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19 December 2023

Lord Palmer of Childs Hill  
House of Lords  
SW1A 0PW

Dear Monroe,

I am writing following the Lords' Oral Question on the Essentials Guarantee on Thursday 7 December. Thank you for the question that you raised. I wanted to add a bit more detail to the answer I gave you on the points you raised about the rate of carer's allowance and the earnings rules.

The social security system in Great Britain provides financial support for unpaid carers on low incomes through Universal Credit and the DWP benefits it replaces; through Pension Credit; and through pensioner Housing Benefit. In England and Wales, it also provides non-means-tested support through Carer's Allowance.

The rate of Carer's Allowance will increase from £76.75 to £81.90 from April 2024, in line with the increase in the Consumer Prices Index in the year to September 2023. This will provide an additional £1500 a year since 2010 for carers through Carer's Allowance. As of May 2023, it was being paid to nearly 830,000 carers in England and Wales. Between 2022/23 and 2027/28, real-terms expenditure on Carer's Allowance in England and Wales is forecast to rise by around 40% to just over £4.7 billion a year.

Universal Credit, Pension Credit and other means-tested benefits can be paid to carers at a higher rate than to those without caring responsibilities. The Universal Credit carer element is currently £185.86 per monthly assessment period, rising to £198.31 in April 2024. It is payable in addition to the standard allowance, and was being paid to around 560,000 carers as of May 2023. The additional amount for carers in Pension Credit is currently £42.75 a week, rising to £45.60 from April 2024. It is paid as an additional amount in the Guarantee Credit and was being paid to around 100,000 carers as of May 2023.

We know that some carers are keen to maintain contact with the labour market so we want to encourage carers to combine some paid work with their caring duties wherever possible.

The earnings limit for those in receipt of Carer's Allowance who are able to maintain some contact with the employment market is £139 a week **net** of allowable expenses. From April 2024 this will rise to £151 per week (subject to parliamentary processes).

The earnings limit for Carer's Allowance is not linked to any specific factor such as the number of hours worked, or the National Living Wage. However, the Government keeps the earnings limit under review and keeps under consideration whether an increase in the limit is warranted and affordable.

The earnings limit for Carer's Allowance is a figure net of certain expenses, including income tax, National Insurance contributions and half of any contributions to an occupational or personal pension.

In addition, up to half the net earnings figure calculated as above can be allowed towards the cost of alternative care for the disabled person, or for a child aged under 16, while the carer is at work.

Many carers who are receiving Carer's Allowance and doing some work will also be receiving Universal Credit. For those receiving Universal Credit, the 55% taper rate and any applicable work allowance will help to ensure that people are better off in work.

Receiving a means-tested benefit can act as a "passport" to other support, including help with fuel costs through schemes such as the Warm Home Discount, so carers who are not receiving a means-tested benefit already are encouraged to check whether they might be entitled.

This Government recognises and values the vital contribution made by carers in supporting some of the most vulnerable in society, including pensioners and those with disabilities.

I will place a copy of this letter in the Library.

*With best wishes,  
James*

**VISCOUNT YOUNGER OF LECKIE  
PARLIAMENTARY UNDER SECRETARY OF STATE FOR WORK AND PENSIONS**