

Independent Review of Carer's Allowance Overpayments

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Foreword

I am honoured to have been invited to lead this review into such an important issue.

I hope this report will lead to concerted, accountable action to resolve the persistent – and repeatedly reported – problem of overpayment of Carer's Allowance. This has led to injustice and restrictions on opportunity for too many people aiming to combine caring with sustaining paid work, which is the particular focus of this review.

Widespread overpayment is also a poor use of public money.

The review has involved me in the deeply moving experience of listening to carers describe the impact on them and their families of being asked, usually completely unexpectedly, to repay large sums to the Department for Work and Pensions (DWP), when they have been trying to combine caring with sustaining some paid employment. It has involved the fascinating task of understanding from different teams within DWP how processes work, the policy ambitions and practical constraints, and the interest in proposals for improvement.

I hope the recommendations will make rules on the earnings limit fit for today's labour market; and easier to implement effectively for DWP.

The vital issues addressed in this report came to public attention thanks to carers speaking out, meeting each other, realising they were not alone and amplifying their voices with and through carers' organisations, concerned parliamentarians and journalists. Their input to this review has been invaluable, as has the evidence from whistleblowing. Different teams within DWP have been very helpful in sharing their expertise, evidence and experience.

I would particularly like to thank Carers UK who have convened groups of carers to advise throughout the process as well as offering meetings with affiliates and their own expert evidence; and Carers Trust who have brought together affiliate local organisations to share insights from advisers, as well as offering their own expertise. I am grateful to the wide range of individuals and organisations who have submitted evidence and taken part in roundtables and discussions. Some have run local surveys to illuminate the issues.

I have found the feedback, challenge and analysis of my Advisory Panel indispensable: a huge thank you to Imelda Redmond CBE, Professor Sue Yeandle OBE, Professor Ben Baumberg Geiger, Seyi Obakin OBE and Jeremy Moore CB.

Finally I had an excellent team seconded to the review, who have worked strenuously to engage and listen to different perspectives, as well as analyse evidence and write to tight deadlines: Jennifer Heigham, Gemma Lazzari and Emily Ryan. Thanks also to Amelia McCollom who in an internship assessed international examples of overpayments to ensure learning for the review.

Carer's Allowance Overview

Key Facts

Carer's Allowance (CA) provides a measure of financial support and recognition for people who are not able to work full time because of their caring responsibilities.

A carer must spend at least 35 hours a week providing regular care to someone who has a disability and is in receipt of a 'qualifying benefit':

- Personal Independence Payment - daily living component
- Disability Living Allowance - the middle or highest care rate
- Scottish Adult Disability Living Allowance - the middle or highest care rate
- Attendance Allowance
- Pension Age Disability Payment
- Constant Attendance Allowance at or above the normal maximum rate with an Industrial Injuries Disablement Benefit
- Constant Attendance Allowance at the basic (full day) rate with a War Disablement Pension
- Armed Forces Independence Payment
- Child Disability Payment - the middle or highest care rate
- Adult Disability Payment - daily living component at the standard or enhanced rate

When a carer is in receipt of CA, the person they care for will usually stop getting:

- A severe disability premium paid with their benefits
- An extra amount for severe disability paid with Pension Credit

They might also stop getting reduced Council Tax.¹

CA is currently £83.30 a week.

It is not means tested nor based on National Insurance contributions and is paid to people in or out of paid work, with an earnings threshold of £196 a week after tax, National Insurance and expenses, in line with 16 hours work at National Living Wage.

¹ Carer's Allowance: Effect on other benefits - GOV.UK

Carers must be 16 or over, not be in full-time education, not be subject to immigration control, live in England or Wales (or abroad as a member of armed forces) and have lived in England, Scotland or Wales for at least 2 of the previous 3 years.²

Entitlement is weekly, but carers can choose to be paid weekly in advance or every four weeks (one week in advance and three weeks in arrears). They will automatically get Class 1 National Insurance credits when claiming.

Carers cannot get the full amount of both CA and State Pension at the same time. If their pension is £83.30 a week or more, they will not get a CA payment. If their pension is less than £83.30 a week, they will get a CA payment to make up the difference. However, if they get Pension Credit and their State Pension is more than £83.30 a week, they will not get CA but their Pension Credit payments will increase instead through the Carer Addition if Pension Credit is in payment.

