



Department
for Work &
Pensions

Government Response to the Independent Review of Carer's Allowance Overpayments



The Department for Work and Pensions

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Ministerial foreword

Carers are vital – to the people they support, to their community, and to our country.

We acknowledge and value the important contribution made by unpaid carers every day in providing vital care and continuity of support to disabled family and friends.

We inherited a system where busy carers, already struggling under a huge weight of caring responsibility, have found themselves with unexpected debts due to overpayments of Carer's Allowance.

Recognising the need to make improvements, my predecessor asked Liz Sayce OBE to lead an Independent Review into Carer's Allowance overpayments. The findings have been invaluable in helping us assess how these overpayments have arisen, what we can do to support unpaid carers who have incurred debts in the past, and how we can stop similar issues happening again.

We are grateful to Liz and her team for their work. The review has shown us that mistakes were made by the previous government, and we are determined to put them right.

Carer's Allowance was introduced in 1976. While it has supported carers and their loved ones, it hasn't kept up with changes in how people work today. Many carers want the flexibility to combine some paid work with their caring responsibilities.

Today's response builds on the considerable progress that we have made since the Review was commissioned including linking the Carer's Allowance weekly earnings limit to 16 times the hourly National Living Wage (currently equating to £196 a week), updating decision maker averaging guidance and improving customer letters and communications. We are also considering longer term reforms to modernise Carer's Allowance through an earnings taper and automation of earnings.

We agree the guidance on averaging earnings between 2015 and summer 2025 did not accurately reflect the statutory position with respect to those with fluctuating earnings. That's why we are putting steps in place to run a reassessment exercise. This exercise will begin in 2026, and we will communicate details on how this will work in due course.

The legacy of the Independent Review will ensure that carers' voices and concerns are heard and addressed through our policies, and we will continue to engage with key stakeholders as we implement its recommendations and deliver on these commitments.

This document sets out the government's response to the Independent Review of Carer's Allowance Overpayments linked to earnings¹.

¹ Independent Review of Carer's Allowance Overpayments

Executive summary

1. We welcome the report and its recommendations in supporting the department to improve CA and help make things simpler for customers who are combining care and work. Our response sets out details on how we are, or plan, to respond to each of the recommendations. We have accepted or partially accepted 38 of the 40 recommendations. Some recommendations have been delivered including updating the DWP internal Decision Maker averaging guidance, and reviewing our letters and guidance to increase awareness of Carer's Credit. Others such as introducing an earnings taper will take time.
2. We accept the averaging guidance was incorrect and have set out in our response that we plan to begin a reassessment exercise in 2026. We are working now on the exact processes and will communicate details before the offer is opened.
3. In addition to responding to the CA review, the Government is taking steps in other areas to support carers and those for whom they care. For example, we have launched the Timms Review of Personal Independence Payment, which aims to ensure we have a system that supports disabled people to achieve better health, higher living standards and greater independence, will be co-produced with disabled people, the organisations that represent them, and other experts, including carers. In addition, the Government is committed to transforming adult social care to create a National Care Service and improving the lives of people drawing on care, unpaid carers, and the social care workforce.
4. The Independent Review of Carer's Allowance Overpayments and Government response cover England and Wales only². We are working closely with the Devolved Governments to share findings from the review where appropriate.

² CA and its replacement, Carer Support Payment, are devolved benefits in Scotland. Social security, including CA, is a transferred matter in Northern Ireland.

Chapter 1: Averaging earnings

Recommendation 1

Change the basis of averaging earnings to match the realities of the modern labour market and carers' lives, making it simpler, more predictable and easier to automate, through immediate changes to operational guidance and communication and longer-term changes to regulations and technology.

Within the next 3-12 months, DWP should:

- a. Develop and implement well-designed and tested operational guidance on earnings averaging to improve clarity and predictability, with clearer parameters for exercising discretion, including improving handling of issues such as employer error and backpay. Communicate this guidance to carers well, including clear principles, specific rules and worked examples.
- b. Develop an approach that gives carers a voice in determining the appropriate averaging period, with the aim of offering carers a choice of period, including a month and a year, so those wishing to can align reporting with the tax year.
- c. Ensure that DWP staff clearly record both their consideration of whether and how to average earnings and the decision they reached.
- d. Change decision letters to routinely and clearly tell the carer whether their earnings have been averaged, how this has been done, and exactly what changes of earnings the carer needs to report to CAU.

As soon as possible after this, DWP should:

- e. Change regulations to make it clearer what DWP must (not may) do to average, and to update the rules for modern working practices.
- f. Develop an online calculator for claimants.
- g. Implement automation of earnings processing, linked to RTI directly, for the majority of cases.

1. We recognise the challenge many carers have in balancing their caring responsibilities alongside paid work. Carers, in particular, need to be able to work flexibly and sometimes change hours/shifts so they can prioritise care. This means that their earnings may fluctuate from week to week. The Social Security Benefit (Computation of Earnings) Regulations 1996³ allow for earnings to be averaged in cases of fluctuating earnings. Where appropriate, this allows benefit Decision Makers (DMs) to average earnings to reflect Carer's Allowance recipients' earnings patterns when calculating their entitlement to CA. But averaging is not always a straightforward process as the Independent Review has reported.
2. The modernisation of DWP IT systems will provide the foundation to deliver DWP's long-term strategy to improve how earnings are treated in CA. This is being explored through ongoing discovery work to explore potential solutions including the automation of earnings and an earnings taper to replace the current cliff edge.

1 (a) Develop and implement well-designed operational guidance (accept)

3. DWP internal Decision Maker averaging guidance has now been updated to resolve the concerns outlined in the review. We will keep the process under review to ensure it meets both customer and DWP needs and use insights from this ongoing monitoring to help modernise the CA earnings process, so it better reflects the modern, flexible workplace and the realities of life for unpaid carers.

1 (b) Give carers a voice in determining the averaging period (partially accept)

4. CA is a weekly benefit, so calculating earnings over non-weekly patterns is complex. When assessing cases, DMs may contact customers to obtain and/or verify information that supports making averaging decisions. DMs do not make a decision on eligibility for CA during calls, as they will need to consider all available information to assess whether averaging is possible, therefore it will not be discussed with the customer during the initial call.
5. We are updating averaging letters sent to customers to make it clearer how an averaging decision has been made. If a customer wishes to challenge the decisions, they can follow the normal process for a mandatory reconsideration (MR)⁴. An oral explanation of how the averaging decision was arrived at would be one of the first steps in the MR process.

1 (c) DWP staff clearly record decisions on averaging (accept)

6. The Decision Makers guidance has been updated to outline the need for DMs to record consideration of whether and how to average earnings and the decision they reached.

