

Carer's Allowance: UK Government Call for Evidence

Adferiad's response



1. Where carers have fluctuating earnings, the Department (DWP) currently looks to see if a pattern of earnings can be found which allows the earnings to be averaged over a number of weeks. The period used can vary depending on individual circumstances. We know that current rules can be difficult to understand, particularly where earnings vary, and we want to understand how we can improve the way this is explained and applied. We are interested in what improvements, if any, could better support carers whose earnings fluctuate. This includes considering how the system balances predictability (being able to understand in advance how earning will be treated) and flexibility (reflecting individual circumstances).

How well do you understand the current rules on how earnings might affect people's Carer's Allowance?

Answer:

Our service users said that they are finding it hard to understand the current rules and system.

2. How could the system be improved to better support carers with fluctuating earnings? Should the Department look to put in place more predictable ways of averaging earning or keep current approach?

Answer:

Adferiad believes the current approach to accessing earnings does not adequately reflect the reality of caring alongside employment, particularly for carers on bank or sessional contracts, zero-hours or otherwise in unpredictable work. Caring responsibilities can fluctuate, as can the opportunities available to work. A system based on short-term changes in earnings can therefore create significant uncertainty for carers and make it difficult to understand whether accepting additional work will affect their entitlement.

Evidence from Adferiad's lived experience engagement highlighted the particular difficulties faced by carers whose earnings vary from week to week. One carer described working on an on-call basis, with income depending on demand and therefore impossible to predict. They explained that a more predictable averaging system would provide greater financial security and reduce the risk of carers declining work because they are concerned about unintentionally exceeding the earnings threshold in a particular period. Others highlighted the "see-saw effect" created by fluctuating hours and the risk of overpayments where carers struggle to understand how changes in earnings affect their entitlement.

We therefore support the introduction of a more predictable and transparent method of averaging earnings, rather than retaining the current approach. A fixed averaging period, such as monthly or over several months, could better reflect patterns of fluctuating employment and reduce the administrative burden associated with reporting frequent changes. Any averaging period should be sufficiently long to reflect genuine fluctuations without creating delays in adjusting entitlement where a sustained change in circumstances occurs. However, averaging alone will not address all of the difficulties carers experience. The system must be accompanied by clear, accessible and timely guidance, including practical examples showing how different

types of income and working arrangements are treated. Information should be written in plain language and designed for people who may have limited time or confidence in navigating the benefits system. The current complexity can leave carers vulnerable to avoidable mistakes and overpayments, creating additional financial and emotional pressure.

More fundamentally, any policy should recognise that earning an income does not mean that caring responsibilities have reduced or disappeared. Several people responding to Adferiad's engagement work emphasised that they continue to provide substantial or full-time care regardless of their working hours. Any reform should therefore seek to support carers to maintain a connection to employment where they wish to do so, rather than creating financial cliff edges that discourage work.

A more predictable approach wouldn't only provide greater financial security. It could also give carers greater confidence to remain connected to employment without having to choose between work and the caring responsibilities that remain central to their lives.

3. Would averaging earning over short, fixed periods help carers? For example, always averaging earning over a period of 8 weeks or 16 weeks. If yes, what might be the best period of weeks?

Answer:

We believe that averaging earnings over a fixed period could provide greater predictability and fairness for carers whose employment income fluctuates. Our lived experience engagement indicates that carers can face significant uncertainty where earnings vary from week to week, despite their caring responsibilities remaining constant. This is particularly relevant for people working on a bank, sessional, on-call or short-term basis, where opportunities to work may be irregular and outside the individual's control.

There is support within the people we support for both 8 and 16-week averaging periods. An eight-week period was seen by some as a reasonable balance between flexibility and predictability, while others indicated that a longer period would better reflect irregular employment patterns.

On balance, Adferiad would support an eight-week averaging period as a standard approach, provided that carers have the option to request a longer averaging period where this better reflects their circumstances. A 16-week period may be more appropriate for people with highly irregular, seasonal or short-term employment patterns. There should not, however, be a requirement for carers to navigate a complex process simply to access a system that doesn't reflect their actual circumstances.

The most important principle is that the system should be predictable, proportionate and flexible enough to accommodate different patterns of employment. There is no simple employment pattern among carers, and a rigid approach risks creating new barriers for those whose circumstances do not fit a standard model. Caring responsibilities may be consistent while employment opportunities fluctuate significantly, and the system should recognise this distinction.

An averaging mechanism should therefore be accompanied by clear guidance, simple reporting requirements and safeguards against overpayments. Carers should be able to understand in advance how taking on additional work will affect their entitlement, rather than discovering retrospectively that a temporary increase in earnings has resulted in a loss of support or an overpayment.