If carers are in receipt of CA and other benefits, those benefits will not be affected by the benefit cap. If carers are in receipt of Universal Credit (UC), UC will be reduced by an amount equal to the CA payment. However, carers will be entitled to the 'carer's element' of UC (currently £201.68 per month). And if caring for a disabled child, carers may also get an extra amount of UC if their child is in receipt of a qualifying benefit (£158.76 if they get the lower rate & £495.87 if they get the higher rate).

A carer claiming State Pension or receiving contributory Employment and Support Allowance or Jobseeker's Allowance may not receive CA in payment unless their weekly income is less than £83.30 a week. However, they will still have 'underlying entitlement' which can allow them access to other means tested benefits at higher rates and potentially other support available to CA recipients too.

Claimants of any benefit have a general duty to report anything which they know or might reasonably be expected to know might affect their entitlement.³

The Department for Work and Pensions (DWP)

The Department for Work and Pensions (DWP) is responsible for welfare, pensions and child maintenance policy. As the UK's biggest public service department it administers the State Pension and a range of working age, disability and ill health benefits to around 20 million claimants and customers. DWP's aim is to improve

² Carer's Allowance: Eligibility - GOV.UK

³ Regulation 32(1B) The Social Security (Claims and Payments) Regulations 1987

people's day to day lives and help them build financial resilience and a more secure and prosperous future.

DWP is responsible for:

- helping people to move into work and supporting those already in work to progress, with the aim of increasing overall workforce participation
- helping people to plan and save for later life, while providing a safety net for those who need it now
- providing effective, efficient, and innovative services to the millions of claimants who rely on them every day, including the most vulnerable in society
- improving experience of the services while maximising value for money for the taxpayer⁴

Key statistics

In 2023/24, DWP paid £3.7 billion in CA to 903,000 claimants in England & Wales. Of these, 893,000 were working age and 10,000 were pensioners.

A further 355,000 people in 2023/24 had claimed and were entitled to Carer's Allowance but did not receive any payment. Of these, 80,000 were working age and 275,000 were pensioners.⁵

Women make up just over two-thirds (69.1%) of the overall CA caseload. This proportion is higher for working age recipients, where 72.2% are women, compared to the over State Pension age recipients, where 58.7% are women.

Forecast real expenditure for 2024/25 is £4.3 billion, a change of 8.9% since 2023/24. A further 2.9% increase in real expenditure is then forecast in 2025/26 to £4.5 billion. More than 99% of CA real expenditure is spent on working age claimants.⁶

DWP's Customer Experience Survey of benefit customers who have had recent contact with DWP showed 92% were satisfied with the services provided by DWP on CA.⁷

Overpayments

⁴ [About us - Department for Work and Pensions - GOV.UK](#)

⁵ Spring Statement benefit and expenditure tables: [Benefit expenditure and caseload tables 2025 - GOV.UK](#) (see Carer's Allowance table and note 4 for why Scotland is not included)

⁶ [DWP benefits statistics - GOV.UK](#)

⁷ [DWP Customer Experience Survey: Benefit Customers 2023 to 2024 - GOV.UK](#)

Overpayments occur when a claimant receives a payment they are not entitled to, or receives the wrong amount. The eligibility rules for CA mean a claimant is entitled to receive either the whole allowance or none of it (subject to the overlapping benefit rules described above), so overpayments can quickly build up.

In 2023/24, the main cause of identified CA overpayments referred to Debt Management (in DWP) was claimants having earnings over the permitted limit (57.6% of cases referred).⁸

CA overpayment debt has increased to £250m in 2023/24, from £150m in 2018/19. The number of people with outstanding overpayment debt increased every year from 2018/19 to 2023/24 – rising from 80,169 to 136,730, an increase of 71%.⁹ The average value of new CA overpayments identified by DWP fell in each of the past four years, dropping from £1,471 in 2019/20 to £988 in 2023/24, suggesting overpayments are being identified earlier.¹⁰

⁸ [Carer's Allowance](#) – NAO 2024 – Figure 7

⁹ [Carer's Allowance](#) – NAO 2024 – Figure 11 The number of overpayments represents those overpayments that DWP expects to be repaid by claimants. It excludes new overpayments below £65 and those that arise due to error by DWP.