1 (d) Change decision letters (accept)

7. 17% of CA recipients currently have earnings, and in 2024 customer analysis found two in five of these had hours that fluctuated week to week⁵. We have worked to make improvements.
8. The current benefit decision letter reflects a customer's earnings as a weekly figure. This could cause confusion for customers who are not weekly paid. We are in the process of changing the letter to acknowledge that the figure in their case, may have been derived from averaging across a number of weeks and remind the customer of the CA Earnings Limit.

³ The Social Security Benefit (Computation of Earnings) Regulations 1996

⁴ Challenge a benefit decision (mandatory reconsideration): How to ask for mandatory reconsideration - GOV.UK

⁵ Experiences of claiming and receiving Carer's Allowance – GOV.UK

1 (e) Change averaging regulations (accept)

9. We accept that the approach to the treatment of earnings in CA needs to be modernised, to reflect today's labour market, with more people combining care with work, and the reality of life as an unpaid carer. That's why we are actively considering clarifying the averaging regulations.

1 (f) Develop an online calculator (partially accept)

10. We accept the need for customers to have greater clarity on how earnings affect their entitlement, and we need to better understand the user need for this. We have therefore launched a user research project in the shorter term, which will focus on the needs across channels to ensure correct information is given to customers in the best possible way.

1 (g) Implement automation of earnings processing (accept)

11. CA consists of two long-standing IT systems that are slow and complex to update. A full rebuild of CA systems is already in our plans and analysis of what is needed is already in progress. However, the work to fully rebuild the systems is significant and complex and it is likely to take several years to complete the work.
12. To ensure we continue to modernise the service we are introducing incremental improvements to the CA journey to make it better for customers and DWP staff. This includes changing the existing online claim and change of circumstances journeys for customers by improving how we capture information and the supporting messaging around that. Work has already begun, and improvements focused on modernising the service may be delivered by spring 2026.

Chapter 2: Allowable expenses

Recommendation 2

Simplify allowable expenses to create clarity for carers and ease of automation through changes to operational guidance and communication.

In the next 3-12 months:

- a. Develop and implement well-designed and tested operational guidance on allowable expenses to improve clarity and predictability, with clearer parameters for exercising discretion, including aligning expenses as far as possible with HMRC for consistency. Communicate this guidance to carers well, including clear principles, specific rules and worked examples.
- b. Change the decision letter to routinely and clearly tell carers what expenses have been deemed allowable and any that have not been accepted. Ensure future improvements in processes including use of online processes and automation support clear and speedy decisions on allowable expenses.

- 13. The weekly CA earnings limit is based on net rather than gross earnings and includes a deduction for allowable expenses. In common with other benefits, CA allows deductions such as Income Tax and National Insurance to calculate the net figure. This should be straightforward for employed earners as these deductions will be reflected in their wage slips.
- 14. Other allowable deductions for CA purposes may be less straightforward as the review has found, particularly alternative care costs incurred whilst working which is unique to CA and will be vital to many carers to enable them to put in place suitable care arrangements whilst they are at work.

2 (a) Develop and implement well-designed and tested operational guidance on allowable expenses (partially accept)

- 15. The GOV.UK website outlines basic guidance on calculating earnings for CA, including allowable expenses and care costs. We are currently looking at what changes can be made to simplify and modernise the allowable deductions system. This needs to be considered alongside the longer-term ambition to automate the treatment of earnings in CA.

2 (b) Change the decision letter to routinely and clearly tell carers what expenses have been deemed allowable and any that have not been accepted. (partially accept)

- 16. We will review decision letters to see how these can be updated to ensure customers understand decisions regarding their allowable expenses. We agree with the Review's recommendation and are making use of online processes where possible, to deliver clear and timely decisions on allowable

expenses. We are currently undertaking work to identify options for improvement within this area with a view to implementing any identified reforms by April 2026.

Chapter 3: Addressing the cliff edge

Recommendation 3

Whilst DWP advances its overall long-term plans to address the cliff edge (outside this review's terms of reference), ensure shorter term imaginative solutions are pursued to reduce its impact.

17. The modernisation of DWP IT systems will provide the foundation to deliver DWP's long-term strategy to improve how earnings are treated in CA. This is being explored through discovery work on the automation of earnings and an earnings taper to replace the current cliff edge.
18. The modernisation of the treatment of earnings may remove the need for unpaid carers to provide DWP with information on their earnings and for DWP staff to manually calculate the relevant net earnings figure. This is expected to help reduce burdens on unpaid carers, increase efficiencies, deliver quicker and more accurate payments, and reduce fraud and error.

3. Addressing the cliff edge in the earnings limit (accept)

19. DWP has begun discovery work to explore potential solutions to reduce the impact of the cliff edge, including the possible introduction of a CA earnings taper.
20. Automation of earnings and a taper will require significant change to current DWP systems and is likely to be several years away. However, we are making changes now to meet the needs of carers, including raising the CA weekly earnings limit to 16 times the hourly National Living Wage (currently equating to £196 a week), this is the largest ever increase to the CA earnings limit and may help reduce the number of overpayments. We are undertaking an evaluation of the recent increase in the weekly earnings limit, to understand how it has supported carers and inform the potential design of a taper system.

Chapter 4: Interactions between CA and UC

Recommendation 4

Ensure interactions between CA, UC and other benefits work more seamlessly for carers, including immediately creating an effective workaround to ensure any arrears are routinely identified and offset against overpayments.

Within the next 3-12 months, DWP should:

- a. Immediately, create an effective workaround to ensure offsets between CA, UC and other benefits are made effectively, without leaving the responsibility with the carer.
- b. Improve join-up between benefit lines and debt management so that carers who accrue an overpayment receive one call that covers the calculation of the amount, considering all relevant benefits and netting off as required, and immediate access to advice on a payment plan.
- c. Ensure carers whose eligibility for CA is retrospectively removed due to earnings are aware of and easily able to claim Carer's Credit so they receive the NI credits they are entitled to, and work towards automating this in future.
- d. Review why carers claim both CA and UC and the scope for more carers to simplify their engagement with DWP (as well as saving DWP resource) where appropriate by claiming only UC with the carer element top up. In particular:
 - amend guidance to more clearly explain the options to carers, with pros and cons, and help them understand the choice
 - align features of the carer element with CA, including providing Class 1 NI credits, or explain the rationale for why this cannot be done
 - work with third parties to encourage them to recognise receipt of carer element in UC as the same proof of carer status as CA

21. In addition to Carer's Allowance, carers on low incomes can claim income-related benefits, such as Universal Credit (UC) and Pension Credit (PC). These benefits can be paid to carers at a higher rate than those without caring responsibilities through the carer element and the additional amount for carers respectively. Currently, the UC carer element is £201.68 per monthly assessment period in addition to the standard allowance and any other UC elements payable.

