact of benefit amount on finances and health

Jim, a 47 year old who cares for his disabled wife, came to see us at Dudley local CAB. He was struggling financially because he found the £62.10 amount incredibly difficult to live on, and not reflective of the amount of the time that he put into caring. He said "Being a carer is a really difficult job and puts me under a lot of emotional and physical stress. The amount I get makes me feel like the caring I do is not recognised."

In some cases, the benefit's lack of responsiveness to wage increases has had financial implications. It's not means tested, but some people have lost their entitlement to Carer's Allowance due to a rise in the minimum wage, which has pushed their employment earnings just over the £110 limit.

Case study: Impact of wage rise on Carer's Allowance

Anne, a 50 year old who cares for her 17 year old disabled son, visited Mold Citizens Advice. A rise in the minimum wage pushed her earnings over the threshold and her Carer's Allowance was stopped. She works 16 hours per week and tried to negotiate a slight reduction in hours with her employer, but this was not possible. The marginal increase in wages was offset by a loss of around £60 per week from the household budget, causing severe financial hardship.

Carer's Allowance is a 'passported benefit', meaning it is dependent on the person being cared for having been awarded PIP or DLA. However, the roll out of PIP has led to delays, with some clients at Citizens Advice reporting waits for as long as 9 months to receive an award.¹³ This is having a knock-on effect on those caring for them who need to claim Carer's Allowance.

Case study: Impact of delays to awarding PIP

Tony, a 26 year old father of two, came to Three Rivers Citizens Advice. His wife had undergone reconstructive surgery on her knee, and Tony left work to care for her and the children. Tony's wife applied for PIP but the case was delayed, leaving them without access to either PIP or Carer's Allowance for 9 months. The financial impact resulted in Citizens Advice referring Tony to a food bank.

Carer's Allowance can also fall within the remit of the benefit cap. Although households where a person is in receipt of PIP or DLA are exempted, this does not apply where the carer does not live with the person they care for, or that person is not a member of their immediate family. Some have therefore been affected by the introduction of the benefits cap, despite its intention not to create additional pressures on disabled people.

¹³[Citizens Advice \(2014\) *Personal Independent Payment assessment first independent review: Citizens Advice response*](#)

Case study: Impact of benefit cap on carers

Mohammed, a 47 year old married client with 5 children, sought advice at Hackney Citizens Advice. Mohammed receives Carer's Allowance for looking after his disabled father, but the introduction of the benefit cap reduced his housing benefit payment by almost £80.00. He fell into arrears and is now at the point where he and his family are under threat of eviction from their housing association property.

Considerations for future changes

Demographic changes mean that the demand for care is rising, and how we meet that demand is of crucial importance. The Office for Budget Responsibility has estimated that public expenditure on long term care will rise from 1.2% of GDP in 2018/19 to 2.3% in 2063/64.¹⁴ If the supply of informal or unpaid care does not rise alongside demographic changes, the need for formal services and resulting financial costs could rise more sharply than the OBR's current projections.

The Government's plans to restrict spending on working-age benefits may have implications for Carer's Allowance. The benefit cap is expected to be reduced, meaning that more households will be affected. This places particular pressures on carers; the main means of escaping the cap are to enter work or to move to a cheaper property. However, those claiming Carer's Allowance will already be undertaking caring duties for at least 35 hours each week and may face restrictions on their options for moving, particularly if they need to remain near to the person they care for or if that person lives with them. This may leave some facing a choice between giving up their caring role, or effectively paying to cover any financial shortfall. Such cases appear at odds with the Government's previous pledges to increase support for carers, and the very significant financial savings to the Exchequer associated with their role.