¹⁰ [Carer's Allowance](#) – NAO 2024 – Figure 4

Executive Summary

The number and value of overpayments of Carer's Allowance (CA) linked to earnings has been an issue of political and public interest for some years. This independent review was commissioned in December 2024 by the Secretary of State for Work and Pensions to establish how these overpayments have occurred, what can best be done to support those who have accrued them, and how to reduce the risk of these problems occurring in future. The reviewer was asked to recommend potential solutions for the government to consider.

This review has found:

- A high rate of CA overpayments due to individuals earning above the earnings limit. From 2019-2024 one in five of those CA claimants combining caring with paid work had an earnings-related overpayment detected.¹¹ In that period, DWP examined only approximately half of alerts from HMRC of potential overpayment so the real figure could be considerably higher. This detected rate of earnings-related overpayments for carers in work was more than five times the estimated overall overpayment rate of CA in 2024/25.¹² In November 2024, around 144,500 carers¹³ in England and Wales were estimated to be receiving CA payments and in paid employment¹⁴. Figures provided to Parliament by DWP in February 2025 show that 86,900 people had an outstanding CA overpayment debt due to earning above the limit¹⁵.
- The prevalence of overpayment related to earnings has been caused not by widespread individual error by carers in reporting their earnings but by systemic issues preventing them from fulfilling their responsibility to report. This includes 2020 operational guidance that is not consistent with the regulations that should govern practice. Carers are expected to report changes of circumstances, but in relation to the earnings limit they have no way of knowing what exactly they need to report and when. The

¹¹ DWP unpublished analysis requested by the review

¹² The CA overpayment rate was 3.9% in FYE 2025 ([Fraud and error in the benefit system, Financial Year Ending \(FYE\) 2025 - GOV.UK](#) section 10). Note: the two numbers are not directly comparable, because the first covers detected overpayments over multiple years, while the second is a sample figure from one year.

¹³ This review is focused on carers who are claiming or have previously claimed Carer's Allowance. The report often refers to these as 'carers', rather than specifying 'CA claimants'.

¹⁴ DWP caseload in payment numbers November 2024 (England and Wales) and unpublished Family Resources Survey 23/24 figure showing 15% of CA recipients were in work.

¹⁵ [DWP answer to Parliamentary question](#) (England and Wales) 19 February 2025. This represents the stock, so could have been accrued and referred to a Decision Maker over any time period. The figure will include people who are no longer receiving Carer's Allowance, people who are no longer carers and people who made fraudulent claims and were never entitled to Carer's Allowance.

requirements have not been clearly, unambiguously and consistently defined.

“It’s like playing a game where only the other side knows the rules” (Carers roundtable for the review)

- A profound impact on people’s lives, due to the ‘cliff edge’ nature of the benefit, which means that if someone earns one penny over the limit, they have to pay back not one penny but the whole weekly CA of £83.30 (2025/26 rate). Debts can build rapidly into the thousands of pounds. This has negatively affected people’s health, finances, family well-being and opportunities to work.
- Missed opportunities to create a fairer approach and better use of public money. Awareness of the problem of overpayment debt stretching back many years has not led government to grip and resolve the issues nor to ensure a system that supports the core purposes of CA: to provide a measure of income replacement, recognition for the caring role and opportunities to combine caring with employment.

The review concludes that this situation has persisted because of:

- Conflicting policy drivers. When this benefit was introduced in 1976, most carers were not in paid employment. Over time, DWP has encouraged people to combine caring with some paid work, but the administration of CA makes this extremely difficult. It has not caught up with women’s increased employment participation nor with an increasingly flexible labour market. In addition, the policy driver to tackle error and fraud has at times disproportionately impacted CA claimants who do not understand what they need to report on their earnings. For example, the thresholds for consideration of potential fraud, triggering a criminal investigation that can lead to prosecution or fines, are based partly on size of overpayments, which are high in the case of CA because of the cliff edge design of the benefit.
- Lack of integrated, concerted leadership in relation to these overpayments. The review concludes that DWP has failed to demonstrate the ministerial and senior focus needed to resolve these persistent injustices and reform CA to implement its core purposes in the modern world. There have been some welcome recent improvements, but no overarching plan since the Work and Pensions Select Committee’s 2019 recommendations to resolve these high impact, longstanding problems.

