



## Carers Allowance: briefing paper

*“Unpaid care contributes significantly to the economy by providing support that would otherwise need to be provided by the State. However caring for children or for someone with a long term illness or disability has a significant impact on the ability of households to work and the extent to which they need help from the welfare system<sup>1</sup>”*

Carers Allowance is a benefit available for unpaid carers. It is non-means-tested and non-contributory, but is only available to carers who meet strict criteria regarding their caring role.

There are several criticisms of Carers Allowance in its current form, and recent policy and legislative developments have brought the opportunity to make changes to carer benefits. The National Carer Organisations have made several recommendations on how carers' benefits could be altered, and this paper summarises these recommendations as well as the context for change.

### **Carers Allowance at the moment**

Carers Allowance is currently the lowest income replacement benefit, at **£62.10** per week (2016/17 rate).

To qualify for Carers Allowance, a person needs to:

- look after someone who gets a qualifying disability benefit: Disability Living Allowance at middle or higher rate, Personal Independence Payment, or Attendance Allowance.
- look after that person for at least 35 hours a week.
- be aged 16 or over.
- not be in full-time education (over 21 hours a week)
- earn no more than £110 a week (after all deductions)

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<sup>1</sup> 2.47 Re-Thinking Welfare, the Expert Group on Welfare

There is no upper age limit for claiming Carers Allowance but payment normally stops when a person receives the State Pension. If there is an underlying entitlement to Carers Allowance, they may get a carer addition in their Pension Credit.

Claiming Carers Allowance is always conditional on the person who is being cared for receiving certain benefits. In many cases, this can disadvantage carers who are taking on considerable amounts of care for someone who does not qualify for disability benefits. It can also affect the cared-for person's receipt of some other benefits, such as a severe disability premium or reduced Council Tax<sup>2</sup>.

### **Context: the pathway to redesigning carer benefits in Scotland**

*Caring Together: the carers strategy for Scotland 2010-2015* acknowledged that many carers in Scotland miss out on Carers Allowance and stated that the Scottish Government has a role in influencing the uptake of benefits and in promoting financial inclusion for carers.

Action point 19.1 of the carers strategy stated that *"The Scottish Government will pursue with the new UK Government, as it did with the previous administration, the level of the Carer's Allowance and a review of financial support to carers."*<sup>3</sup>

In June 2014, the Scottish Government's Expert Group on Welfare launched its report *Re-Thinking Welfare, Fair, Personal and Simple*<sup>4</sup>, which set out the Government's plans for the welfare system if Scotland became independent following the referendum. It outlined several proposed changes to the benefits system, and one of the short term priorities was to increase the level of Carers Allowance as soon as possible.

Following the independence referendum in September 2014, the Smith Commission was established by the UK Government in order to convene cross-party discussion and make recommendations on further devolution of powers to the Scottish Parliament. The Smith Commission published its recommendations in November 2014<sup>5</sup>, and following the 2015 UK General Election, the Scotland Bill was tabled to put into effect the recommendations. Devolution of a range of social security powers, including carer and disability benefits, was included in the Bill. The Scotland Act 2016 was passed on 23 March 2016.

Also in March 2016, the Scottish Government launched *Creating a Fairer Scotland*<sup>6</sup>, which sets out how new welfare powers will be put into place. There was also

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<sup>2</sup> <https://www.gov.uk/carers-allowance/effect-on-other-benefits>

<sup>3</sup> <http://www.gov.scot/Publications/2010/07/23153304/24>

<sup>4</sup> <http://www.gov.scot/Resource/0045/00451915.pdf>

<sup>5</sup> <http://www.bbc.co.uk/news/uk-scotland-30215512>

<sup>6</sup> <http://www.gov.scot/Resource/0049/00497219.pdf>

confirmation that a new agency to deliver social security payments will be set up when the powers are devolved to the Scottish Parliament.<sup>7</sup>

Many political parties committed to increasing Carers Allowance during the 2015 UK General Election campaign and the 2016 Scottish General Election campaign. Following the Scottish General Election on 5 May 2016, the Scottish National Party have formed a minority government and appointed a Minister for Social Security, who will take forward the government's plans for a new social security system. The First Minister reiterated the government's commitment to increasing Carers Allowance in Scotland in her first statement of priorities in the 5<sup>th</sup> Scottish Parliament<sup>8</sup>.