Similarly, reforms around Universal Credit may also affect Carer's Allowance. The previous Government stated it was "carefully considering whether changes to Carer's Allowance will be necessary to take account of the introduction of Universal Credit".¹⁵ There has been some speculation that this could involve restricting Carer's Allowance to those eligible for Universal Credit, meaning 40% of carers would no longer be entitled to claim it.¹⁶ Unless alternative support is made available for unpaid carers, this would mean that many would be unable to afford to continue caring. There may also be wider consequences; almost 60% of carers say they are close to breaking point, and a quarter of those have sought medical help as a result.¹⁷ Any increase in financial pressures on carers is likely to exacerbate this

¹⁴[Office for Budget Responsibility \(2014\) *Fiscal sustainability report*](#)

¹⁵[Department for Work & Pensions \(2014\) *Universal Credit: welfare that works*](#)

¹⁶[BBC \(2015\) *Conservative benefit cut options leaked*](#)

¹⁷[Carers UK \(2014\) *Carers at breaking point*](#)

problem, with growing health problems for carers themselves and greater strain on public services.

Labour market factors

What are the current challenges?

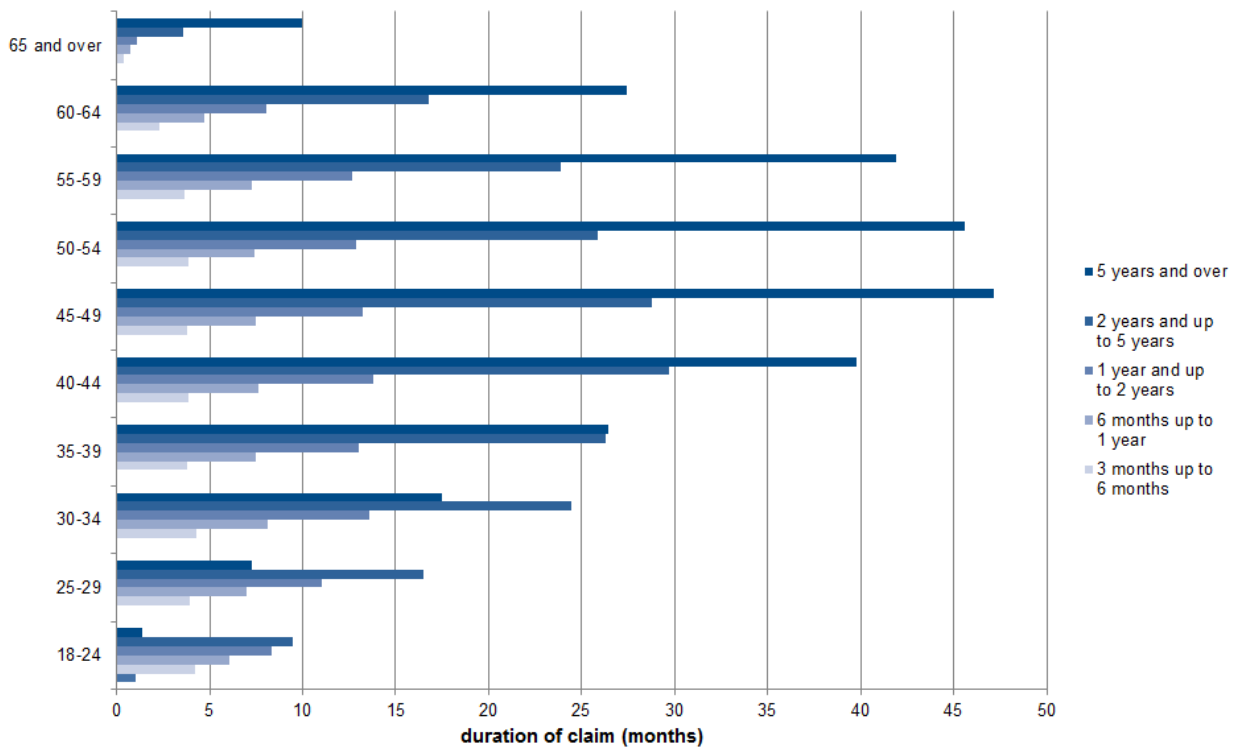
Our evidence shows a number of issues for carers who are in work, have left work, or want to return to work. Some carers want or need to undertake part time work alongside their caring roles. However, a lack of responsiveness in the welfare system often results in people being disallowed the benefit due to a wage rise, or overpayments that people aren't notified about until months or years later. In many cases, the time commitments of caring and the complicated rules around Carer's Allowance and work result in people leaving the labour market altogether, and then struggling to re-enter if or when caring responsibilities end.

