

# Reform of Carer's Allowance: A Case for Change

## THE OPPORTUNITY: A CRITICAL MOMENT FOR ACTION

**Now is the time to act.** The overpayments scandal has brought Carer's Allowance to the public's attention. It is clear there are long-standing issues that extend beyond its administration. Carer's Allowance has been largely un-reformed since its introduction in the 1970s and no longer reflects the realities of modern care and caring. Its underpinning principles and aims need re-examination and reform, and the perverse incentives it creates around work and education need scrutiny. As it currently stands, Carer's Allowance compounds the inequalities and inequities experienced by unpaid carers - its reform could make it a mechanism to address these and recognise the vital role carers play in society.

## Value carers.

## Reform Carer's Allowance.

## Build a fairer future for all.

## BACKGROUND

Carer's Allowance was introduced in 1976 as the Invalid Care Allowance. It has been largely unchanged since then, bar amendments to include married women in 1986 and to its name in 2003. It was designed to help 'those of working age who would be breadwinners in paid employment but for the need to stay at home and act as unpaid attendants' (DHSS, 1974: 19). To receive Carer's Allowance today, a person needs to:

- Care for someone receiving a qualifying disability benefit.
- Care for that person for a minimum of 35 hours per week.
- Earn less than £196.00 per week (after certain deductions).
- Not be in full-time education, or studying for more than 21 hours per week.

Carer's Allowance is currently £83.30 a week (2025) and there are restrictions around the other entitlements and benefits a person can claim at the same time (the overlapping benefits rule)<sup>1</sup>. Carer's Allowance acts as a 'passport' to the carer premiums/additions in means-tested benefits (e.g. Pension Credit) and other linked advantages (e.g. free prescriptions, free TV licence, free dental care), so even if people who are eligible cannot receive the payment, they can claim the underlying entitlement to access other kinds of support.

# BACKGROUND (CONTINUED)

Carer’s Allowance has recently received significant press coverage due to the overpayments scandal and is currently the subject of an independent review. It has many flaws and is in need of reform. This case for change emerged from a ‘Policy Breakfast’ event exploring the evidence for the reform of Carer’s Allowance, co-hosted by the Centre for Care and Steve Darling MP in June 2025. It reflects the views and insights of researchers, carers, Parliamentarians, and voluntary sector organisations who participated in the discussion. We hope others will join us in advocating for this next step in strengthening carers’ rights.

## 1. VALUING CARERS

Most people are carers at some point in their lives. The average person is just as likely to care for a loved one as to be a homeowner in the UK.<sup>2</sup> **The economic value of unpaid care in England and Wales is greater than ever before, and is now estimated to be £162 billion – exceeding that of the entire NHS budget in England for health service spending.**<sup>3</sup> Unpaid carers are an integral part of our health and care systems, which would simply collapse without their support. Carer’s Allowance does not recognise the contribution carers make to society, or the significant costs of caring; evidence shows that many carers face a triple penalty in return for caring:

- A deterioration in their own health - especially when caring is intense, demanding or lasts for long periods of time.
- Financial strain - as the costs of caring mount and income and assets fall, with paid work abandoned or reduced, lowering earnings and pension contributions.
- Isolation, loneliness, and a feeling of being cut off from the daily life that others take for granted.<sup>4</sup>

Our research has highlighted that many carers feel insulted by the value of Carer’s Allowance– currently paid at £83.30 a week - as the table below highlights, it is also increasingly out of step with the National Minimum Wage. A carer explained:

*‘...there are costs to being a carer and there are costs to having disabled relatives that other people don’t have to incur and it’s not even anywhere near minimum wage. It’s £270 a month and that’s just, it’s just not enough’ (Luna, 40, caring for her son).*

Carer’s Allowance no longer achieves its original aims of compensating those who are unable to work while providing care. The underpinning aims and principles of Carer’s Allowance therefore need to be revisited to ensure it is reformed in a way that recognises the contributions carers make to society, that care is vital work, and the costs they incur in doing so.

