

Recognising Carers

Scottish Labour
Carer's Allowance
Discussion Paper

FOREWORD

Carers Week gives my Scottish Labour colleagues and me the chance to pay thanks to you, and 800,000 fellow carers, for the monumental support you provide every day of the year.

Out of love, you dedicate your lives to caring for friends and relatives, all year round. You are the unsung heroes of our country and do not get nearly enough recognition for the massive unpaid contribution you make to society. You save the government, particularly our NHS and social care system, billions of pounds because of the selfless care and attention you provide. Thank you.

In the year that the Carers Act is implemented and the devolution of Carer's Allowance is secured in the Social Security Act, I am pleased to publish Scottish Labour's discussion paper on the development of carer's assistance, which will replace the allowance.

When the Social Security Bill passed through Parliament, I secured guarantees to uprate both carer's assistance and the supplement, so that the value of both are protected from inflation – and the Tory benefit freeze. Later this summer you will start to receive the first payments of the supplement; agreed unanimously by all parties in the Scottish Parliament it will go some way to help recognise the unpaid work you do. That payment must be the start of the new support we provide to recognise that unpaid work you do, not the end.

I want Scotland's carers to have a transparent, collaborative role in the design of Scottish Labour's carer's assistance policy, so that your wishes are reflected both in our work in the years ahead and while we scrutinise the new devolved system in Parliament.

This paper outlines a number of areas Scottish Labour is considering to improve carer's assistance and to ensure more carers can access the support they rightly deserve. Covering the relationship between Carer's Allowance and work, study, incomes and other public services, these ideas are, at the moment, just that. This summer I would like to hear your feedback on the propositions in this paper, as well as your own ideas, before moving on to fuller policy development; so please do not hesitate to get in touch.



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Scottish Labour Social Security Spokesperson



CARER'S ALLOWANCE, THE SUPPLEMENT AND CARER'S ASSISTANCE

Carer's Allowance is a flat rate, non-contributory, non-means-tested benefit paid to full-time carers of someone who is severely disabled.

To be entitled to the allowance, a carer must: be providing at least 35 hours of care a week for someone in receipt of a qualifying disability benefit; be aged 16 or over; not be in full-time education or studying for 21 or more hours a week; and if in paid work, have net income of no more than £120 a week¹.

There is no age limit for claiming Carer's Allowance but if a carer receives the state pension it is likely they will receive that instead. A carer premium is however applied in Pension Credit.

Across the UK, Carer's Allowance is £64.60 a week. This summer, carers in Scotland will start to receive the first of two "supplement" payments worth £8.50 a week, or £221 twice yearly. That supplement is the result of all parties in the Scottish Parliament pledging to increase the value of Carer's Allowance to the same level as Jobseekers Allowance, a payment currently worth £73.10. That commitment is the first substantive use of devolved social security powers, providing additional support to carers in Scotland.

The supplement will however be at least £150 less than the £600 pledged by the First Minister in 2015, as a result of Jobseeker's Allowance being frozen by the UK Government. This freeze, which was due to be passed on to carers in 2019-20, is one of the reasons Labour is proud to have secured amendments to the Social Security Act ensuring that carer's assistance and the supplement will both increase in value in line with inflation each year.

In the years going forward, Carer's Allowance will become known as carer's assistance². Throughout this paper the prospective title, "carer's assistance" will refer to the combined Carer's Allowance and Carer's Allowance Supplement to be delivered by Social Security Scotland, which we understand will be merged into carer's assistance, unless independently referring to the supplement. Where the existing benefit and rules are referred to, Carer's Allowance will be used.

¹ *Carer's Allowance : your eligibility*, available at <https://www.gov.uk/carers-allowance/eligibility>

² Assumption based on the naming provided in the Social Security Act; http://www.legislation.gov.uk/asp/2018/9/pdfs/asp_20180009_en.pdf

The case for change

Carer's assistance will be paid at a rate of £2.08 an hour as compensation for at least 35 hours of care per week. Though the Scottish Government does not view this as a payment for care, Scottish Labour sympathises with concerns that this does not adequately provide the financial support to recognise their contribution to society and our public services. Equally, we believe that the current payment can hinder carers' financial, personal and social independence – this has substantial impacts of the physical and mental health of carers, and can trap carers in poverty.

The numbers of carers claiming and receiving Carer's Allowance has steadily increased since the coalition government came to power in 2010. A combination of reforms to working age and pension-age benefits have meant that an increasing number are claiming and receiving Carer's Allowance, meaning more are relying on the benefit as a core part of their income. Improving carer's assistance is very much a gender issue: more than two thirds of Carer's Allowance recipients are women, a group which is twice as likely as men to be reliant on social security and give up work to care. In addition, households with a disabled member are 50% more likely to be in poverty; 1 in 4 disabled households are in poverty³. After disability benefits are removed from a calculation of household income⁴, the number of disabled households in poverty rises to almost 3 in 10.

