

Carers UK's response to Work and Pensions Select Committee Inquiry – The cost of living

About Carers UK

[Carers UK](#) is a charity set up to help the millions of people who care for family or friends. We are a membership organisation of carers, run by carers, for carers. We provide information and advice about caring alongside practical and emotional support for carers. We also campaign to make life better for carers and work to influence policy makers, employers, and service providers, to help them improve carers' lives. We strive for a society that respects, values, and supports carers.

For more information about this evidence submission, please contact **John Perryman, Policy and Public Affairs Manager, Carers UK** at:

- E: john.perryman@carersuk.org
- M: 07481 038 183

Summary and overview of recommendations:

In this response, we concentrate our evidence on the way that the cost of living crisis in the UK is affecting carers.

By carers we mean people who provide unpaid care to their relatives or friends because of disability, illness or because they are older and need support. Our latest research finds there are now over 10 million carers in the UK.¹

Our response draws on our research – including our State of Caring survey², with over 8,000 responses from unpaid carers - as well as our wider engagement with carers (through our online forum, our advice and information services, and our network of affiliated local carers organisations).

We have included carers' voices and direct experiences throughout this response. These are taken from February 2022 onwards and express the concern, worry and measures carers have already had to resort to. Whilst many of the measures introduced will reduce the impact of the cost of living rises, they do not tackle the underlying low level of benefits for carers and the challenges they face longer term with finances. We have been reporting carers' experiences on this for many years. We address this in a different section below.

A summary of the recommendations we make in this response can be found below:

¹ Carers Week (2020) The rise in the number of unpaid carers during the coronavirus (COVID-19) outbreak

² Carers UK (2021) State of Caring 2021

- I. That Government introduces a £650 payment for the 100,000's of carers who are in receipt of Carer's Allowance, under state pension age, and who do not receive a means-tested benefit – to recognise the additional costs they are facing as a consequence of their caring responsibilities. These carers were not covered in the Chancellor's Cost of Living Support announcement in May 2022.
- II. In future years, it is vital that benefits, including Carer's Allowance – and the earnings limit for claiming Carer's Allowance – both rise in line with, or at a higher rate than the rate of inflation (*Consumer Price Index – note, all further references to 'inflation' in this consultation refer to CPI*).
- III. A mechanism needs to be put in place to ensure that if inflation is significantly higher when benefits upratings come into effect, than has been predicted when DWP calculates and sets the level of uprating the previous year, then the level of uprating can be changed to ensure benefits do rise by the true rate of inflation.
- IV. We urgently need a system that legislates for a year-on-year rise in the earnings limit for claiming Carer's Allowance, in line with at least 16 hours at the National Living Wage along with significant increases to carers' benefits. We also recommend that Government publishes the outcomes of the research they have commissioned into Carer's Allowance and the earnings limit which was undertaken as part of the Carers Action Plan.
- V. We want to see Government undertake an analysis of how many Carer's Allowance households do not live with the person in receipt of a relevant disability benefit and will not qualify for additional financial support to help with the costs of caring.
- VI. Carers who are only in receipt of Carer's Allowance and no other means tested benefits, and don't live in the same house as the person they care for, should be made eligible for the £150 cost of living payment – to recognise the additional caring costs they face (e.g. travel, petrol).
- VII. Ahead of the next scheduled benefit uprating in Spring 2023, there are several measures we want to see the Government put in place to help carers on the lowest incomes deal with the financial pressures they are now facing – these include:
 - Immediately increasing Carer's Allowance and other benefits in line with current inflation. Carers cannot withstand a real-terms cut in the benefits they receive.
 - Extending the Warm Home Discount scheme broader group to ensure that it includes carers who are in receipt of Carer's Allowance, to recognise the additional energy costs often faced by unpaid carers.
 - Raising the earnings limit for those claiming Carer's Allowance, so that it is at least equal to 16 hours work at the National Living Wage (NLW) and pegged to it in future years. Because the NLW rate is rising faster than the earnings limit, carers are having to reduce their hours to still be able to claim. With the new NLW rate (£9.50) becoming effective in April, carers are only able to work a maximum of 13.5 hours at NLW and still claim Carer's Allowance – an hour less than they could previously (14.5 hours). This goes against the Government's policy of 'making work pay'.
 - Providing a Carer's Allowance Supplement to all carers with an entitlement in England and Northern Ireland – as those in Scotland have received since 2018 - and akin to the one-off £500 payment, but ensuring that carers receiving means-tested benefits can also receive it, that was

recently announced for carers in Wales – so all carers across the UK receive the same level of support.