More fundamentally, several respondents to our engagement questioned whether an earnings threshold should apply to Carer's Allowance at all. Adferiad recognises that this is a broader question than the scope of this proposal, but we believe it is important that any reform is assessed against the underlying purpose of Carer's Allowance, which is to recognise and support the substantial contribution made by unpaid carers, rather than penalising them for maintaining a connection to employment.

4. The Department is exploring options for replacing the current Carer's Allowance weekly cliff-edge earnings limit with an earnings taper. At the moment, Carer's Allowance payments stop if earnings go above the weekly limit. One possible alternative would be for the amount of Carer's Allowance to reduce gradually as earnings rise above a set amount, rather than stopping in full as now. This is known as an earnings taper. There are different ways this could work. Decisions would need to be made on the rate of any taper and the lever of earnings it is applied to, while maintaining value for the taxpayer.

If Carer's Allowance were reduced gradually as earnings increase (an earnings taper), which approach would you prefer?

Answer:

Allowing people to earn more before Carer's Allowance starts to reduce, but then reducing it more quickly (Multiple choice reply which resulted from service user feedback)

5. What should matter most when designing any changes to how earnings affect Carer's Allowance? Please rank in priority order what is most important to you.

Answer:

Being simple and easy to understand

Being predictable (knowing in advance how earnings affect payments)

Allowing flexibility for different circumstances

Reducing the risk of overpayments

Keeping the system affordable

6. What factors should determine where an earnings taper starts and ends? For example, should it start at the Carer's Allowance earnings limit (currently £204) or below or above it? How much do you think someone could earn alongside caring before a taper ends?

Answer:

We believe that any earnings taper should be designed to support carers to remain in work without creating a financial cliff edge, while recognising that caring responsibilities continue regardless of how much someone earns. The level at which a taper starts and ends should therefore take into account of the substantial contribution carers make, the cost of living, wage levels and the realities of balancing employment with caring responsibilities.

Based on the views gathered through the lived experience engagement work we conducted within Adferiad, there was strong support for the taper to start at or above the current Carer's Allowance earnings limit of £204 per week, rather than below it. Several respondents felt that the current limit is too restrictive and can discourage carers from taking on additional work or increasing their hours. One respondent highlighted the particular difficulties faced by carers in low-paid employment, explaining that restrictions on earnings can leave them unable to improve financial position or reduce debt.

There was also concern that a taper starting at the current threshold could continue to create a financial cliff edge if the reduction in Carer's Allowance is too steep. A gradual reduction in support as earnings increase would provide greater certainty and reduce the risk that carers are financially worse off after taking on additional work. As one respondent put it, people should not lose support simply because they work, but support could reduce gradually as earnings increase.

Adferiad, therefore, supports the idea of a taper that begins above the current £204 weekly earnings limit, with the starting point set at a level that gives carers meaningful scope to work before their entitlement begins to reduce. A starting point of around £400 per week was suggested by a carer accessing Adferiad's services as a potential minimum level. This would represent a significant increase on the current threshold and could better reflect the reality of carers undertaking part-time, bank or other flexible employment.

However, there was also significant support for removing the earnings limit or taper altogether. Some respondents felt that Carer's Allowance should not be means-tested through earnings, arguing that caring itself constitutes a significant contribution and that people should not lose support because they are able to undertake paid employment alongside their caring responsibilities. These views should be considered alongside the wider objective of ensuring that the system does not inadvertently penalise carers for remaining economically active.

Where a taper is retained, the point of which it ends should not be determined solely by a fixed arbitrary figure. It should reflect whether someone is undertaking meaningful and sustainable employment alongside substantial caring responsibilities. The level should also be reviewed regularly against inflation, the National Living Wage and changes in the cost of living.

The evidence also showcases the importance of allowing sufficient flexibility for fluctuations in earnings. For carers undertaking irregular bank work, a single week's earnings may not represent their usual level of employment. Any taper should therefore work alongside a more predictable averaging mechanism, so that occasional additional shifts do not result in a disproportionate reduction in support.

Ultimately, the purpose of the reform should be to ensure that carers are not forced to choose between caring and financial security. A well-designed taper could allow carers to increase their

earnings and remain connected to employment while continuing to receive recognition and support for the significant caring responsibilities they undertake.

7. How would the Department communicate an earnings taper? What would help people understand how a gradual reduction in Carer's Allowance payment would affect them in practice?

Answer:

Any earnings taper should be accompanied by clear, accessible and transparent communication, so that carers can understand how changes in their earnings will affect their Carer's Allowance before they make decisions about work. The introduction of a taper would add complexity to an already difficult system, and poor communication could increase the risk of confusion, anxiety and overpayments.