Around 1 in 7 people claiming Carer's Allowance are between 45 and 49, and over half are aged between 40 and 59, a time when people are often at the peak of their careers, and when employers have invested considerable time and resource on training and skills development. Data from November 2014 shows more than half of people claim Carer's Allowance for over 2 years, and 37% have been in receipt of it for over 5 years. This is important because we know that the longer someone is out of the labour market, the harder it is to successfully re-enter, and reach previous wage levels- an effect known as "wage scarring."^{18 19}

Figure 4: Carer's Allowance cases in payment, by age and duration of claim

¹⁸[Dr Emma Clarence & Miguel Peromigo \(2013\) *When unemployment becomes a long term condition*](#)

¹⁹[Resolution Foundation \(2012\) *What a drag: The chilling impact of unemployment on real wages*](#)



Source: Department of Work & Pensions tabulation tool

Some carers who have given up work or reduced their hours are concerned about their value if and when they are ready to return to the labour market. They think their skills will be out of date, they have lower self-esteem, and many carers within the most common age bracket feel their age will mean they are out of favour with employers.²⁰ Our evidence gives detailed descriptions of the interplay between work and caring, and how tricky it can be to balance both. Many cannot manage the strain of full time caring and part time employment, and are forced to give up employment altogether. Some people are concerned about returning to the labour market, and struggle with a lack of confidence, feeling their skills are no longer applicable. In some cases, carers have taken low paid, part time or temporary work in an attempt to keep busy or keep in touch with the labour market, often with negative consequences.

²⁰Department of Work & Pensions (2011) *Developing a clearer understanding of the Carer's Allowance claimant group*

Case study: Impact of combining employment and caring

Kerry is 51 and cares for her 23 year old autistic son. She wanted to get out of the house more so began applying for part time jobs, although she was nervous because it was over 10 years since she had worked. But she was eventually successful in securing a temporary, part time role, and this allowed her to "have some interests and meet new people." But when the contract expired, there was a delay in reinstating her benefits, pushing Kerry into debt through a bank overdraft and credit cards. The lack of employment options and slow response to her change of circumstances left her saying that she was feeling depressed. She said she "didn't want to live on the breadline for the rest of her and her son's lives."

It is not uncommon for carers to receive notice of overpayment due to failing to get the balance of hours and caring right. But in some cases, the lack of responsiveness of the system means that notices of overpayment arrive months or even years later, making it difficult for people to access records or rotas to determine income for the period in question.

Case study: Impact of delay to overpayment notice

Claire, 53, cares for her son who has Down's Syndrome. She came to Horsham Citizens Advice in August 2014 after receiving notice of a Carer's Allowance overpayment of almost £4,000. The overpayment relates to a period between 1999 and 2001 when Claire worked at a supermarket. Her contract was for eight hours each week and, although she occasionally worked some overtime, she believed she was under the earnings threshold as she continued to be paid Carer's Allowance. Over a decade later, she is now faced with a large bill and no longer has the paperwork or rotas to prove she was under the threshold. She was told by the DWP that without this kind of proof, there was no point challenging the decision.

Considerations for future changes

Giving up work to care can mean long periods away from the labour market. Policy makers should carefully consider the impact on those wishing to return to employment if changes are made to Carer's Allowance. There should be suitable, adequate support in place to retain current skills and develop new ones, so that carers can re-enter the labour market as quickly and as smoothly as possible, and return to employment that matches the skills and training that they had previously received.

Carer's Allowance has a high status with many carers, so policy makers should consider the impact of removing entitlement for people who view it as recognition of their work, and the negative effect that the 'unemployed status' that replaces it might have. Additionally, if carers are no longer entitled to claim Carer's Allowance, and instead have to claim means tested benefits which have conditionality attached

to them, the claimant commitment should include appropriate work-searching activities, and take caring responsibilities into account.