DWP is a ministerial department. The role of civil servants working in DWP is to serve the government of the day, delivering government policy in line with ministerial decisions and administering the law as set by Parliament. Where this report refers to

DWP, including in recommendations for action on both policy and operational delivery, it refers to this whole complex system of ministerial and official decision-making and delivery.

The review has seen committed and empathetic staff working to deliver and manage effective services in what are highly complex systems; and many people claiming Carer's Allowance and unaffected by overpayments have a positive experience, reflected in high satisfaction rates (92% satisfaction in 2023/24¹⁶). However, CA has not had or been given the priority required to make positive systemic change in relation to earnings-related overpayments.

The key planks of evidence

These are set out in 8 chapters.

Chapter 1: Purposes and Outcomes: describes the core purposes of CA and the ways that the scale and impact of overpayments can undermine those purposes and principles of fairness, equality and opportunity. It describes ideas for more fundamental review of the Allowance shared with the review.

Chapter 2: Impact on Carers: includes testimony and evidence on impacts of overpayment, including:

- Financial hardship. Debt can build up fast. In 2023/24, DWP identified 3,386 new overpayments with a value over £3,000, of which 339 were worth more than £10,000.¹⁷ In the same year, a year's overpayment represented a debt of £4,000.
- People's families, with individuals having a sense of shame, with some people not telling even close family about the debt.
- Health and well-being, of both the carer and family members, including the person being supported.
- Incentives in the system: some carers have been deterred from claiming CA despite entitlement. Some have chosen not to undertake paid work or avoided career progression despite describing the benefits to their lives of combining work with caring and despite benefits to the economy. These disincentives reach beyond those with direct experience of overpayments to the wider pool of carers who are eligible for CA and want to work.

¹⁶ [DWP Customer Experience Survey: Benefit Customers 2023 to 2024 - GOV.UK](#)

¹⁷ NAO 2024 [Carer's Allowance](#) para 2.4

These impacts have hit lower-paid women and families with disabled and older members particularly hard.

Chapter 3: Earnings Averaging: To be eligible for CA, people must not exceed the earnings limit (increased to £196 per week from April 2025).

The social security system requires claimants to report all changes that could affect their entitlement. Carers are prevented from doing this by unclear legislation and guidance, which mean they cannot identify when they risk exceeding the earnings limit.

In 2025, GOV.UK tells carers that their weekly earnings may be averaged. Many carers therefore routinely and understandably assume that if they work flexible patterns around their caring responsibilities – earning more some weeks than others – this is acceptable if averaged over a longer period. Yet current operational guidance within DWP is so restrictive that staff say averaging never or virtually never happens in practice. Information for carers does not explain the period or periods over which averaging may be done. Questions such as whether a continuing role with fluctuating earnings week by week requires reporting of each fluctuation have not been clear. The approach to issues such as non-weekly payroll, backpay and employer error has been similarly ill-defined. Carers often know there is an earnings limit – but have no way of knowing whether they are exceeding it and what they need to report.

Regulations on averaging earnings are very broadly drawn and have been open to multiple interpretations by both DWP and tribunals. In 2020 DWP issued operational guidance that significantly narrowed the scope for averaging. This guidance is not consistent with the regulations. The changes in guidance and lack of clarity in the regulations have flowed into decision-making that has been inconsistent over time and between decision-makers.

The system does not sufficiently consider modern flexible working practices, making it outdated and preventing carers from having control over their working and financial lives.

Chapter 4: Allowable Expenses: Certain expenses can be netted off income, such that an apparent overpayment may never have been one had these expenses been deducted correctly. This covers routine work expenses such as uniforms and travel whilst at (but not to) work, as well as the costs of employing someone to care whilst the carer works. But rules on these have also been unclear and in some cases inconsistently applied. Carers are not informed of what has and has not been permitted of the expenses they submit, which makes it harder for them to understand or challenge outcomes, and to identify when a change of circumstances needs to be reported.

Chapter 5: The Cliff Edge: In 2024, government began work to explore alternatives to the cliff edge, vital work that this review supports as it could radically reduce the impact of any overpayment. The cliff edge does not cause overpayments but it does drive the scale and speed at which overpayments grow. It also reduces incentives for carers to work more hours or seek higher pay, as the financial gain may not compensate for the loss of CA. It is particularly important that quick, imaginative and fair solutions are found as well as longer term reform dependent on major digital transformation to automate earnings.