22. Like most forms of income, CA is taken into account in the assessment of UC, with the amount of UC a customer receives reduced by the Carer's Allowance amount. Around two thirds of CA customers also claim UC.

4 (a) Immediately, create an effective workaround to ensure offsets between CA, UC and other benefits are made effectively, without leaving the responsibility with the carer (accept)

23. There are instances where the Department has not reconciled payments between CA and UC, i.e. using the arrears of one benefit to pay the overpayment of another, so individuals are receiving separate underpayment and overpayments. We understand the impact this is having on carers and we are committed to delivering this change in the future in line with our plans to modernise DWP services. Work to automatically offset benefit payments will begin from 2027/28 at the earliest. In the meantime, the Department is exploring the feasibility of an interim manual process, looking to go some way to improving the service we provide to carers.

4 (b) Improve join-up between benefit lines and debt management so that carers who accrue an overpayment receive one call that covers the calculation of the amount, considering all relevant benefits and netting off as required, and immediate access to advice on a payment plan (partially accept)

24. We agree that customers with an overpayment should be able to receive accurate advice on any questions they raise. For CA overpayments that would be by contacting the CA Unit and for repayments that would be by contacting DWP Debt Management. To support the handling of overpayment queries we will ensure that each area has the correct guidance available to agents and that there is a route to identify and resolve any cross-cutting issues to ensure a seamless service for customers.

4 (c) Ensure carers whose eligibility for CA is retrospectively removed due to earnings are aware of and easily able to claim Carer's Credit so they receive the NI credits they are entitled to, and work towards automating this in future (accept)

25. Since April 2010, carers who do not get CA have been able to apply for Carer's Credit (CC) if they are caring for one or more disabled people for at least 20 hours a week. We agree that it is important that those who can claim CC should not miss out due to a lack of awareness. That's why we have been reviewing our letters and guidance to increase awareness of CC, and ensured information of CC has been added to our CA system award/disallowance notifications for both initial awards, change of circumstances and appeals.

4 (d) Review why carers claim both CA and UC and the scope for more carers to simplify their engagement with DWP (as well as saving DWP resource) where appropriate by claiming only UC with the carer element top up. (accept)

26. We agree that it is important carers are able to make an informed decision about what is best for their individual circumstances. That's why we are reviewing our guidance to increase information provided to carers at the point of claim and are undertaking research to better understand why carers claim CA and/or UC. We are also reviewing the features of both CA and the UC Carer Element, including the class of National Insurance credits customers are entitled to, to identify where these can be aligned.

27. Carers in receipt of CA are awarded class 1 National Insurance credits. If there is a break in care that lasts up to 12 weeks, carers in receipt of CA are awarded class 3 National Insurance credits. These credits protect their State Pension and help with access to certain working age benefits. Meanwhile, carers in receipt of the UC Carer Element or CC receive class 3 National Insurance credits, including during a break in care, which protects their State Pension in later life.
28. We are also working with stakeholders to increase awareness of the UC Carer Element to encourage its use, in addition to CA, as a passport to other services.

Chapter 5: Data

Recommendation 5

Use data better to improve service to carers, by processing all alerts generated by HMRC promptly and recording accessibility requirements, and to inform policy makers and the public, through improving data and analysis on CA.

In the next 3-12 months, DWP should:

- a. Clear the backlog (as planned) and maintain 100% VEPS processing with a target maximum completion time to catch overpayments quickly.
- b. Ensure full compliance with accessibility requirements under the Equality Act, implementing changes to record adjustments required and ensure these are provided, and better record and act on vulnerability, especially when identifying and communicating an overpayment.
- c. Make greater use of data and analysis on CA, linking different parts of DWP together better to inform policy and operational work.
- d. Re-categorise error and fraud figures in published statistics so that the 'fraud' category does not include cases where no intention of fraud has been found.

29. We are making use of available data to ensure better customer service and inform our thinking on how we make policy and operational decisions across all of DWP. We are building our knowledge of customer behaviour in relation to combining work and CA, which will support work looking into the potential of replacing the current cliff edge with an earnings taper.

5 (a) Clear the backlog (as planned) and maintain 100% VEPS processing (accept)

30. The funding secured for additional 2025/26 resource to clear the stock of CA VEP alerts means we are moving to a position of actioning all alerts as close as possible to the date of generation by HMRC. This will in the future reduce the risk of large overpayments building up over many years.
31. In addition, we have secured further funding to explore digital enhancements to improve the prioritisation and the selection of alerts, providing greater visibility on the type of alert, automating where feasible, thus allowing more targeted and timely clearance leading to improved productivity.
32. The key focus is to support customers in fully understanding their obligation to report changes in their circumstances, including earnings.

5 (b) Ensure full compliance with accessibility requirements under the Equality Act (accept)

33. Where we are aware a customer has additional requirements, we would look to use additional forms of communication including via phone or through a visiting officer if appropriate. We are working to understand what is possible to support accessibility requirements.

5 (c) Make greater use of data and analysis on CA (accept)

34. The Department is continuing its efforts to develop and exploit new and existing data sources for CA - such as the Registration and Population Interactions Database (RAPID) which combines PAYE information with benefits data - and ensure that research and analysis are used to inform evidence-based policy making and operational delivery. As part of this, we are improving our understanding of existing data and identifying remaining gaps.
35. In addition, we are carrying out research to look at the impact of the recent increase in the CA earnings limit to understand the impact on customer behaviour. That will be useful insight to help us develop future changes to CA including a potential CA earning taper. We plan to publish this research in 2026.
36. Alongside the Independent Review we have published an ad-hoc statistical release to provide greater transparency of some of the data and analysis relevant to the issues covered by the review⁶. This includes figures for the employment rate of CA claimants, including those self-employed; details on the other benefits that CA claimants claim; figures on the proportion of CA claimants who had an overpayment; the number of VEPS alerts received and reviewed for CA; and data on the number of civil penalties that have been applied to people on various benefits.