Inherent to the design of the current benefit are restrictions that prevent carers enjoying work and study alongside their caring responsibilities. We want to ensure that carers can enjoy the freedom to work or study while maintaining their desire to provide care for loved ones. When Scottish Labour agreed to the Social Security Act, we did so on the basis that the new system will deliver dignity and respect. Mirroring the current Carer's Allowance would not fulfil that aspiration or live up to the expectations carers have of the new system. As such, we want to explore carers' priorities for improving carer's assistance.

³ *Poverty and Income Inequality in Scotland: 2014-17*, <http://www.gov.scot/Resource/0053/00533112.pdf>

⁴ Done so because disability benefits are paid to cover the costs of disability, and are not paid to make up the underlying household income, they should not be considered as the core income to compare with non-disabled households.

IMPROVEMENTS FOR CONSIDERATION

Maximising incomes

Carer's Allowance is considered an income replacement benefit. Even after the new carer's allowance supplement, the rate of compensation eligible Scottish carers will receive for 35 hours care a week is a paltry £2.08 an hour. Across the UK, the rate is £1.84 per hour. Under virtually no circumstances can this be considered a viable income. Scottish Labour is asking how the new carer's assistance can better contribute towards carers' incomes to better promote their financial, personal and social independence – and recognise the contribution they make to society.

Two of the most fundamental changes secured by Scottish Labour in the Social Security Act are duties requiring Scottish Ministers to maximise the incomes of those using the social security system and a requirement on the Scottish Government to set out its strategy for doing this. The impetus for doing so is clear: more than £2bn in social security goes unclaimed each year, leaving households struggling and more likely to fall into poverty. When it comes to Carer's Allowance, the Scottish Parliament Information Centre calculate that as many as a third of those eligible to claim fail to do so, leaving £186m going unclaimed in 2015-16.

Scottish Labour believes that every household that will have dealings with Social Security Scotland should receive a regular Financial Health Check. In particular, a carers-focused strand to the financial health check service should actively seek to establish whether someone eligible for disability assistance has a carer who would benefit from the new carers assistance. While the numbers of those claiming Carer's Allowance has increased rapidly in recent years⁵ a valid claim attracts an exemption from the benefits cap and some Universal Credit conditionality, and can attract premiums in reserved means tested benefits. Establishing eligibility for carer's assistance is key if we want to protect the incomes of carers and their families, and shelter them from the impact of welfare reform.

Carers and support organisations are invited to consider whether the financial health check service should be provided as a matter of course to all Social Security Scotland clients, in particular households with a disabled person to establish eligibility for carer's assistance.

⁵ The number claiming has increased from 100,600 in May 2010 to 118,829 in November 2017, source Stat-Xplore, DWP

Scottish Labour believes incomes are maximised in two ways: by boosting low incomes through claiming entitlements and increasing the value of those payments, but also by reducing the costs – “poverty premiums” – that those on low incomes face. The added benefits of claiming carer’s allowance, or the “passport benefits” can however be limited, with passporting arising from other means-tested reserved benefits instead. To supplement carer’s assistance, enhanced passporting could include help reduce costs, for instance reducing travel costs or heating bills, or by providing priority access to some public services.

Carers and support organisation are invited to consider what services should be linked to carer’s assistance eligibility, or “passport”, to minimise carers’ costs and maximise incomes

Social security interactions

The interactions between Carer’s Allowance and other social security – devolved and reserved – are complex. In particular, the overlapping benefit rule can result in carers receiving no Carer’s Allowance and reductions in the benefits the cared-for-person receives. This rule remains reserved to the UK Parliament and carer’s assistance will be affected; however, Scottish additions to carer’s assistance above the rate of Carer’s Allowance will not be.

The rule is complicated and can act as a disincentive from claiming. Carers have to make difficult decisions about which support is most beneficial. Scottish Labour successfully amended the Social Security Act to allow someone to withdraw from receiving entitlement should they be able to gain more support through a different combination of a claim⁶. This complexity hinders carers and requires the carer and cared-for-person to access high quality advice. In advance of any changes to carer’s assistance, we must be conscious of further complications and complexities, so that reforms are always more advantageous than existing social security support combinations offered by the UK Government.