Chapter 6: DWP Processes and Communications: This chapter covers in detail: Universal Credit (UC) and CA interactions; use of data; communications; enforcement; and debt management.

On UC interactions, processes need urgent resolution. 70% of people receiving CA also claim Universal Credit (UC), usually with the carer's element top up, or other means tested benefit (FYE 2025).¹⁸ UC is offset pound for pound for CA received. Where a carer who is on UC is notified of a CA overpayment, this debt is likely to be offset by a corresponding underpayment of UC. But it is left to the individual to contact UC to sort this out: there is no inter-operability between the UC and CA systems (where there had been with earlier benefits). This means it is possible for them to repay a CA debt without receiving corresponding arrears from UC to which they are rightly entitled. Systems are in urgent need of modernisation. DWP has set out internally and publicly its aim to move towards a joined-up, user-centred experience, with services that feel cohesive and intuitive; this lack of join-up is very far from that vision. It does not meet the aspiration to 'tell the government once'.

On data, some processes have been poorly designed. The algorithm used to select alerts from HMRC for investigation¹⁹, for instance, was designed and implemented not primarily to ensure effective and accurate financial payments for carers (indeed many carers' finances were very adversely affected by continuing build-up of overpayments) but to uncover as much overpayment as possible through targeting what seemed to be the most "fruitful" alerts. Outdated computer systems, lack of join-up between different DWP systems and lack of records of accessibility needs all hamper effective administration.

A broad definition of fraud used in published statistics, which goes beyond cases where intention of fraud has been found through criminal investigation, may distort public understanding and debate.

¹⁸ Benefit Combinations dataset August 2024. Carer's Allowance (in payment recipients and entitlement) DWP unpublished analytical information

¹⁹ Note: the term investigation here means reviewing the alert to understand whether the claimant may have gone above the earnings limit; it should be clearly distinguished from an Investigator undertaking a criminal investigation where there is any suspicion of fraud.

On communications, governments over the years have expressed their respect for the invaluable role that carers play – yet the tone of letters alerting carers to an overpayment was deemed harsh by carers and by DWP staff we talked with. Carers, confused by the unclear rules have talked repeatedly about “being made to feel like a criminal.” The high level of civil penalties applied to carers (see below) left many feeling they had been convicted of dishonesty or negligence. This impact is the exact opposite of offering positive recognition to carers for their caring role.

The review recognises that, especially more recently, DWP has begun to implement changes to this approach. The review has noted improvement in tone of letters over time and was encouraged to see the recent introduction of a more humane way of letting people know of overpayments, through a phone call, with staff training focused on empathy.

The high reliance on post and telephone leaves little scope for carers to self-serve.

On enforcement, when DWP issues an overpayment, it often adds a civil penalty, a fine of £50, to the debt, as a penalty for negligence in not reporting changes that falls short of deliberate fraud. For the FYE 2025, 46% of all civil penalties issued by DWP were issued to individuals claiming CA. This is more than any other DWP benefit and far higher than on other benefits with similar claimant numbers.²⁰ This scale of use of civil penalties in non-fraudulent cases is further evidence of a significant problem for carers in understanding what they need to report. Many carers who had fallen foul of unclear averaging and/or allowable expenses rules were nonetheless issued a civil penalty of £50. We found this inappropriate in cases where the cause was lack of clarity of DWP’s regulations, guidance and communications.

Ensuring administrative penalties – offered as an alternative to referral to the Crown Prosecution Service (CPS) for potential prosecution – are undertaken carefully and with appropriate controls is important, not least in case there are carers who chose this rather than risk a criminal record but lacked the benefit of testing in court of the alleged fraud. Only cases meeting stringent criteria for suspected intentional fraud should be considered for administrative penalties, especially given that size of overpayment (rooted in the cliff edge, see above) is one factor triggering investigations for potential fraud.

On debt management, the process involves a default repayment plan, with flexibility for negotiation if the default is unaffordable. Support is available including referral to independent advice agencies. The review was concerned at the relatively low use of alternative, agreed repayment plans by carers it spoke to and the potential for

²⁰ Unpublished DWP data. This data has been sourced from internal DWP management information, which is intended only to help DWP to manage its business. It is not intended for publication and has not been subject to the same quality assurance checks applied to published official statistics.

hardship linked to default repayment plans. The review found carers did not always contact DWP due to factors including fear and not knowing the options available.