Service user feedback strongly emphasised the need for plain language and practical, real-life examples. Information should avoid jargon and explain clearly what a carer could expect to receive at different levels of earnings. This is particularly important for people whose earnings are not fixed, including those working on zero-hours contracts, through agencies, on a bank basis or in sessional roles.

A simple online calculator or estimator was consistently identified as one of the most useful tools. Carers should be able to enter their expected earnings and immediately see how this would affect their Carer's Allowance. This would allow carers to understand the financial implications of taking on additional work and help them make informed decisions without having to navigate complex guidance or calculate their entitlement themselves.

Visual information would also be valuable. Several respondents suggested using graphs, charts or other visual representations to show the relationship between increasing earnings and reducing Carer's Allowance. For example, a simple graph could show how entitlement changes across different earnings levels. This could be particularly helpful for individuals who find written or numerical information difficult to interpret.

Communication should also reflect the fact that carers have different levels of financial literacy, digital confidence and accessibility needs. Information should therefore be available in a range of formats and should explain the system at an appropriate level of detail without being unnecessarily complicated. A short, easy to understand guide could be supported by more detailed information for those who prefer it.

Importantly, carers should not be expected to rely solely on online information. Some respondents highlighted the value of face to face or telephone support, including hubs or existing advice services where carers can speak to someone about their individual circumstances. The DWP should work closely with third sector organisations to ensure that consistent and accurate information reaches carers through organisations they already engage with.

Communication should also be proactive rather than relying on carers to identify changes themselves. Notifications by SMS or email could alert carers when reported earnings are likely to affect their entitlement, while payment statements could include a simple visual explanation

of how the payment has been calculated. This would give carers an opportunity to identify and query potential errors before they result in significant overpayments or financial difficulties.

Any communication about a taper should also make clear what carers are entitled to, rather than focusing solely on the circumstances in which their payment may be reduced. Several respondents highlighted a wider lack of awareness among carers about available benefits and support. Clear communication about Carer's Allowance should therefore sit within broader information about other support that carers may be entitled to.

All in all, carers should be able to understand the financial consequences of working more before they make decisions about accepting additional work. A combination of plain language guidance, practical examples, visual explanations, personalised calculators and access to human support would give carers greater confidence and reduce the risk of confusion, anxiety and overpayments.

8. Around two-thirds of people receiving Carer's Allowance also receive Universal Credit. This can include additional support for carers through a carer addition. Where someone receives both benefits, Carer's Allowance is taken into account as income, meaning the amount of Universal Credit is increased by the carer addition but then reduced by the income from Carer's Allowance. Carer's Allowance gives rise to a more generous National Insurance contribution than Universal Credit, but Universal Credit is paid at a higher rate than Carer's Allowance and has more generous treatment of earnings. Carer's Allowance is an individual benefit which ignores capital or income other than earnings, whereas Universal Credit is a means-tested household benefit. The Department is considering how best the two systems can work together in the future so that it is easier to understand.

How would the Department ensure that the support for unpaid carers through Carer's Allowance and Universal Credit works more effectively together for those who receive both?

Answer:

The interaction between Carer's Allowance and Universal Credit should be simplified and made more transparent, so that carers do not have to navigate two separate and complex systems to understand the support available to them. The current interaction between the two benefits can be difficult to understand, particularly for carers who are already balancing substantial caring responsibilities with employment and financial pressures.

A key priority should be ensuring that carers can understand their overall household income, rather than having to work through the technical interaction between individual benefits. People need to be able to understand what their total income will be if they increase their hours, reduce their hours, take on additional work or experience a change in circumstances. This is particularly important if the DWP introduces an earnings taper for Carer's Allowance, as carers should be able to see how changes in earnings affect both benefits together.

Adferiad's lived experience engagement work highlighted the need for greater integration and automation between the two systems. Where carers have already provided earnings or other relevant information to the DWP or HMRC, they should not be required to repeatedly report the

same information for different benefits. Automatic information sharing and calculations could reduce administrative burdens, minimise errors and help prevent overpayments.

We, therefore, support the development of a more integrated and automated process, with earnings information shared between the relevant systems wherever possible. A single assessment or calculation process could, in the longer term, make it substantially easier for carers to understand what they are entitled to and reduce unnecessary duplication.

9. Currently, 60% of Carer's Allowance recipients are paid weekly in advance, whilst 40% are paid one week in advance and three weeks in arrears. Paying four weeks in arrears would allow more time for changes of circumstances to be reported and processed. This could help reduce overpayments. It would also allow the Department to make best use of earnings data from His Majesty's Revenue and Customs.