### **Carers Allowance: the case for change**

- Carers are service providers – giving up work or reducing working hours to provide care saves money, because if carers were not providing unpaid care, statutory services would have to be put in place to support the cared for person. Carers should therefore be adequately remunerated for what they do, and this should be seen as an investment in the carer's long-term health and wellbeing. People with intensive caring roles should not be expected to seek paid work as well as caring (but should be supported to do so if they wish), so benefits for people with intensive caring roles should first and foremost be considered income replacement benefits.
- A household where someone is ill or disabled often experiences higher daily living costs – higher transport costs (such as use of taxis, or the need to run a larger or adapted vehicle), higher energy use due to more use of specialist equipment or washing machines/tumble dryers, more expensive services (e.g. needing to have shopping and other goods delivered), or equipment that might not be provided through social work support (e.g. sensory equipment.) Families where someone has given up work to provide care can often struggle to afford basic essentials because of these extra living costs.
- Recognition of the general increased costs of caring indicates that a moderate weekly payment, similar to DLA/PIP or Child Benefit, would be an option that is useful to many carers. Carers who undertake paid work above the current earnings threshold as well as a caring role can still be financially worse off due to their caring situation, and could also benefit from an additional payment. Disability Living Allowance/Personal Independence Payments and Child Benefit help to meet extra costs for families who are entitled to the benefit, and there is scope to recognise this need in carer benefits as well.

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<sup>7</sup> <http://www.bbc.co.uk/news/uk-scotland-scotland-politics-35691164>

<sup>8</sup> Scottish Parliament Official Report, 25 May 2016

## **A fairer, more equitable benefit for carers**

The National Carer Organisations submitted detailed responses to the Expert Group on Welfare and to the Smith Commission consultation highlighting the financial impact of caring and the inadequacies in the current system in relation to carer benefits. We also held events with carers as part of the Fairer Scotland discussions. With carers, we put forward several recommendations for reforming the system to improve the financial support available for carers. These recommendations were based on the views of carers, and included:

- A review of Carers Allowance, making the system easier to navigate and removing the overlapping benefit rule that prevents other benefits from being paid, or paid at a lower amount, alongside Carers Allowance<sup>9</sup>. However, this may present a challenge as at present it appears that the overlapping benefit rule is reserved to the UK Parliament and is being retained. We recommend further coordination and discussion between the UK and Scottish Governments to attempt to resolve this.
- Increasing the level of Carers Allowance to that of a living wage<sup>10</sup>, which was also raised in Fairer Scotland discussions.
- Remove the earnings limit for Carers Allowance or ensure that it moves annually with increases to the National Minimum Wage. There could also be a phased approach to the earnings limit – so that there is no ‘cliff edge’ when someone’s earnings pass a certain point.
- Allowing people to combine caring with full time studying, by making Carers Allowance available to full time students.
- Allowing people to claim a greater amount of Carers Allowance if caring for more than one person, recognising the financial impact of multiple caring roles.
- Reducing the number of hours of caring that triggers eligibility for the benefit.
- Replacing Carers Allowance with a two-tier benefit for carers:
  - A Carers Allowance equivalent, to be paid at the same rate as Jobseekers Allowance, with the opportunity to earn small amounts in a paid job in line with the permitted earnings rule.

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<sup>9</sup> <https://www.gov.uk/carers-allowance/effect-on-other-benefits>

<sup>10</sup> The National Living Wage, as defined by the Poverty Alliance, is £8.25/hour <http://slw.povertyalliance.org/about>; based on 35 hours a week, this would be around £288 per week.

- A premium payment available to all carers in intensive caring roles (35 hours or more each week, as Carers Allowance is now) but payable to all qualifying carers, including those over state pension age, to compensate them for the additional costs of caring and/or to enable them to buy in help, goods or services to ease their caring situation. This could be set at approximately the same level as other similar payments in the UK such as child benefit, i.e. somewhere between £25 and £50 per week.
- Improving the support available to carers to enable them to remain in or return to employment.

### **Passported benefits**

There are several additional low-income benefits already available to people who receive one or more disability benefits. As caring roles can significantly affect carers' finances, including after caring has ended, there is a strong case for extending some of these passported benefits to people in receipt of Carers Allowance. Concessionary travel is already available to carers who look after someone who must be accompanied to travel; this could be extended to all those in receipt of Carers Allowance. Energy efficiency schemes and grants could also be extended to unpaid carers.

As passported benefits are a recognition of low income, there is also a strong case for other passported benefits, such as free dental treatment, to be extended to some carers depending on their circumstances, and this option should be explored.

As the Scottish Government's plans for a new social security system begin to take shape in 2016-17, the National Carer Organisations are seeking to influence the Scottish Government and other agencies by presenting these recommendations and providing additional evidence, advice and consultation opportunities with unpaid carers.

### **The National Carer Organisations**

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