Chapter 7: DWP Culture and Previous Reviews. DWP has shown inconsistent implementation of recommendations from previous reports and audits on CA overpayments.

Opportunities to resolve longstanding problems have included whistleblowing and major reports from the Work and Pensions Select Committee and National Audit Office (NAO) in 2019. Whilst DWP has taken some specific actions, for instance improving communications, it has failed to put in place an overarching plan of work to resolve these persistent, high impact problems. A pattern of large backlogs – and decisions to process only a proportion of HMRC alerts – together with delays in processing reported changes of circumstances and limited collection and use of data to guide policy has persisted pre- and post- the 2019 reports. DWP issued operational guidance in 2020 which exacerbated the problems.

DWP has taken some decisions without holistic, strategic oversight. Government systems to identify overpayments through earnings data received from HMRC have not been implemented to fully identify potential overpayments in a timely way. The alert system using HMRC earnings data, for instance, was implemented as a second line check which aimed to achieve specific financial targets by identifying a certain level of overpayments. These targets could be (and were) met by investigating only half of the alerts received. Given concerns about overpayments related to earnings, this design appeared a wasted opportunity to alert carers promptly to a risk of overpayment and ensure resolution. Many rapidly mounting debts were left to mount further.

Some decisions have been taken in one part of DWP without assessment of risks or unintended consequences that another section could have identified. Some decisions have not been taken at a senior enough level. There has been insufficient integrated senior level strategic and operational oversight – which may explain why the purposes of CA have not always been pursued in a proportionate and coherent way in relation to CA overpayments.

Very recently some notable improvements have occurred: raising the earnings threshold from £151 to £196 per week, bringing an estimated 61,000 more people into eligibility; piloting text message alerts to carers who might be going over the earnings limit; committing to identifying overpayments earlier, not waiting for large debts to accrue, by checking 100% of alerts from HMRC; and beginning examination of how the cliff edge could be addressed. These are welcome developments which the recommendations of this review seek to build on.

Overpayments over many years at this scale and impact, with missed opportunities to resolve them, are entirely unacceptable. They are an inappropriate use of

taxpayers' money, which has involved using public money for a purpose not intended, and then incurring further cost to attempt to recover it.

The review concludes that DWP failed to demonstrate the focus needed to resolve persistent injustices on earnings-related overpayments and implement Carer's Allowance's core purposes effectively.

Chapter 8: Support for those who have accrued overpayments. The systemic flaws this report uncovers have seriously affected carers claiming CA who have combined paid work with caring. The failures with averaging of earnings and allowable expenses, due to the lack of clear, unambiguous and consistent instructions on what needed to be reported to the Carer's Allowance Unit (CAU; see chapters 3 and 4), lead to the conclusion that CA claimants did not have all the information and support they needed to fulfil their obligations. Many carers with complexity in their earnings did not have the information they needed to comply with their responsibility to report changes in their earnings, because they could not recognise what counted as a change in circumstances. Flawed operational guidance on averaging earnings compounded the issue. On this basis, we recommend that overpayments that are caused by these issues should be classified as Official Error and therefore not recoverable in CA.

The recommendations are summarised below. Full details of the recommendations are included in the relevant chapters and also listed at the conclusion of the report. The ten recommendations are designed as a set to: address the injustice of carers being faced with huge debts rooted in unclear and confusing regulations, guidance and oversight; to improve opportunities to combine paid work and caring; and to improve use of public money for the purposes intended.

To remove the severe ambiguity that has stopped carers from understanding what they need to report to DWP, and caused so many people inadvertently to build up overpayments, the review recommends:

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.

Recommendation 2: Simplify allowable expenses to create clarity for carers and ease of automation through changes to operational guidance and communication.

To reduce the life-changing impact of overpayments the review recommends:

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.

To modernise processes and make them more fair, respectful and seamless for citizens the review recommends:

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.

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.

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 work and caring lives.

Recommendation 7: Reform enforcement action related to CA to ensure penalties are applied fairly and consistently with appropriate controls and inspection.

Recommendation 8: Improve the management of debt for CA overpayments related to earnings, taking account of hardship and vulnerability.

To ensure concerted leadership to implement recommendations and rebuild trustworthiness with carers the review recommends:

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.

To correct the injustices that have occurred the review recommends:

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.

