



Update: Impact of Personal Independence implementation on Carer's Allowance

February 2013

Background

- Disability Living Allowance (DLA) acts as a 'gateway' to Carer's Allowance (through the middle and higher rates of the care component), this will be replicated in Personal Independence Payment (through both rates of the daily living component). Since the announcement of reductions in spending on Disability Living Allowance/Personal Independence Payment in 2010, Carers UK has warned that there may be a knock-on impact on Carer's Allowance claimants.
- Impact assessment from May 2012 stated that the Government expected the introduction of Personal Independence Payment 'will not affect the overall size of the Carer's Allowance population or the level of expenditure on the benefit¹'.
- According to Government impact assessments published in December 2012, by 2018 an estimated 607,000 fewer disabled people (a reduction of 28%) will be entitled to support². This impact assessment stated that analysis of the impact on carers was ongoing.

Impact assessment: February 2012

On Friday 8th February 2012 the Government published a note giving an assessment of the impact on Carer's Allowance of the introduction of Personal Independence Payment (PIP).

The note gives two analyses of the impact of the introduction of PIP:

1) Projected future caseload

The note sets out estimates on future Carer's Allowance caseload relating to working age people in receipt of DLA/PIP. This shows that, by 2015:

Without reform of DLA the number of people *in receipt* of Carer's Allowance would be 297,000 but under PIP this will fall to 287,000 – a reduction of 10,000 in the number of people entitled to receive Carer's Allowance.

¹ PIP impact assessment (May 2012) DWP

² Reassessments and Impacts DWP, December 2012 – shows that the projected PIP caseload will be 1,575,000, compared to a projected DLA caseload of 2,182,000.



However these reductions do not reflect the entire impact on the relevant Carer's Allowance case load. The 560,000 reassessments by October 2015 represent only 32% of reassessments. The reassessment process will continue until December 2017 by which time 1.75 million people will have been reassessed.

2) Impact on existing Carer's Allowance claimants

The note states that of the 560,000 DLA cases which it is expected will be reassessed by October 2015, approximately 76,000 are estimated to have a Carer's Allowance case in payment linked them. DWP modelling forecasts that:

- 50,000 of the Carer's Allowance cases will retain their Carer's Allowance award.
- 25,000 will no longer be entitled to it (this will be a combination of people who lose entitlement because the person they care for is reassessed and loses Personal Independence Payment either as a result of the reduction in spending or because they condition has improved).
- 20,000 people will become entitled to Carer's Allowance as a result of reassessment (we presume this is from people currently receiving DLA low-rate care component, which does not act as a gateway to Carer's Allowance being moved to the standard or enhanced rates of the daily living component of PIP which do act as Carer's Allowance gateways; or people not previously being entitled to DLA becoming entitled to PIP as a result of the new descriptors).

This means that there will be a 5,000 (6.6%) reduction in the number of people in payment of Carer's Allowance in this group. Some of those losing Carer's Allowance will do so because the condition of the person they care for has improved, however the fact that the number losing the benefit outstrips the number gaining it does not match with the year-on-year increase in Carer's Allowance recipients.

As an ageing population and people living longer with disabilities means increasing numbers of families need to provide care, year on year the numbers needing Carer's Allowance have risen since the introduction of the benefit. The average increase since 2003 has been 21,000 each year, yet these new figures show that, by 2015 10,000 fewer will receive support.

Carers UK response

Carers UK is shocked that this last minute publication of the impact on carers contradicts the Government's previous indication that the introduction of PIP 'not affect the overall size of the Carer's Allowance population or the level of expenditure on the benefit'³.

With 10,000 fewer carers being entitled to Carer's Allowance this represents a £31 million cut⁴ in financial support for those caring full-time for elderly sick or disabled loved ones. The families affected will face the devastating double blow of the disabled person losing support from disability

³ *PIP impact assessment* (May 2012) DWP

⁴ The value of Carer's Allowance (£59.75 - 2013/14 rate) for 10,000 people for one year.



benefits and that a carer looking after them would simultaneously lose their income from Carer's Allowance⁵.

This could have a disastrous impact on families who are often already struggling to make ends meet – pushing them into further financial hardship and debt and risks making caring for loved ones financially impossible for some families.

Questions

- What advice will the Government be giving to carers losing Carer's Allowance as a result of the introduction of Personal Independence?
- Will the Government offer transitional protections to carers losing Carer's Allowance as a result of the introduction of Personal Independence?
- Government impact assessment indicates 10,000 fewer carers will receive Carer's Allowance by 2015, this represents just a third of the way through the introduction of PIP. Does the Government anticipate further proportionate losses to Carer's Allowance as the process continues?

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⁵ The 10,000 figure consists of families losing Carer's Allowance and new claims by carers who would be entitled under the current system of Disability Living Allowance but who would not be entitled to Carer's Allowance under Personal Independence Payment.