Year	Carer’s Allowance (standard weekly rate)	Minimum wage (hourly rate)	35 hours x min. wage	Value of CA compared to min. wage
1999	£39.95	£3.60 (NMW, age 22+)	£126	32%
2016	£62.10	£7.20 (NLW, age 25+)	£252	25%
2023	£76.75	£10.42 (NLW, age 23+)	£364.70	21%
2024	£81.90	£11.44 (NLW, age 21+)	£400.40	20%
2025	£83.30	£12.21 (NLW, age 21+)	£427.35	19%

### Learning from Scotland: Introduction of the Carers Support Payment

The Scotland Act 2016 gave Scotland new powers relating to social security, including responsibility over certain benefits. Scottish Government says that it intends to use these powers to create a Scottish social security system based on the principles of dignity, fairness and respect. Recent reform of Carer’s Allowance in Scotland has resulted in its replacement with the Carers Support Payment, which is underpinned by a human rights approach, encompassing the right to social security, adequate standard of living and respect of family life and the dignity of individuals. The Carers Support Payment explicitly aims to provide: an income to carers in recognition of their vital role; support to carers, so they can access ‘a life beyond caring’; and to ensure carers that have positive experience of the social security system in order to maximise uptake.

**Learning from Ireland: significantly more generous Carer's Allowance**

In Ireland, Carer's Allowance is a maximum weekly payment of €236 for carers under 66 years and €274 for carers over 66 years (2025). It is means-tested, but the income threshold is €450 per week after tax. The Allowance also increases by 50% if you are caring for 2 or more people.

## 2. MODERNISATION TO REFLECT 21ST CENTURY CARING RELATIONSHIPS

Since the introduction of Carer's Allowance in the 1970s, caring has changed. Its original intended recipients were single daughters cohabiting with and caring for their parents (and as a result not in work) - a situation that is increasingly not representative of the wider population of unpaid carers. Today in England and Wales, 57% of unpaid carers are married and 41% are men. More than half of unpaid carers are in paid employment at the same time (Centre for Care Unpaid Care Dashboard using Census Data). As families become more geographically dispersed, 'distance caring' is a global phenomenon<sup>5</sup> and an issue in the UK<sup>6</sup> (White et al., 2020). Data from the 2022/3 Family Resource Survey indicates that of all unpaid carers surveyed, half provided care to someone living outside their household, with this most likely to be partners or children, whereas only 8% were caring for parents with whom they lived with. Ten percent of those surveyed were also caring for more than one person at a time.<sup>7</sup> Currently Carer's Allowance is also limited to people who are caring for one person for more than 35 hours a week, with no additional payments made to those caring for more than one person, and excluding those caring for two or more people but adding up to 35 hours in total. It also is not possible to share Carer's Allowance among the people within a caring network. We believe Carer's Allowance is therefore outdated and does not reflect modern caring relationships.

**Learning from Ireland and Australia:**

In Ireland, Carer's Allowance and Carer's Support Grant can be shared; Carer's Allowance increases by 50% if caring for more than one person. Similarly, in Australia Carer Allowance can be shared (but not by partners).

## 3. REDUCING COMPLEXITY AND ADMINISTRATIVE BURDEN

Carer's Allowance has been associated with complexity for decades (Berthoud, 2010; Fry et al., 2011) as it is "just one part of a complex package of support, drawn from a variety of sources which enabled them to fulfil their caring role and responsibilities" (Fry et al., 2011: 2). There are also complexities around access, eligibility, the overlapping benefits rule, and the earnings threshold and its impact on decisions regarding employment. Unpaid carers are only eligible if the person they care for receives specific benefits, and Carer's Allowance in turn is a 'passport' to other entitlements. The interplay of the various benefit entitlements and rules are hard to navigate and require time - a resource unpaid carers often lack.

There are also complexities in balancing care with paid employment and the 'cliff-edge' earnings threshold has resulted in the overpayment of Carer's Allowance to over 900,000 unpaid carers in 2023/4 alone.<sup>8</sup> Overpayments have received significant media coverage and are the subject of an independent review, chaired by Liz Sayce. The administrative burden on unpaid carers receiving Carer's Allowance to ensure they are not overpaid is high - particularly for those on fluctuating incomes, undertaking seasonal work, or who are self-employed. Small increases in pay due to, for example, working slightly over a shift while waiting for a colleague to provide relief or being paid a higher rate on bank holidays could result in breaching the earnings limit. Regardless of how much over the earnings limit an unpaid carer is, the entire Carers' Allowance is 'overpaid' and can easily accrue into a large debt. Carers UK<sup>9</sup> and the Guardian<sup>10</sup> have reported numerous cases of accidental overpayments, and also examples of where unpaid carers informed DWP of changes in their circumstances and the information was not acted on in a timely way. The onus is entirely on the unpaid carer to calculate their weekly earnings and inform the DWP of any changes.

**Learning from other benefits:**

In the UK, administratively Universal Credit uses real-time earnings data to adjust payments during each monthly assessment period, so that this process is automated and does not place the administrative burden on the recipient. There is also an annual allowance for pensions, with a taper for increasing earnings.