In keeping with the intention to have a system built on clear entitlements, Scottish Labour believes that Holyrood must use its powers to ensure that

⁶ During Stage 2 of the Social Security Bill (22 March 2018), I highlighted the example, provided by CPAG Scotland, where a couple who care for their disabled child, one of whom gets Carer’s Allowance for their child but has their own health condition and gets universal credit. With universal credit, there are extra amounts for someone who gets a carers benefit and for someone who has a health condition, but not for both, unless they are different people. That couple would be more than £150 a month worse off because their universal credit will not include a carer’s element. <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11379&i=103449&c=2067011#ScotParlOR>

neither disability nor carer's assistance are reduced because either the cared-for-person or carer claims their respective entitlement.

Carers and support organisations are invited to consider whether disability and carer's assistance regulations should specifically rule out any reduction in entitlement where both forms of assistance are claimed.

Council Tax Reduction

Within the fully devolved Council Tax Reduction system, 1 in 5 households receive a means tested or "non-passported" award to help with their Council Tax bill. All Councils across Scotland currently consider Carer's Allowance as unearned income, though a carer premium is applied to offset some of the income being used in the calculation. While many caring households will benefit from a full Council Tax Reduction through passporting, Scottish Labour would like to see this calculation overhauled for those receiving carer's assistance.

In recent weeks, Claire Baker MSP has secured commitment from the Scottish Government that the supplement will be omitted from income calculations. An overhaul of the calculation could see the assistance disregarded from these calculations too, while the premium is maintained. Alternatively, a recipient of carer's assistance could attract passported status and full Council Tax Reduction. This would safeguard the carer's assistance provided by one part of government, rather than it being used as part of the method of eroding support to meet council tax bills, enhancing the value of the entitlement.

Carers and support organisations are invited to consider whether carer's assistance should be disregarded from Council Tax Reduction calculations, while the carer premium and earnings disregards are maintained, or if a recipient of carer's assistance should attract full passported status.

Work & earnings

Eligibility for Carer's Allowance currently rests less on certainty, and more on chance. The overlapping benefit rule results in Carer's Allowance being eroded by other income related benefits.

When it comes to work, current rules not only erode entitlement, they also put carers on a cliff edge. That cliff edge – limiting earnings after deductions

to just £120 per week – means the allowance is removed in its entirety if earnings are just £1 higher. While some can decrease earnings under this limit (by reducing hours, or paying into a pension) the rule acts as a disincentive from both claiming and working. This disincentive to work is compounded when the Carer's Allowance earnings threshold is considered alongside the minimum wage. A carer on the minimum wage⁷ would lose their allowance when working for 16 hours per week, with earnings after deductions of £125.28.

Scottish Labour believes that new powers should be used to end this predicament carers face. We accept that not all carers will want or be able to accommodate work in addition to 35 hours of caring each week, however carers should have the choice do so without penalty. This anomaly has been the recent focus of the UK Parliament's Work and Pensions Committee, which recommended that a taper should be introduced to ensure that carers do not immediately lose their allowance, and, that the earning threshold should at least track the minimum wage. The effect of this would be an earnings limit of £125.28 in 2018-19.

Scottish Labour welcomes these recommendations, and recognises that there will be a limit to the amount of caring that can be provided in conjunction with work. Traditionally tapers within the social security system have tracked the amount of earned income after a set amount. It is clear that a more accommodating system would utilise a taper only once an earnings limit has been passed.

Assuming a taper based on the current minimum wage, a carer would be entitled to work 25 hours before a carer's assistance of £73.10 is eroded; to enhance any taper further, it may be more advantageous to consider basing it on the number of hours worked. Were an hours based taper considered once the earnings limit was surpassed, Carer's Allowance would be eroded at a slower rate dependent on the maximum number of hours permitted, and allow for a higher rate of hourly pay. For example, a maximum of 30 working hours, would allow up to 14 hours of additional work before their allowance is eroded, though this would be smaller for those on a higher rate of pay.

Carers are invited to consider whether the earnings limit within Carer's Allowance should be based on the National Living Wage at 16 hours per week.

⁷ the *National Living Wage*, currently set at £7.83 per hour

Carers are invited to consider whether a taper should be applied to Carer's Allowance once an earnings limit has passed.

Carers are invited to consider whether any taper should be based on an earning calculation or should be based on the number on hours worked over 16 hours.

Education

Scottish Labour fully recognises that there is a limit to the amount of work that can be done in addition to caring. The effort carers put in every day can be exhausting, physically and emotionally. We want carers to have the same opportunities to gain the personal, social and economic benefits of work, while recognising that they too must look after themselves.