Chapter 1: Purpose and Outcomes

- Carer's Allowance (CA) was established in 1976 to provide income maintenance for those who forego full-time employment due to caring responsibilities. It has been expanded but not significantly updated in the half-century since then.
- As well as income, the symbolic recognition of carers' contributions is important.
- The high incidence and size of CA earnings-related overpayments and at times the singular emphasis on addressing fraud undermine the aim to administer the welfare system following the principles of fairness, equality and opportunity.
- The review heard many calls for wider reform of CA. This is outside the scope of this review, but is noted for ministers to consider.

1.1 Purpose

- 1.1.1 Carer's Allowance (CA) is classed as an income replacement benefit, having been first established as Invalid Care Allowance in 1976 "to provide a measure of income maintenance for a man or single woman who had forgone the opportunity of full-time employment in order to care for a severely disabled relative."²¹ In the 1980s it was extended to people caring for non-relatives and later married and cohabiting women. The benefit was renamed Carer's Allowance in the Regulatory Reform (Carer's Allowance) Order 2002. As of November 2024, 24 million people claimed some combination of 17 DWP benefits, of which 1.4 million claimed CA.²²
- 1.1.2 Within that broad categorisation, CA has been identified by research as having four purposes: "To provide an income replacement for those unable to take up paid employment because of caring responsibilities, to recognise the direct cost of caring, to provide an income separate from the cared for person, and to provide symbolic recognition of carers' status."²³
- 1.1.3 The fourth purpose described here of providing symbolic recognition is of huge importance. The review has heard this clearly from carers and carers organisations in the evidence submitted to the review.

²¹DWP, [Attendance Allowance, Disability Living Allowance and Carer's Allowance: Retrospective equality impact assessment](#), September 2010, para 2.8

²² [DWP benefits statistics: February 2025 - GOV.UK](#)

²³ McLaughlin and Department of Health and Social Security (1991), cited in Gulland (2024) [How does Carer's Allowance in the UK construct family carers? History and recent developments in: International Journal of Care and Caring Volume 8 Issue 1 \(2024\)](#)

- 1.1.4 CA also provides a “passport” to other elements of social security and wider advantages, for example, councils and leisure facilities such as zoos may use eligibility for CA as proof of status as a carer for reduced cost or free access.
- 1.1.5 CA sits within a wider landscape of government priorities. The DWP Secretary of State has set out her aim to deliver “the fairness, equality and opportunity people need and deserve”²⁴. DWP aims to increase workforce participation, so intends to support carers who choose to undertake paid work alongside their caring responsibilities, making this as easy as possible to do, but this was not part of the design of CA.
- 1.1.6 DWP also has a responsibility to the taxpayer to minimise fraud and error in administration of benefits, so needs to ensure that CA is being paid correctly, only to those who are entitled. The government’s Managing Public Money guidance²⁵ sets a framework where benefits incorrectly paid must be identified and corrected, including recovering the overpayment. DWP’s Benefit Overpayment Recovery Guide sets out that “The Secretary of State has an obligation to protect public funds and to ensure that, wherever possible, overpayment and penalty debt is recovered. Overpayment recovery is subject to various legislative limitations and safeguards. It is DWP policy to recover all debt where it is reasonable and cost effective to do so.”²⁶

1.2 Counterproductive outcomes

- 1.2.1 The chapters that follow in this report demonstrate a number of outcomes that run counter to these purposes.
- 1.2.2 As the National Audit Office (NAO) has shown, CA generates many overpayments, particularly to carers who are combining claiming CA with paid work. From 2018-19 to 2023-24, the number of new Carer’s Allowance overpayments identified by DWP each year fluctuated between 32,500 and 60,800, with earnings above the permitted limit the main cause in each year.²⁷ This is counterproductive to the aims. Its aim to provide a measure of income maintenance is not met when that income is later found to be incorrectly provided and large overpayments found to be recoverable, leading to substantial financial burdens for carers and reduced weekly income in future as they repay debt. Chapter 7 will show that some decisions

²⁴ Welfare reform: Speech to the IPPR by Work and Pensions Secretary - GOV.UK

²⁵ [Managing public money - GOV.UK](#)

²⁶ [Benefit overpayment recovery guide - GOV.UK](#)

²⁷ NAO 2024 [Carer’s Allowance](#) – 2.3 and 2.7

have been driven by an overly singular emphasis on reducing fraud and error, rather than taking a proportionate and holistic approach to ensuring carers are well served by fair, effective and empathetic systems. The aim of recognition is undermined, particularly when carers feel accused of fraud and criminal intent (see chapter 6).