5 (d) Re-categorise error and fraud figures (reject):

37. Statistics on fraud and error in the benefit system are National Statistics and must meet the highest standards of trustworthiness, quality and public value. We use this measure to understand the levels of incorrect payments, trends in the data and reasons behind incorrectness. This depth of understanding supports decision making on what actions the Department can take to reduce incorrect payments to ensure people are paid accurately. The activity undertaken in response to the data and insights gathered are reported in the Departmental Annual Report and Accounts.
38. The Independent Review suggests that the definition of fraud in the National Statistics reflects a different standard of fraudulent intent than what is required in preparing a criminal investigation . It notes that the measure takes into account whether a claimant “can reasonably be expected to be aware of the effect on their entitlement”, which does not equate to fraudulent intent. However, the benefit review undertaken to produce the statistics determines whether the benefit award in payment is correct or not; if the claim is incorrect, we seek to understand why this occurred. If the outcome of the benefit review has led to a classification of fraud (aligned with the statistical definition) the benefit review has been able to establish evidence that indicates potential fraud or a suspicion of fraud. The benefit review process and results are subject to National Audit Office scrutiny as part of the Department’s annual audit.
39. Although rejecting the recommendation, we acknowledge the concerns raised by the review and therefore commit to providing further information in the statistical publication to:
- provide more information and transparency on the definition of fraud in the statistics; and

⁶ Independent Review of Carer’s Allowance Overpayments

- provide more information on the fraud and error benefit review process that categorises fraud against the criteria set out in the statistical publication to show how and why those criteria and processes, used to measure fraud in the benefit system, are different to the standard of fraudulent intent which is required for preparing a criminal investigation.

Chapter 6: Processes and communication

Recommendation 6

Improve DWP processes and communications, so carers understand the requirements and their financial position, can upload and report information more easily and obtain decisions promptly that enable them to manage their paid work and caring lives.

In the next 3-12 months, DWP should:

- a. Set and publish standards for DWP and CA claimants, including standard response times and a better balance between responsibilities of carers and DWP.
- b. Provide improved guidance on GOV.UK, including filling the gap between the basic overview information and the Decision Makers Guide.
- c. Provide more frequent and effective communications in a way claimants want to receive them, including texts, and develop a better online service.
- d. Ensure sufficient resources to provide answers and make changes in a reasonable timescale. In particular, ensure carers can receive a rapid substantive response to queries to enable them to make decisions, if feasible through being put through in real time by contracted telephone handlers to Carer's Allowance Unit (CAU) agents.
- e. Further improve the suite of letters used to administer CA, in particular, ensuring initial communications about potential overpayments are empathetic and use terms such as potential mistaken payment/potential error rather than implying fault.

As soon as possible after this, DWP should:

- f. Prioritise work to upgrade the CA computer system.
- g. Develop an online portal with facility for document upload, a record and ability to check progress.

40. It is vital that the Department provides the information needed for customers who are balancing being a carer and paid work to understand the support that is available to them, the eligibility requirements for Carer's Allowance, and their responsibility in informing DWP when things change, such as a change in earnings. That's why we have already made changes to guidance and are using insight to ensure more changes are made to meet everyone's needs.

6 (a) Publish standards for DWP and CA customers (partially accept)

41. We want to ensure our customers receive the best service possible, that's why Our customer charter at GOV.UK⁷ sets out that we will: deal with your request the first time you contact us, or as soon as we can; tell you what will happen next, and by when; and keep you updated of progress. In addition, the Customer Experience Survey⁸ findings show 92% of CA customers were satisfied with the service provided by DWP.

6 (b) Provide improved guidance on GOV.UK (accept)

42. We agree that there is room for improvement to the information provided on CA on GOV.UK. The Department keeps its content on GOV.UK under review and we are currently undertaking work, including user research, to ensure the information provided meets the needs of our customers. The purpose of the CA pages on GOV.UK is to inform potential claimants how CA works, to enable potential claimants to make a claim should they meet eligibility criteria and to inform claimants when they should report changes of circumstances.

6 (c) Provide more frequent and effective communications (accept)

43. We are undertaking user research to understand people's preferences around methods and frequency of communications. There are constraints to meeting this recommendation due to the age and complexity of the current IT systems that currently issue these communications. There are also security considerations depending on the content as to which channel is appropriate.

6 (d) Ensure sufficient resources to provide answers in reasonable timescales (accept)

44. Any queries from a vulnerable customer are passed from the telephony lines to the CAU, with a 24 hour agreed service standard to respond. The changes being made to letters and communications will make it clear for customers what they need to tell us and when, which should reduce the need for people to seek further clarification by phone or other means.

6 (e) Improve suite of letters (accept)

45. Customer letters are continuously reviewed and improved. Work is advanced to implement 'softer tone' changes to the system-generated letter which communicates the initial overpayment to customers. This includes user research to understand how customers understand the letter and what changes could be made from a customer perspective. This builds on work already completed to improve letters from DWP Debt Management on handling repayments.

⁷<https://www.gov.uk/government/publications/our-customer-charter/our-customer-charter>

⁸ DWP Customer Experience Survey: Benefit Customers 2023 to 2024 - GOV.UK

6 (f) Prioritise work to upgrade the CA computer system (accept)

46. We are currently developing an approach and plan for upgrading the existing system in order to reduce risk and provide a more stable and responsive system that is more accommodating to change.

6 (g) Develop an online customer portal (partially accept)

47. We recognise our current digital/online services, where customers can apply for CA and tell us about a change of circumstance, could be improved, and we are committed to modernising and improving.

Chapter 7: Enforcement action

Recommendation 7

Reform enforcement action related to CA to ensure penalties are applied fairly and consistently with appropriate controls and inspection.

In the next 3-12 months:

- a. Ensure the presumption in CA is to apply a civil penalty only when justified – rather than to presume to apply a civil penalty unless there is mitigation. In particular, introduce consistent decision-making to ensure no one is issued a civil penalty:
 - where an overpayment identified is due solely to unclear averaging or allowable expenses issues – to reflect there being no behaviour meriting a penalty
 - for not telling one part of DWP when they have told another – to reflect that DWP aims to provide a more seamless experience for claimants.
- b. Ensure no future administrative penalties are imposed in cases caused solely by the current lack of clarity on averaging or allowable expenses.
- c. Review processes and outcomes on the use of administrative penalties in CA.
- d. Refresh internal controls for enforcement activity and bring in external independent inspection of its end-to-end investigation to ensure processes and actions are proportionate and fair.

48. The review references the two main penalties DWP can utilise in different circumstances across all benefit lines where a recoverable overpayment has occurred.
49. When an overpayment decision has been made, a DM must consider whether a Civil Penalty (£50) should be applied. It can be applied where the claimant has negligently made an incorrect statement or representation, or where they have, without reasonable excuse, failed to provide information or notify a relevant change of circumstances.
50. An Administrative Penalty can be offered as an alternative to prosecution following a criminal investigation into alleged fraud where there is sufficient evidence to commence a prosecution for an offence relating to an overpayment. If rejected, or acceptance is withdrawn in the cooling off period, the case should be passed to the Crown Prosecution Service to consider prosecution. Where accepted, a formal commitment not to prosecute is given and the claimant is required to repay the overpayment and the Administrative Penalty is applied at 50% of the overpayment value, with a minimum of £350 and maximum of £5,000.