- VIII.** The overall level of financial support available to unpaid carers from the social security system needs to rise significantly to ensure that it acts as a meaningful payment for carers who are providing at least 35 hours of unpaid care a week. Even with the additional payments that the Chancellor announced in May, the level of support people can receive is not effective in stopping carers on the lowest incomes from falling further into poverty – and does not recognise the care people are providing.

Context:

Carers UK has been channelling carers' experiences of caring throughout the pandemic to reflect trends and emerging issues. In terms of costs of living challenges, our Under Pressure³ research briefing showed in Autumn 2021:

- Nearly 6 out of 10 (58%) are cutting back on heating to manage their finances and 14% have already fallen into arrears with their utility bills.
- 45% of carers are relying on their savings, 26% are using credit cards, and 14% are using bank overdrafts.
- 89% of carers have seen their energy bill increase, and three quarters of carers (75%) are also spending more on food and drink.
- Carers have seen increases in the cost of products and services they need for the person they are caring for 35% of carers are spending more on supplies such as incontinence pads, 34% are spending more on supplies to keep the person safe such as PPE, and 20% are spending more on equipment such as adaptations or medical devices.
- 83% of carers were worried or extremely worried about how they will manage their monthly expenses if costs keep increasing.
- Three quarters were worried they would have to cut back on heating.
- Almost a third (32%) were worried they would have to use a foodbank.
- Almost half of carers (48%) were worried that the increases in energy bills would lead to significant financial hardship, this rose to three quarters (75%) of carers who receive Carer's Allowance or Carer Element with Universal Credit (UC).

In May 2022, 2.2 million carers said they were worried about the impact of caring on their finances.⁴

"I have not been able to afford to put heating on all winter so far as I can't afford to heat the house and food shopping bill. Already using foodbanks to help as well."

"The benefits we receive do not cover our monthly expenditure. We have relied on savings for several years. We are fortunate, that before my Husband got ill, we were sensible with our money & managed to save/invest some. We would be really struggling without this safety net, and will in the future, when that gets depleted."

³ https://www.carersuk.org/images/Carers_UK_research_briefing_-_Under_Pressure_-_Caring_and_the_cost_of_living_crisis.pdf

⁴ https://www.carersweek.org/media/qf0p5u4t/carers-week-2022-make-caring-visible-valued-and-supported-report_final.pdf

We are concerned about the additional pressure on carers that is being caused by the cost of living crisis on top of the other stresses of caring.

81% of carers told us that they were providing more care through Carers UK's State of Caring survey⁵, where carers tend to be providing higher levels of care. Our recent polling found that there were 30% more carers providing over 50 hours a care.⁶ Their own health and wellbeing has now topped their list of worries.⁷

Alleviating carers financial worries is a key way that carer's health and wellbeing could be improved.

"The cost of living with people who require significant additional care is so high. It's not just a case of turn the heating down or off. Buy less food. Take fewer trips out. These are things that are essential for safety, mental health and all revolve around the additional needs of the cared for. It's so, so expensive and the cost of specialist equipment for them is unbelievable."

"If we hadn't paid for aids like a self-loading mobility scooter, a bath lift, modifications to the garden and the house and replacement beds (to make it a better height for him) I wouldn't have debts. Servicing them takes up a third of our joint monthly income."

"To date I have sold both of our pensions, shares and insurances to maintain our living standards, they have all gone now so I had to start claiming UC last year. I have nothing left to sell and I am anxious we are going to live in poverty for the rest of our lives."

"Carer's Allowance is so low that my teeth are starting to fall out because I can't afford the dentist for me and my son. Energy prices are escalating – I dread my Winter fuel bill."

Carers UK's detailed response to questions in the consultation:

How effectively will the new Cost of Living Payments protect different types of households from increases in the cost of living?

- The payments announced by Chancellor in May 2022 were a welcome step to alleviating some of the financial pressure that unpaid carers are facing. Particularly, those who are in receipt of means tested benefits and carers who are pensioners who are currently facing financial challenges on top of the pressures of providing unpaid care. Those carers who will benefit include circa 380,000 carers who get Universal Credit and Carer Element – a proportion of this group will also get Carer's Allowance, but there are no figures in the public domain. A further number of carers receiving Carer's Allowance will also receive Income Support and Carer Premium, while around 300,000 carers are receive Carer Addition in Pension Credit. Together, our understanding is that a significant

⁵ Carers UK (2021) State of Caring 2021

⁶ Ibid.