## 4. REDUCING INEQUALITIES AND LIFE COURSE COSTS OF CARING

Carer's Allowance currently includes several 'perverse incentives' which discourage carers from full-time employment and education. In England, the current earnings threshold and lack of taper limits carers to working 16 hours a week at the minimum wage, and enrollment in education is set at a maximum of 21 hours a week of study. In practice, some education providers state their courses are 'full time' even though they require less than 21 hours of study per week - meaning that students cannot claim Carer's Allowance. Carers already experience inequalities in outcomes related to education and employment, including an income gap when compared with people who are not caring. The gap widens over time and with higher intensity caring, but on average, after four years of caring, unpaid carers earn £192 per month less than non-carers.<sup>11</sup> Young unpaid carers under 25 face the steepest penalty, with an income penalty of £502 a month. Carer's Allowance should be reformed to remove these disincentives and in doing so, address issues of inequality. Young unpaid carers under 25 face the steepest penalty, with an income penalty of £502 a month.

### **Learning from Australia and Scotland: facilitates combining care, work and education**

In Australia, Carer Allowance is not affected by income if the unpaid carer and their partner earn less than \$250,000 per year- a more generous earnings threshold than in the UK. In terms of study, Carer Allowance in Australia has no limit in terms of hours and there is a Young Carer Bursary of \$3,768 each year.

Scotland's Carers Support Payment has been extended to students in full time study if aged 20 and over, or aged 16-19 and at university or advanced college courses.

## ENDNOTES

<sup>1</sup> It cannot be paid in addition to the State Pension and non-means-tested income replacement benefits contribution-based Employment and Support Allowance or Jobseeker's Allowance, unless the total amount does not exceed £83.30 a week.

<sup>2</sup> Zhang, Y. and Bennett, M.R (2019) Will I care? The likelihood of being a carer in adult life, London: Carers UK

<sup>3</sup> Petrillo, M. and Bennett, M.R. (2023) Valuing Carers 2021: England and Wales. London: Carers UK.

<sup>4</sup> Keating, N., McGregor, J.A. and Yeandle, S. (2021) Sustainable care: theorising the wellbeing of caregivers to older persons. International Journal of Care and Caring, 5 (4). pp. 611-630.

<sup>5</sup> Bei, E., Morrison, V., Zarzycki, M., & Vilchinsky, N. (2023). Barriers, facilitators, and motives to provide distance care, and the consequences for distance caregivers: A mixed-methods systematic review. Social Science & Medicine, 321, 115782.

<sup>6</sup> White, C., Wray, J., & Whitfield, C. (2020). 'A fifty mile round trip to change a lightbulb': An exploratory study of carers' experiences of providing help, care and support to families and friends from a distance. Health & Social Care in the Community, 28(5), 1632-1642.

<sup>7</sup> DWP. (2025). Family Resources Survey: financial year 2022 to 2023. Available at: <https://www.gov.uk/government/statistics/family-resources-survey-financial-year-2022-to-2023/family-resources-survey-financial-year-2022-to-2023#care-1>

<sup>8</sup> National Audit Office. (2024). Carers' Allowance. Available at: <https://www.nao.org.uk/wp-content/uploads/2024/12/carers-allowance-1.pdf>

<sup>9</sup> Carers UK. (2024). Carer's Allowance Overpayments: Carers UK's Report and Recommendations. Available at: [https://www.carersuk.org/media/2tdhojgf/ca-overpayments-report\\_web\\_small.pdf](https://www.carersuk.org/media/2tdhojgf/ca-overpayments-report_web_small.pdf)

<sup>10</sup> Butler, P. and Halliday, P. (2025). At least £357m in carer's allowance paid out in error over past six years, charity finds. Available at: <https://www.theguardian.com/society/2025/may/19/at-least-357m-in-carers-allowance-paid-out-in-error-over-past-six-years-charity-finds>

<sup>11</sup> Petrillo, M., Ibarra, D. V., Rahal, C., Zhang, Y., Pryce, G., & Bennett, M. R. (2024). Estimating the Cost of Informal Care with a Novel Two-Stage Approach to Individual Synthetic Control. arXiv preprint arXiv:2411.10314.



The Centre for Care is an ESRC-funded research centre, which co-produces excellent research on care topics that really matter. We work closely with partner organisations in the care sector including Carers UK, and people with lived experience. The Centre for Care links experts on care in 5 universities, 3 major charities including Carers UK, SCIE, National Children's Bureau as well and the UK's Office for National Statistics.

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