7 (a) Ensure the presumption in CA is to apply a civil penalty only when justified (accept)

51. The decision to apply a Civil Penalty is a choice for the Decision Maker and should only be applied when the conditions are met. Current guidance reflects this accurately but is being revisited to see if it can be strengthened further to ensure Civil Penalties are considered consistently.

7 (a)(i) introduce consistent decision-making to ensure no one is issued a civil penalty where an overpayment identified is due solely to unclear averaging or allowable expenses issues (accept)

52. When considering applying a Civil Penalty, a Decision Maker will follow the relevant guidance. As guidance on averaged earnings has now been updated, any case arising from errors which a Decision Maker considers will reflect new overpayment guidance. This means that decisions can be taken, following the normal benefit rules, on whether to impose a Civil Penalty.

7 (a)(ii) introduce consistent decision-making to ensure no one is issued a civil penalty for not telling one part of DWP when they have told another (partially accept)

53. The recommendation on consistent decision-making across DWP services is fully aligned with the DWP 2030 Strategy and is a key feature of the Business Delivery Model being delivered through the Department's Service Modernisation Programme (SMP).
54. A central component of this model is the introduction of a customer account and the ability for customers to report a change once, with that information shared across relevant services. A customer account would provide a gateway to all DWP's services and enable a customer to access and update the common data we hold about them across DWP (e.g. address, income). It would provide a secure place for customers, or their appointees, to access all their DWP information, manage their service/benefits including reporting changes, applying for new services/benefits, providing evidence and communicating with the department. This will reduce duplication, improve decision accuracy, and help prevent issues such as civil penalties when customers engage with different parts of DWP.
55. While this requires significant digital investment— work is already underway. We are actively exploring through delivery of a Care Service, comprising CA, AA and DLA C, how data can be reused across services to deliver joined-up, simplified customer journeys and fairer outcomes. This is a long-term ambition, but one the Department is committed to delivering.

7 (b) Ensure no future administrative penalties are imposed in cases caused solely by the current lack of clarity on averaging or allowable expenses (accept)

56. An Administrative Penalty can only be offered, never imposed, and is only offered following a criminal investigation as set out above. As guidance on averaged earnings has now been updated, any case of suspected fraud which an Investigator considers will reflect new overpayment guidance. This means that a decision can be taken on whether to offer - not impose - an Administrative Penalty, subject to there being sufficient evidence to commence a prosecution.

7 (c) Review processes and outcomes on the use of administrative penalties in CA (accept)

57. The Department has proactively looked at its process and outcomes in this area and since early 2025, we have introduced an independent panel, strengthened Administrative Penalty guidance, and improved training to ensure fair and consistent decision-making. New processes require clearer

prosecution referrals and updated training for investigators. Where we find Administrative Penalties, that should not have been issued, we will remove and refund them.

7 (d) Refresh internal controls for enforcement activity and bring in external independent inspection of its end-to-end investigation (accept)

58. The Government is currently taking forward the Public Authorities (Fraud, Error and Recovery) Bill which is in its final stages in Parliament. The bill has passed all parliamentary stages and is awaiting royal assent. Once passed, this will bring the Department's end to end investigation processes in England and Wales under the purview of His Majesty's Inspectorate of Constabulary and Fire & Rescue Services, and His Majesty's Inspectorate of Constabulary for Scotland. The timing, frequency and scope of the inspections will be determined by the Inspectorates, who will work collaboratively with DWP to ensure that inspections are scheduled at mutually convenient times, and cover the key issues.

Chapter 8: Debt management

Recommendation 8

Improve the management of debt for CA overpayments related to earnings, taking account of hardship and vulnerability.

In the next 3-12 months, DWP should:

- a. Be guided by the principle of identifying potential hardship or vulnerability before implementing a default repayment plan.
- b. Track more closely how often people are taking up the option to telephone to arrange a repayment plan and whether DWP should be more proactive in offering support, including through reviewing a sample of repayment plans and their impact on carers.
- c. Improve awareness of and access to advice by third sector organisations, including advice on debt management and signposting to other sources of support.
- d. Ensure access to waivers is available where justified and understood by carers and third-party organisations that support carers through guidance and regular review.

- 59. The review concluded that, while advice to carers with debts who contact DWP is carefully and sensitively approached, and that there is a good range of support to carers who accrue debts, default repayment plans are more commonly applied and there are barriers to carers knowing about and accessing this support.
- 60. The review also found that although waiver is designed for exceptional circumstances, the use of waivers for those with a CA debt is low considering the income levels and the impacts of overpayment debts on carers.

8 (a) Be guided by the principle of identifying potential hardship or vulnerability before implementing a default repayment plan (partially accept)

- 61. DWP acknowledges the concerns outlined in the review related to potential hardship and vulnerability for carers with debts. It remains committed to set affordable, and sustainable repayment plans that do not cause undue financial hardship and has robust processes in place to support those who may be vulnerable or experiencing hardship at all points in the customer journey, where this risk is known to the Department.

62. Crucially, and as identified in the review, as carers are eligible for CA primarily based on an assessment of the person they care for, less is known about the carer and any potential vulnerabilities or hardship concerns. We therefore encourage customers to make contact at the earliest opportunity if they feel they cannot afford the rate of recovery, and our overpayment notifications have been updated to make sure customers are aware they can request a reduction in their repayment terms.
63. When a customer makes contact because they are experiencing financial hardship, the rate of repayment can be reduced or, depending on the customer's financial circumstances, a temporary suspension of repayment can be agreed. In exceptional circumstances DWP can consider waiving recovery of all, or part of the debt.
64. To ensure customers are treated with dignity and respect, layers of support exist to ensure those who are vulnerable or have complex needs, where this is known to DWP, have the right support measures put in place. DWP staff are trained to support our most vulnerable customers and have access to a wide range of guidance to support them. Our agents record any support needs disclosed by the customer to ensure whoever a customer speaks to in DWP, they are aware of how best to help them. Where further specialist help is required, the Department provides additional support for customers at serious risk of harm, neglect, abuse or severe financial hardship through a national network of Advanced Customer Support Senior Leaders.
65. A DWP debt management vulnerability framework has recently been introduced which provides guidance for advisers on how to support customers at risk of becoming vulnerable, including signposting to specialist support. Advisers undertake annual refresher training on identifying and supporting customers experiencing vulnerability.
66. In response to the recommendations outlined in the review, through continuous improvement activities, we are reviewing our customer communications for those repaying debt to DWP, with a particular focus on removing barriers for customers to contact DWP to discuss options for repaying debts.