⁷ Ibid.

proportion of the 930,000 carers in receipt of Carer's Allowance will be getting one of the cost of living payments announced by the Chancellor.

- However, unpaid carers solely in receipt of Carer's Allowance were not provided any targeted support through the new Cost of Living payments – despite the significant and high additional costs they face due to their unpaid caring responsibilities. These carers were shocked that they will not receive the extra payments of £650, even though Carer's Allowance is the lowest benefit of its kind at only £69.70 per week. In response to a recent Parliamentary Question, the Government estimated that 40% of working age carers solely in receipt of Carer's Allowance won't receive a cost of living payment.⁸
- Many carers live in the same household as the person who has an eligible disability benefit meaning that the household will benefit from the additional £150 for people with disabilities. They were pleased to receive this additional payment. However, a proportion of carers do not live with the person they care for but have additional costs, which are subject to the cost of living crisis – such as travel, petrol, buy special foods and equipment. Carers who are in receipt of means-tested benefits will be particularly vulnerable to these additional costs. Yet their caring is critical to maintaining the health and wellbeing as well as independence of the person they care for.
- Carers UK recommends the Department for Work and Pensions publishes figures on the number of carers in receipt of Carer's Allowance who do not live with the person they care for.
- We recommend that carers who are only in receipt of Carer's Allowance and don't live in the same house as the person they care for, should be made eligible for the £150 cost of living payment – to recognise the additional caring costs they face (e.g. travel, petrol).
- Our longer term concern, however, is that some of these payments will still not meet the additional costs that are borne by unpaid carers and people with disabilities.

“It seems everything has increased in cost apart from the money we have to live on. It means that I don't always have 3 meals a day now. We don't always have the heating on. Why should someone who has a terminal illness not afford to have a warm home?”

“Son relies on life saving equipment which must be constant and available at all times i.e. hospital pressure mattress oxygen nebulizer suction hoist air con heating lighting etc.”

“I don't have luxuries, can't afford life, car insurance or house insurance. At 60 I shouldn't be using food banks and made to feel inadequate because I can't afford petrol.”

“I would not be able to pay bills on my Carer's Allowance. Bills and household expenses are paid from my Mum's pension as this is her home and I gave up my home and job to come and care for her.”

What approach should the Government take to the uprating of benefits and state pensions in future years?

⁸ <https://questions-statements.parliament.uk/written-questions/detail/2022-06-09/15400/>

- Not uprating benefits in line with inflation has had disastrous consequences for unpaid carers in receipt of Carer's Allowance and other means tested benefits. For 2022/23, Carers receiving the main carers' benefit, Carer's Allowance, will be getting an increase of just £2.10 per week, based on inflation rates of only 3.1% set last year when the real rate of inflation was as high as 8% in April when the uprating took effect. This represents a real terms cut in benefits as inflation outstrips the levels of uprating. Carer's Allowance rose from £67.60 a week to £69.70, which amounts to £3.30 less a week in real terms, or £171.60 over the year.⁹
- In future years, it is vital that benefits, including Carer's Allowance rise in line with inflation.
- A flexible mechanism also needs to be put in place to ensure that if inflation is significantly higher when benefits upratings come into effect than has been predicted when Department for Work and Pensions (DWP) calculates and sets the level of uprating the previous year, then the level of uprating can be changed to ensure benefits do rise by the true rate of inflation.
- Uprating the earnings limit for Carer's Allowance; the earnings limit for Carer's Allowance is not linked to any statutory uprating and any increases are at the discretion of the DWP. Whilst the earnings limit would have been far worse than without these increases, the limit has failed to keep pace with rises in the National Living Wage. This means that the maximum number of hours that a carer can have paid work is falling. In the context of rising prices and the cost of living, this placing low earners as a real disadvantage. Many carers in receipt of Carer's Allowance are already providing significant amounts of care and cannot easily increase their working hours. To compensate for the loss of Carer's Allowance, a carer on National Living Wage would have to increase their working hours by 53% which would not be possible.
- The earnings limit for carers claiming Carer's Allowance rose only from £128 to £132 a week in 2022/23. As the National Living Wage (NLW) has also increased, it means that anyone employed on the NLW have seen a real terms cut in the number of hours they are able to work and still keep their Carer's Allowance. This has fallen from a maximum 14.36 hours of work per week to only 13.89 hours a week to stay within the limit. If a carer goes over the earnings limit, they lose 100% of their Carer's Allowance, which is the harshest withdrawal rate within the benefit system. Carers UK is regularly contacted by carers who are reducing working hours to stay within the limit or are giving up work altogether as the latter is not possible.
- This runs counter to the UK Government's objective to make work pay. Carers UK recommends that an annual upratings system is introduced for the Carer's Allowance earnings limit, in a similar way that the Permitted Work upper earnings level rule currently operates. The level should be aligned with 16 times the National Living Wage and is therefore automatically uprated every year. This would ensure that carers benefited from rises in the NLW rather than be penalised by any increases.