In addition to work, the ability to study and learn has substantial personal and social benefits, and is investment in future economic potential. Core to the current rules of Carer's Allowance rules is a prohibition on study that takes up more than 21 hours per week, or is regarded as full-time. While caring is an intensive and often long-term commitment done so out of love, everyone should have a chance to pursue their interests and study or work, while caring or when that caring comes to an end. When the Scotland Act was proceeding through Parliament, the definition of a carer's benefit was amended to remove the restrictions on age, employment and studying. Scottish Labour therefore believes that the new allowance should have no limit on the level or amount of study. In addition, consideration should be made to how carers can better access education, and whether Carer's Allowance should be better used to "passport" access to education.

Carers and support organisations are invited to consider whether the removal of all restrictions on studying will benefit carer's assistance recipients, and how eligibility for carer's assistance could better "passport" access to education.

Fluctuating conditions

Eligibility for Carer's Allowance is conditional on the cared-for-person receiving certain benefits. As a result, carers are at an immediate disadvantage by taking on considerable amounts of care for someone who does not qualify for disability benefits, as they will not be eligible for Carer's Allowance. This link cannot be broken unless renegotiated with the UK Government, nor can the conditions over the amount of care to be provided.

Both the Scotland Act and Social Security Act limits carer's assistance entitlement to someone who provides care to someone on a disability benefit, and where care is regular and substantial (i.e. over 35 hours), though room remains to look at how this accommodates fluctuating conditions.

Carers and support organisations are invited to consider how fluctuating conditions should be accommodated in new carer's assistance alongside the "regular and substantial" rule requiring 35 hours of care per week.

Meeting the costs of caring

Scottish Labour is listening to calls to further recognise the contribution of unpaid carers, either through a transition to a carer's assistance set at the same rate as the real living wage or to at least match Employment and Support Allowance. Various ideas for an uplift in carer's assistance are proposed, including a two-tier benefit, means testing, or a minimum-income guarantee. Scottish Labour is keen to see a leading proposal to emerge.

Scottish Labour welcomes this exciting discussion and wants to encourage the necessary work to bring this proposal nearer to reality. We acknowledge that an uplifted level of assistance may add further complications to an already complex social security system, and proposals will have to be carefully balanced when taking account of the reserved social security system and elements of the reserved carer's benefit system (which carer's assistance must rely on). Provisions within the Smith agreement and Fiscal Framework should ensure any uplift paid by Scottish Ministers would be enjoyed fully without reserved benefits being clawed back, just in the same way the Carer's Allowance supplement is not to be clawed back.

In order to strike the right balance of support and full account of the complexity of any proposal, Scottish Labour would welcome further discussion about the most appropriate and viable mechanism that could achieve the goal of recognising the contribution of unpaid carers.

Carers and support organisation are invited to consider what proposals can fully recognise the contribution of carers, how this discovery work and modelling should be delivered, and who should initiate this.

Breaks in care and end-of-care support

While caring is an intensive and often long-term commitment, done so out of love, there are times when there will be a break in the care or that caring will

come to an end. Currently, when the cared-for-person is hospitalised for longer than four weeks, Carer's Allowance is suspended; if the cared-for-person goes into residential care or passes away, that allowance will end after eight weeks.

Clearly this can be improved in order to support the carer to have a more stable income at what will undoubtedly be a time of stress and additional cost. At the very least, Scottish Labour believes that carer's assistance should be continued while the cared for person is in hospital, and should the carer be able to take up some work without that income eroding their entitlement. Should the cared-for-person pass away, a longer continued payment of carer's assistance would be more appropriate, both to see out the ongoing costs associated with caring, but also to allow carers to transition to work, study, or other social security.

Carers and support organisations are invited to consider whether carer's assistance should continue while a cared-for-person is in hospital, and for a longer period after the death of the cared-for-person.

NEXT STEPS

Your feedback on the proposals under consideration on this paper, as well as your own ideas, will be vital to Scottish Labour to aid fuller policy development. We intend to use the summer to obtain your thoughts, feedback and ideas.

As part of our intention to consult widely and to ensure our policy development with carers is both collaborative and transparent. Early in the summer this process will begin when we open a survey based on the questions posed in this paper, however if you do have immediate feedback and responses, please get in touch via scotland@labour.org.uk. You can expect to see this paper and the subsequent survey shared with those with direct experience of caring and Carer's Allowance, carers organisations, as well as Labour members and the wider Labour family, including trades unions and affiliates, who all will be asked to respond.

This survey will be complemented by a roundtable of policy experts from carers organisations and carers with lived experience of the Carer's Allowance system, and at meetings with local carers groups.

It is intended that the findings of this work will be fed directly into Scottish Labour's official policymaking and manifesto informing body – the Scottish Policy Forum. Those who support this development and respond this summer will also have the opportunity to feed in their views and ideas to the Forum.

Scottish  **Labour**

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