8 (b) Track more closely how often people are taking up the option to arrange a repayment plan (partially accept)

67. The review described how some carers do not take up the opportunity to contact DWP to discuss repayment arrangements and access the support that is available. In response to the recommendation, we have put in place a mechanism to capture new CA debts, contact rates and affordability details so we can better understand where carers call DWP for an affordability review prior to deductions commencing. We have also put in place a mechanism for those who may require that support later in the customer journey because of a change in their circumstances.
68. This, along with improvements to communications to remove barriers for carers with debts engaging with DWP for more support, will help identify customers requiring immediate repayment support and identify any opportunities to improve the customer journey.

8 (c) Improve awareness of third sector organisations (accept):

69. DWP recognises that some customers with debts may require additional support, and this is why the Department's Debt Management team already provides a range of support options to help customers access independent debt advice through trusted third sector organisations. The review recognises that DWP offers a good range of support for those carers with debts and when they do contact DWP for further advice and support, these interactions are dealt with carefully and sensitively.

70. All customer communications, (including those delivered via our Self-Service Channel) include prominent signposting to external support such as Money Helper, Citizens Advice, Civil Legal Advice and StepChange.
71. Customers who do contact Debt Management are routinely referred to the Money Advisor Network, who work in partnership with DWP, to offer free independent and impartial money and debt advice.
72. DWP has also recently introduced the External Debt Advisor Line which provides a single route into DWP Debt Management for authorised Debt Advice Charities, enabling the provision of a comprehensive debt picture and benefit-related income information. This helps Debt Advisors better understand the financial position of our joint customers and assists them in managing their money and indebtedness. DWP Debt Management are reviewing with partners to consider possible plans to expand the number of bodies who have access to the service.
73. DWP has a network of Advanced Customer Support Senior Leaders who work with our Debt Management Advanced Customer Support team to provide additional support to our most vulnerable customers, together with a process by which agents can refer customers directly through the Severe Financial Hardship routeway.
74. DWP also remains committed to HM Treasury's Breathing Space policy, which provides those with problem debt the right to legal protections from creditor action for a period of 60 days to enable them to receive debt advice and enter an appropriate debt solution.
75. In response to the review, through continuous improvement activities, we are reviewing our customer communications for those repaying debt to DWP. This will include removing perceived barriers for customers to contact DWP to discuss options for repaying debts and the support section, to enhance clarity and improve customer awareness of the range of assistance available.

8 (d) Ensure access to waiver is available (accept):

76. As part of continuous improvement work, an end-to-end review of the waiver process has been commissioned and is expected to conclude in Spring 2026. As part of this work, we will explore opportunities to improve customer and DWP staff awareness and understanding of the waiver policy, including through guidance improvements, enhanced communications, and better integration across service channels. The review will also consider how the process can be made more accessible and responsive to individual circumstances, particularly for vulnerable customers. The Benefits Overpayment Recovery Guide will be updated as appropriate and continuous improvement initiatives identified will be planned as part of usual business processes.

Chapter 9: Rebuilding trust

Recommendation 9

Rebuild DWP's trustworthiness to carers by providing focused leadership to deliver the report's recommendations. Ensure holistic consideration of the core purposes of CA (income replacement, recognition and supporting carers where they wish to combine caring with paid work) in decision-making, underpinned by a commitment to empathy.

In the next 3-12 months, with ongoing commitment beyond, DWP should:

- a. Appoint a senior responsible owner within DWP to oversee a fully resourced action plan to deliver on the recommendations of this report.
- b. Communicate its commitments and regularly update on progress openly and clearly to carers, carers representative organisations and the wider public to demonstrate action and rebuild trust.
- c. Commission a detailed operational audit to provide a solid foundation for implementing the other recommendations of this review.

9 (a) Appoint a senior responsible owner within DWP (accept)

77. A senior responsible owner has been appointed. In addition, a team has been stood up within DWP to coordinate the response to the Independent Review, and where accepted, ensure delivery of the recommendations.

9 (b) Regularly update on progress openly (accept)

78. We will provide updates on the progress made in taking forward the recommendations.

9 (c) Commission a detailed operational audit (reject)

79. As the review points out, CA has been subject to scrutiny from the Work and Pensions Select Committee and the National Audit Office, as well as from the review itself. This gives us the insights necessary to allow us to take forward improvements now and in the future.

Chapter 10: Overpayments

Recommendation 10

Reclassify CA overpayments caused by the systemic issues set out in this report as not recoverable, and ensure, for cases where carers claim UC and CA, all UC arrears are identified and paid.

In the next 3-12 months, DWP should:

- a. Identify overpayments calculated under the flawed 2020 operational guidance on averaging, reclassify these overpayments as not recoverable and immediately cease recovering them. This includes refunding payments carers have made to DWP that are now classified as not recoverable, including, where identifiable, debts that have been fully repaid. Apply this same principle for overpayments uncovered in future until the system is improved and carers have been given the information and support they require to comply.
- b. Identify overpayments affected by the lack of clear and unambiguous instructions and consistent decisions on a) earnings averaging from 2012 to 2020 and b) allowable expenses and reclassify these overpayments as not recoverable, and immediately cease recovering them. This includes refunding payments carers have made to DWP that are now classified as not recoverable, including, where identifiable, debts that have been fully repaid. Apply this same principle for overpayments uncovered in future until the system is improved and carers have been given the information and support they require to comply.
- c. Accept that where it is uncovering historical issues and has no record of contact due to the time passed, a carer who claims to have reported their earnings should be treated as having done so and categorised as not recoverable.
- d. Examine cases where carers claimed both CA and UC, identify cases where the corresponding UC arrears have not been issued and pay these arrears.

10 (a) Identify overpayments calculated under the flawed 2020 operational guidance on averaging, reclassify these overpayments as not recoverable and immediately cease recovering them (partially accept)

80. The Review found that carers were confused about when they needed to tell us about changes to their earnings. Some carers incorrectly assumed their earnings would always be averaged and did not report weeks when they earned too much.

81. We agree the guidance on averaging earnings between 2015 and summer 2025 did not accurately reflect the statutory position with respect to those with fluctuating earnings. That is why we are putting steps in place to run a reassessment exercise. This may lead to a reduction in their overpayment or, in some cases, to its complete elimination. The reassessment exercise will begin in 2026. We are working now on the exact processes and will communicate details before the offer is opened.
82. We know carers lead busy lives, so we will make the process as simple as possible. We will work with carers' organisations to make sure people know about this option and get the support they need.