Issues at a local level

What are the current challenges?

Social care funding has been cut by £3.5 billion since 2010²¹ and at a time when the population is aging, pressure is increasing on full time unpaid carers. Almost half of carers have said that support arranged by social services in their area has been reduced, making it more difficult to juggle other family responsibilities and have a life outside of caring.

The 2014 Care Act was an attempt to address some of these problems, placing new duties on local authorities to support carers and providing parity of esteem for the first time between those receiving care and those providing it. The Act outlines how local authorities should carry out carers' needs assessments, determine who is eligible for support and meet new obligations to offer information and guidance services to carers. Support can take the form of getting around, with taxi payments or driving lessons, help with housework or gardening, or discounted gym memberships to promote wellbeing. A financial assessment is designed to determine whether these services should be free or whether carers have to pay a contribution.

Considerations for future changes

The Care Act presents an opportunity to ensure that more carers receive adequate local support, something that an impact assessment has found will save local authorities money.²² It is too early to adequately measure the impact of the Care Act on local support provision for carers, but we will monitor the impact through our network of 3,000 outreach centres.

A reduction in spending on Carer's Allowance cannot be offset by expectations that local authorities can pick up the responsibility without careful planning and appropriate resources. Families are already struggling to fill the gaps caused by cuts in social care, and removing entitlement to Carer's Allowance without appropriate local support will see further strain on local services and their ability to help by providing, vital, practical support.

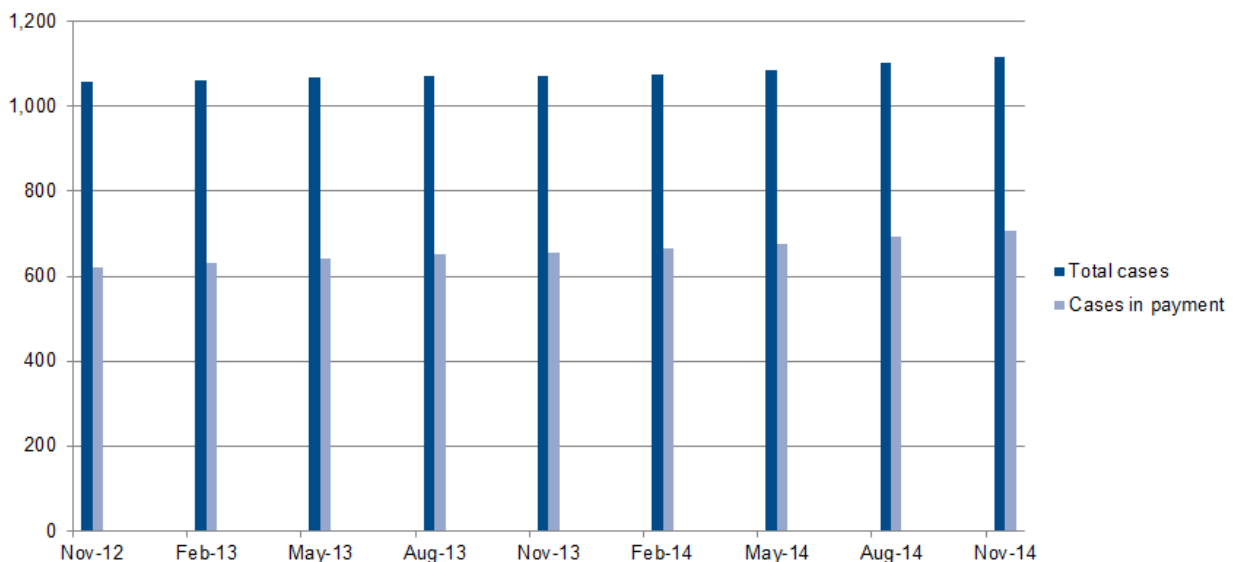
²¹[Local Government Association & ADASS \(2014\) *Adult social care funding: 2014 state of the nation report*](#)

²²[Department of Health, ADASS, Carers Trust, Carers UK \(2014\) *Economic case for local investment in carers support*](#)

Carer's Allowance: access to advice and support

In the last quarter of 2014, 37% of those who are entitled to claim Carer's Allowance did not do so.