What would be the benefits and disadvantages of paying Carer's Allowance four weeks in arrears?

Answer:

Adferiad recognises that paying Carer's Allowance four weeks in arrears could reduce overpayments and improve the accuracy of payments by allowing more time for changes in earnings or circumstances to be reported and processed. It could also enable the DWP to make better use of HMRC earnings data, reducing the need for carers to repeatedly report information and provide greater assurance that payments reflect their actual circumstances. Reducing overpayments is important, as unexpected repayment demands can create significant financial and emotional pressure for carers.

However, there is a significant risk that moving to four weeks in arrears could create financial hardship for carers who rely on Carer's Allowance as part of their regular household income. Many carers may already be managing on low or irregular incomes and going without a payment for four weeks could lead to difficulties paying bills, managing living costs or falling into arrears. This could be particularly challenging for carers in insecure employment. Any move to payment in arrears should therefore not shift the financial risk of the benefits system onto carers who are already providing substantial unpaid care.

If the DWP were to introduce payment four weeks in arrears, strong transitional protections and clear communication would be essential. Carers should not be left without income during the transition, and alternative arrangements should be considered for those at particular risk of hardship. The DWP should also ensure that any new payment approach is simple, predictable and designed around carers' financial realities, so that the objective of reducing overpayments does not come at the cost of increased financial and emotional stress to carers.

10. Carer's Allowance is available to students on part-time courses of less than 21 hours a week. Full-time students who are providing care of 35 hours or more a week are supported through the

student finance systems in England and Wales. This creates a distinction between those studying below and above the threshold.

How can we best identify and support unpaid carers to combine study with their caring responsibilities where they can? How does the 21-hour influence decisions around study?

Answer:

The current 21-hour rule can discourage carers from pursuing education, training and qualifications, even where this could improve their future employment opportunities and financial security. The distinction based primarily on study hours does not necessarily reflect the reality of caring responsibilities. A carer may continue to provide substantial care while studying beyond the threshold, and greater flexibility would allow carers to pursue education without having to choose between their caring role and their future prospects.

Unpaid carers should be identified early and proactively by universities, colleges and training providers, with clear information about available financial support, wellbeing services, flexible learning and respite or replacement care. The DWP should work with education providers and student finance systems to ensure that carers understand how studying will affect their entitlement before making decisions about their education. Consideration should also be given to the individual's ongoing caring responsibilities, rather than relying solely on the number of hours spent studying.

We recommend reviewing the 21-hour threshold to ensure it does not create an unnecessary barrier to education. Financial support should enable carers to develop skills and qualifications while continuing to provide care, recognising that education can improve long-term employment opportunities and reduce financial insecurity. Greater access to flexible study, respite or replacement care and tailored support would also help carers overcome the practical time constraints of combining education with substantial caring responsibilities.

11. We recognise that people may have wider views on Carer's Allowance and the way it works. Are there other aspects of Carer's Allowance that you think it would be helpful for the Department to understand?

Answer:

The wider purpose and value of Carer's Allowance should be considered as part of any reform. Unpaid carers provide substantial care, often around the clock, and their responsibilities can fluctuate depending on the needs of the person they support. The current level of Carer's Allowance does not adequately reflect the financial, practical and emotional contribution of unpaid carers or the wider value of the care they provide to families, communities and the health and social care system. Many carers experience financial hardship, isolation and significant pressure as a result of their caring role. Consideration should therefore be given to whether support could be broadened beyond the payment itself, for example through access to respite or replacement care or other forms of practical and wellbeing support.

We also believe that the system should better recognise that carers do not necessarily stop caring when they enter employment, reach state pension age or experience changes in their caring circumstances. Many carers want to remain connected to work for financial, social and wellbeing reasons, but concerns about earnings limits, overpayments and loss of entitlement can discourage this. The rules should accommodate modern and flexible working patterns and recognise that caring can continue alongside substantial paid employment, including where caring responsibilities take place at night. Where a caring role ends, particularly following bereavement, consideration should also be given to a short transitional period of continued support to allow the former carer time to adjust, access support and consider employment or other options.

Finally, Carer's Allowance should be simple, fair, transparent and sufficient to provide meaningful financial recognition of unpaid care. The complexity of the current system can discourage eligible people from applying and create anxiety about accidentally breaching earnings rules or receiving overpayments. We recognise the importance of maintaining the integrity of the benefit and ensuring support reaches those providing substantial unpaid care, but this should be achieved through clear eligibility and verification processes rather than rules that inadvertently penalise carers. Any reform should recognise unpaid caring as an essential contribution to society and seek to ensure that carers are financially supported to continue providing safe and sustainable care.