10 (b) Identify overpayments affected by the lack of clear and unambiguous instructions and consistent decisions on a) earnings averaging from 2012 to 2020 and b) allowable expenses and reclassify these overpayments as not recoverable and immediately cease recovering them (partially accept)

83. As set out above we plan to put in place a reassessment exercise in 2026 with respect to averaging. However we do not agree that the allowable expenses guidance was unclear or ambiguous, therefore allowable expenses will not form part of the offer.

10 (c) Accept that where it is uncovering historical issues and has no record of contact due to the time passed, a carer who claims to have reported their earnings should be treated as having done so and categorised as not recoverable (partially accept)

84. Steps to handle historic cases with no record of contact will be set out alongside details of the reassessment exercise in early 2026.
85. As set out in Chapter 2, the GOV.UK website outlines basic guidance on calculating earnings for CA, including allowable expenses and care costs.

10 (d) Examine cases where carers claimed both CA and UC, identify cases where the corresponding UC arrears have not been issued and pay these arrears (partially accept)

86. There are instances where the Department has not reconciled payments between CA and UC, i.e. using the arrears of one benefit to pay the overpayment of another, so individuals are receiving separate underpayment and overpayments. We understand the impact this is having on carers and we are committed to delivering this change in the future in line with our plans to modernise DWP services. Work to automatically offset benefit payments will begin from 2027/28 at the earliest. In the meantime, the Department is exploring the feasibility of an interim manual process, looking to go some way to improving the service we provide to carers.

Annex A: Overview of recommendations and response

Recommendation	Accept Reject	Reason	Estimated date of completion
1 (a) Develop and implement well-designed and tested operational guidance on earnings averaging to improve clarity and predictability, with clearer parameters for exercising discretion, including improving handling of issues such as employer error and backpay. Communicate this guidance to carers well, including clear principles, specific rules and worked examples	Accept	Internal operational guidance on averaging has been updated	Complete
1 (b) Develop an approach that gives carers a voice in determining the appropriate averaging period, with the aim of offering carers a choice of period, including a month and a year, so those wishing to can align reporting with the tax year	Partially accept	We are updating benefit decision letters sent to customers to show whether and how an averaging decision has been made.	6 months
1 (c) Ensure that DWP staff clearly record both their consideration of whether and how to average earnings and the decision they reached	Accept	Internal guidance has been updated	Completed
1 (d) Change decision letters to routinely and clearly tell the carer whether their earnings have been averaged, how this has been done, and exactly what changes of earnings the carer needs to report to CAU	Accept	Letters are being reviewed to meet customer needs and DWP requirements	6 months
1 (e) Change regulations to make it clearer what DWP must (not may) do to average, and to update the rules for modern working practices	Accept	Work has started to consider clarifying regulations	During 2026
1 (f) Develop an online calculator for claimants	Partially accept	Launched a user research project	6-12 months
1 (g) Implement automation of earnings processing, linked to RTI directly, for the majority of cases	Accept	Work already begun to modernise CA	Long term
2 (a) Develop and implement well-designed and tested operational guidance on allowable expenses to improve clarity and predictability, with clearer parameters for exercising discretion, including aligning	Partially accept	Scoping working in train to consider recommendation	6 months

Recommendation	Accept Reject	Reason	Estimated date of completion
expenses as far as possible with HMRC for consistency. Communicate this guidance to carers well, including clear principles, specific rules and worked examples			
2 (b) Change the decision letter to routinely and clearly tell carers what expenses have been deemed allowable and any that have not been accepted. Ensure future improvements in processes including use of online processes and automation support clear and speedy decisions on allowable expenses	Partially accept	Subject to outcome of scoping work	Dependent on 1a
3 Whilst DWP advances its overall long-term plans to address the cliff edge (outside this review's terms of reference), ensure shorter term imaginative solutions are pursued to reduce its impact.	Accept	Discovery work on a CA taper has begun	Medium-long term
4 (a) Immediately, create an effective workaround to ensure offsets between CA, UC and other benefits are made effectively, without leaving the responsibility with the carer	Accept	We are committed to delivering this change in the future in line with our plans to modernise DWP services	Long Term
4 (b) Improve join-up between benefit lines and debt management so that carers who accrue an overpayment receive one call that covers the calculation of the amount, considering all relevant benefits and netting off as required, and immediate access to advice on a payment plan	Partially Accept	To support the handling of overpayment queries we will ensure that each area has the correct guidance available to agents and that there is a route to identify and resolve any cross-cutting issues to ensure a seamless service for customers.	6 months
4 (c) Ensure carers whose eligibility for CA is retrospectively removed due to earnings are aware of and easily able to claim Carer's Credit so they receive the NI credits they are entitled to, and work towards automating this in future	Accept	Customer communications are being reviewed to ensure customers are aware of Carer's Credit	6 months
4 (d) Review why carers claim both CA and UC and the scope for more carers to simplify their engagement with DWP (as well as saving DWP resource) where appropriate by claiming only UC with the carer's element top up. In particular:	Accept	Reviewing guidance to increase information provided to carers at the point of claim and undertaking research to better understand why carers claim Carer's Allowance or Universal Credit.	Long term

Recommendation	Accept Reject	Reason	Estimated date of completion
· Amend guidance to more clearly explain the options to carers, with pros and cons, and help them understand the choice · Align features of the carer's element with CA, including providing Class 1 NI credits, or explain the rationale for why this cannot be done · Work with third parties to encourage them to recognise receipt of carer's element in UC as the same proof of carer status as CA		We are also reviewing the features of both Carer's Allowance and the Universal Credit Carer Element, including the class of National Insurance credits customers are entitled to, to identify where these can be aligned. We are also working with stakeholders to increase awareness of the Universal Credit Carer Element to encourage its use as a passport to other services.	
5 (a) Clear the backlog (as planned) and maintain 100% VEPS processing with a target maximum completion time to catch overpayments quickly	Accept	Resource to clear the stock of CA VEP alerts means we are moving to a position of actioning all alerts as close as possible to the date of generation by HMRC.	6 months
5 (b) Ensure full compliance with accessibility requirements under the Equality Act, implementing changes to record adjustments required and ensure these are provided, and better record and act on vulnerability, especially when identifying and communicating an overpayment	Accept	we are aware a customer has additional requirements we would look to use additional forms of communication	6 months
5 (c) Make greater use of data and analysis on CA, linking different parts of DWP together better to inform policy and operational work.	Accept	Internal sharing of data and analysis is in place. Ad hoc statistical release accompanied publication of the response	Completed
5 (d) Re-categorise error and fraud figures in published statistics so that the 'fraud' category does not include cases where no intention of fraud has been found.	Reject	Although rejecting the recommendation, we acknowledge the concerns raised within the review and therefore commit to providing further information in the statistical publication.	Ongoing