Figure 5: Carer's Allowance cases



Source: Department of Work & Pensions tabulation tool

Despite a 5% fall in the percentage of unclaimed Carer's Allowance since 2012, almost 4 in 10 people missing out on the support to which they're entitled represents a huge gap in provision. Carers UK estimate that unclaimed Carer's Allowance amounts to £1 billion each year.²³ This gap in provision highlights the continuing need for adequate support and advice services for carers. We help with 133 Carer's Allowance issues every day, 100 of which are queries about entitlement and calculation. We therefore play a vital role in ensuring that people access the support to which they are entitled, as well as helping with navigating the system when problems or delays occur, and helping with the financial and social impact that being a full time unpaid carer often results in. A reduction in spending for Carer's Allowance will likely result in greater advice needs, as families need help with accessing alternative support, and begin to manage on what may be a tighter budget.

The advice we offer and the way we help people solve their problems means central and local government are less likely to deal with our clients. We estimate that the mitigated cost for each person receiving benefits and tax credits advice

²³[Carers UK \(2014\) *Caring and family finances inquiry: UK report*](#)

advice is £158²⁴, and the Citizens Advice total value to society is £75 million. If policy makers make changes to Carer's Allowance, they must consider the implications for services providing advice and support, and ensure appropriate resources are allocated to maintain provision. This has become increasingly important since the Care Act took effect in April 2015, which requires local councils to take up duties like the provision of advice and information, the development of a local care market and the promotion of integrated services.

²⁴[Citizens Advice \(2014\) *Making the case: The value to society of the Citizens Advice service*](#)

Conclusions

With many carers struggling financially, Carer's Allowance plays an important role in the household income and provides recognition that caring is highly valued. And although the £62.10 payment per week is not a wage, caring is certainly a full time job. And it's not just finances that are affected; there is a significant social cost to caring. Over half of carers have lost touch with their friends or family as a result of caring, almost half have experienced difficulties in their relationship with their partner because of caring, and 8 in 10 feel lonely or socially isolated as a result of caring.²⁵

In the last Parliament, there were new policies which should prove positive for carers, such as the shift to a simpler online claiming process in which 170 questions have been removed, the introduction of the Care Act which fully recognises the support needs of carers alongside those they care for, and an ongoing commitment to integrating health and social care through the better care fund.

But carers are nervous about their future. Cuts to local services, growing financial difficulties, losing touch with friends and family, and speculation that the main carer's benefit may be affected in this parliament will surely increase anxiety. Removing entitlement to Carer's Allowance could result in fewer working age people being in a position to take on full time caring responsibilities, and the responsibility for care might increasingly lie with other age groups such as older or younger people. This could cause additional strain on families and relationships, and exacerbate what is already a high social cost.

We help carers with over 4,000 benefit queries each month, and regularly see the huge financial and social cost that caring results in. These issues need to be very carefully considered if they are not to be exacerbated by any further changes to Carer's Allowance - or the wider welfare system - in this parliament.

Citizens Advice is proud to be the first port of call for advice in Britain, and we want to see a welfare system that is more responsive to people's needs. There have been some positive steps for carers, but the future of the main benefit remains unclear, and any changes should be considered alongside the need to support people who are currently facing financial uncertainty, worsening physical and mental health, and increasing detachment from the labour market.

Policy makers must learn the lessons from welfare reform in the last parliament, recently outlined by the National Audit Office (NAO).²⁶ Implementation of any changes must be safe and steady, and responsibility should not be devolved to a local tier of government without allocating appropriate resources. Most

²⁵[Carers UK \(2015\) *Alone and caring*](#)

²⁶[National Audit Office \(2015\) *Welfare reform: lessons learned*](#)

importantly, any changes must be accompanied by practical tools and support to help carers make the best possible choices for themselves and their families. The contribution that carers make should be widely recognised in both economic and social terms, and changes in one part of the welfare system should not mean an overall worsening of conditions for carers.

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