Following the Chancellor's announcement on 26 May, are there other ways in which the Government should increase support for people on legacy benefits

⁹ <https://www.mirror.co.uk/news/politics/dwp-carers-allowance-real-terms-26879945>

and state pensions ahead of the next scheduled benefit uprating in Spring 2023?

- Carers UK and others have been drawing the UK Government's attention to the challenges that carers are facing with their finances, as well as the lack of financial support carers have received in their own right since the start of the pandemic.
- During the pandemic, people in receipt of Carer's Allowance as a legacy benefit were overlooked for the £20 a week additional payment that Universal Credit recipients received from March 2020 until last Autumn, meaning these carers lost out on over £1,000 a year for two years in a row.

"COVID has drained every penny I'd saved over my lifetime. My accommodations were at 4 degrees C some days during this past winter – I had to choose between food for my kids or utilities. We all slept in one room, wearing four layers of clothing and two duvets and three blankets each."

- We have set out above how we envisage carers in receipt of legacy benefits and the Cost of Living payments should be better supported.
- *As already set out in our recommendations above* - ahead of the next scheduled benefit uprating in Spring 2023, there are several measures we want to see the Government put in place to help carers on the lowest incomes deal with the financial pressures they are now facing – these include:
 - Immediately increasing Carer's Allowance and other benefits in line with current inflation (CPI). Carers cannot withstand a real-terms cut in the benefits they receive.
 - Raising the earnings limit for those claiming Carer's Allowance, so that it is at least equal to 16 hours' work at the National Living Wage (and pegged to it in future years).
 - Providing a Carer's Allowance Supplement to all carers with an entitlement in England and Northern Ireland – as those in Scotland have received since 2018.
- Provide a one-off payment to carers in receipt of Carer's Allowance in England, akin to the one-off £500 payment that has been announced for carers in Wales – so all carers across the UK receive the same level of support. Importantly, any payment of this kind must also go to carers who are also in receipt of means tested benefits (e.g. Universal Credit, Income Support, Pension Credit) and not impact any other benefits people may be receiving. Any payment should also not be taxable, not be subject to National Insurance contributions and not be included as part of income when calculating entitlement for tax credits
- A review of Carer's Allowance and associated carers' benefits:
 - Carer's Allowance remains the lowest benefit of its kind, whilst they are providing 35 hours or more care per week. We are continuing to call for significant increases to Carer's Allowance and associated carers' benefits including Carer Element of Universal Credit, the Carer Premium and the Carer Addition.

What changes should DWP make to their deductions policies and practices to protect those on Universal Credit and legacy benefits from reduced incomes?

- We would suggest that the minimum payment to a claimant after any deductions are made is sufficient to meet their rising cost of living.
- We also return to previous recommendations for Carer's Allowance overpayments suggesting that at best they should be written off, if these are under a certain level. Overpayments cause intense stress on the part of the carer.

How can the Government act to increase Pension Credit take-up to help pensioners with rising living costs?

- Carers UK supports the initiatives the Government has undertaken to increase the take up of Pension Credit. We agree with and support Age UK's recommendations for increased take-up of Pension Credit and believe more could be done proactively so there is less reliance on people coming forward themselves.
- Ideally, all people entitled to Pension Credit would receive this automatically. Work should be undertaken by Government to explore whether this could be a possibility.
- We recommend that there are also key 'trigger' points and reminders about caring to people currently in receipt of Pension Credit or who might qualify. Since caring can start and stop, a person receiving Pension Credit may not realise that having entitlement to Carer's Allowance would result in an additional £38 per week through Carer Addition to Pension Credit. It is therefore important to ensure that older people receive prompts about caring and applications for Attendance Allowance. We are pleased that the claim form notes include references to Carer's Allowance. However, the wording is complex and not encouraging take-up for people on Pension Credit or any other means-tested benefits. We would suggest the wording is tested with a group of older people and other carers and produced in a different way that encourages take-up.
- We would also suggest that there are trigger points built into the health care system in particular e.g. at the point of hospital discharge and so forth to encourage take-up of Attendance Allowance and Pension Credit.

ENDS