Recommendation	Accept Reject	Reason	Estimated date of completion
6 (a) Set and publish standards for DWP and CA claimants, including standard response times and a better balance between responsibilities of carers and DWP	Partially accept	Customer charter in place to support customer service	In place
6 (b) Provide improved guidance on GOV.UK, including filling the gap between the basic overview information and the Decision Makers Guide	Accept	Changes being progressed to make information clearer for customers	3-6 months
6 (c) Provide more frequent and effective communications in a way claimants want to receive them, including texts, and develop a better online service	Accept	Undertaking user research to better understand how we best communicate with them	3-6 months
6 (d) Ensure sufficient resources to provide answers and make changes in a reasonable timescale. In particular, ensure carers can receive a rapid substantive response to queries to enable them to make decisions, if feasible through being put through in real time by contracted telephone handlers to CAU agents	Accept	Service Level Agreement in place to handle queries from vulnerable customers	N/A
6 (e) Further improve the suite of letters used to administer CA, in particular, ensuring initial communications about potential overpayments are empathetic and use terms such as potential mistaken payment/potential error rather than implying fault	Accept	Work is advanced to implement 'softer tone' which communicates the initial overpayment to customers; this includes user research	6 months
6 (f) Prioritise work to upgrade the CA computer system	Accept	Work already begun to modernise CA	Long term
6 (g) Develop an online portal with facility for document upload, a record and ability to check progress	Partially accept	Using insight to scope whether it is both viable for CA and is needed.	Long term
7 (a) Ensure the presumption in CA is to apply a civil penalty only when justified – rather than to presume to apply a civil penalty unless there is mitigation.	Accept	Decision to apply a civil penalty is a choice for the Decision Maker and should only be applied when the conditions are met.	Ongoing

Recommendation	Accept Reject	Reason	Estimated date of completion
7 (a)(i) In particular, introduce consistent decision-making to ensure no one is issued a civil penalty: where an overpayment identified is due solely to unclear averaging or allowable expenses issues – to reflect there being no behaviour meriting a penalty	Accept	Averaging guidance has been updated. We do not think the allowable expenses guidance was unclear	Ongoing
7 (a)(ii) In particular, introduce consistent decision-making to ensure no one is issued a civil penalty: for not telling one part of DWP when they have told another – to reflect that DWP aims to provide a more seamless experience for claimants	Partially accept	This requires a systemic organisational shift and is therefore a long-term ambition. In the meantime the Department is looking at what more it can do to help customers keep their circumstances up to date. This includes improved communication for CA customers.	Long term
7(b) Ensure no future administrative penalties are imposed in cases caused solely by the current lack of clarity on averaging or allowable expenses	Accept	An Administrative Penalty can only be offered, never imposed, and is only offered following a criminal investigation. Any overpayment – whether fraud or error – only occurs where the criteria for a benefit has not been followed.	Ongoing
7 (c) Review processes and outcomes on the use of administrative penalties in CA	Accept	Completed.	Completed
7 (d) Refresh internal controls for enforcement activity and bring in external independent inspection of its end-to-end investigation to ensure processes and actions are proportionate and fair	Accept	Internal controls have been strengthened. Plans are already in train to being in independent inspection of end-to-end investigations.	6 months
8 (a) Be guided by the principle of identifying potential hardship or vulnerability before implementing a default repayment plan	Partially accept	Customers can contact DWP Debt Management if they feel they cannot afford the proposed rate of recovery.	N/A

Recommendation	Accept Reject	Reason	Estimated date of completion
8 (b) Track more closely how often people are taking up the option to telephone to arrange a repayment plan and whether DWP should be more proactive in offering support, including through reviewing a sample of repayment plans and their impact on carers	Partially accept	Put in place a mechanism so we can better understand where carers call DWP for an affordability review prior to or deductions commencing as well as those that may require that support later in the customer journey because of a change in their circumstances.	6 months
8 (c) Improve awareness of and access to advice by third sector organisations, including advice on debt management and signposting to other sources of support	Accept	Reviewing customer communications to enhance clarity and improve customer awareness of the assistance available.	6 months
8 (d) Ensure access to waivers is available where justified and understood by carers and third-party organisations that support carers through guidance and regular review	Accept	End-to-end review of the waiver process has been commissioned and is expected to conclude early 2026	6 months
9 (a) Appoint a senior responsible owner within DWP to oversee a fully resourced action plan to deliver on the recommendations of this report	Accept	Senior responsible owner has been appointed	Completed
9 (b) Communicate its commitments and regularly update on progress openly and clearly to carers, carers representative organisations and the wider public to demonstrate action and rebuild trust	Accept	We will provide regular updates on the progress made	Ongoing
9 (c) Commission a detailed operational audit to provide a solid foundation for implementing the other recommendations of this review	Reject	CA has been subject to scrutiny from the Work and Pensions Select Committee and the National Audit Office, as well as from this review. This gives us the insights necessary to allow us to take forward improvements now and in the future.	N/A

Recommendation	Accept Reject	Reason	Estimated date of completion
10 (a) Identify overpayments calculated under the flawed 2020 operational guidance on averaging, reclassify these overpayments as not recoverable and immediately cease recovering them. This includes refunding payments carers have made to DWP that are now classified as not recoverable, including, where identifiable, debts that have been fully repaid. Apply this same principle for overpayments uncovered in future until the system is improved and carers have been given the information and support they require to comply	Partially accept	Reassessment offer to begin in 2026	To begin in 2026
10 (b) Identify overpayments affected by the lack of clear and unambiguous instructions and consistent decisions on a) earnings averaging from 2012 to 2020 and b) allowable expenses and reclassify these overpayments as not recoverable and immediately cease recovering them. This includes refunding payments carers have made to DWP that are now classified as not recoverable, including, where identifiable, debts that have been fully repaid. Apply this same principle for overpayments uncovered in future until the system is improved and carers have been given the information and support they require to comply	Partially accept	Reassessment offer in respect of averaging to begin in 2026. The Department does not accept that the guidance on allowable expenses was unclear.	Reassessment offer in respect of averaging to begin in 2026
10 (c) Accept that where it is uncovering historical issues and has no record of contact due to the time passed, a carer who claims to have reported their earnings should be treated as having done so and categorised as not recoverable	Partially accept	Plans to deal with historic issues with no record of contact will be set out alongside details of the reassessment offer	To begin in 2026
10 (d) Examine cases where carers claimed both CA and UC, identify cases where the corresponding UC arrears have not been issued and pay these arrears	Partially accept	See 4 (a)	See 4 (a)