- 1.2.3 Far from encouraging and supporting carers to remain in the labour market, the complexity and difficulty of understanding the rules for combining paid work with unpaid care and claiming CA, as well as the high impact of exceeding the earnings threshold, disincentivises many carers from working (see chapter 2). The review heard from carers who have stopped paid work or reduced their hours to avoid approaching the earnings limit. Others have carried on working and stopped claiming CA, despite being eligible. This includes carers directly experiencing overpayments, but also carers discouraged by hearing about others receiving overpayments, whether people they know them directly or through media coverage.
- 1.2.4 The government's Managing Public Money guidance²⁸ sets out the duty on government departments to spend public money only as Parliament intends. Any overpayment is a misuse of funding provided by Parliament to the government, because it is using the money not for its intended purpose. A system of administering CA that results in large overpayments being generated is therefore not meeting its core purpose. Managing Public Money also confers an obligation on the Accounting Officer to take action to prevent overpayments. However, limited action has been taken by DWP after it was known that CA overpayments related to earnings were accruing and issues with the system that enabled this were highlighted, including by the Work and Pensions Select Committee (WPSC)²⁹ and stakeholders (see chapter 7).
- 1.2.5 Whilst high levels of overpayment of CA show that error has not been effectively prevented, the approach has been dominated by an aim to meet financial targets, linked to tackling error and fraud (see chapter 6).
- 1.2.6 Managing Public Money also gives rise to the expectation to recover overpayments, as set out in Annex 4.11, along with a recognition that this will not always be feasible: "In principle public sector organisations should always pursue recovery of overpayments, irrespective of how they came to be made. In practice, however, there will be both practical and legal limits to

²⁸ [Managing public money - GOV.UK](#)

²⁹ WPSC 2019 [Overpayments of Carer's Allowance](#)

how cases should be handled. So each case should be dealt with on its merits.”

- 1.2.7 For CA (and other legacy benefits), DWP’s general principle is that overpayments are recoverable except in the case of Official Error. Overpayments relating to earnings where DWP does not have a record of these being reported have been classed as claimant error and deemed recoverable (see chapter 6).
- 1.2.8 The scope of this review is CA overpayments related to earnings. On this element, CA has not consistently been delivering fairness, equality and opportunity for all the carers claiming it.
- 1.2.9 Lack of clarity and consistency, and belated uncovering of large inadvertent overpayments, undermine fairness. Carers who spoke to the review emphasised how unbalanced and unfair they found the system. There is not enough information to understand the application of the rules (see chapters 3 and 4). Decisions are unpredictable for carers and not routinely explained. Carers are given tight timelines to reply to DWP, while DWP can take much longer to respond and, in some cases, never reply at all. Carers are often alerted to overpayments after they have accrued for months or years, leaving them with a large debt when it is too late for them to go back and take different decisions. The approach is disempowering and carers told the review it left them feeling that they are at the whim of a faceless machine. One carer described it as “like playing a game where only the other side knows the rules”.
- 1.2.10 Equality is a major concern. 69% of the caseload are women³⁰ and due to the earnings limit, by definition, all claimants are low paid. Carers are more likely than non-carers to be in poverty. Repaying debts impacts on carers, their families and the person they care for (see chapter 2).
- 1.2.11 Unlike Universal Credit (UC), which includes an additional element for carers as well as a system of work allowances and earnings tapers, CA is primarily (although not exclusively) focused on ensuring there is support for the person with care needs. This means carers’ opportunities are curtailed by the complexity of the earnings rules and the unforgiving nature of the earnings limit (see chapter 5). Carers who inputted to the review expressed how hard they found it to remain in paid work.

³⁰ Stat-Xplore, November 2024

- 1.2.12 Setting aside the level of the earnings limit (see below), the amount of time and effort involved in the complex administration of combining paid work with claiming CA, and the fear of getting it wrong, discourages carers from working at all, from working to the maximum limit, or pursuing any form of progression, and can also impact their ability to provide their unpaid care.

1.3 Calls for wider reform of CA

- 1.3.1 Carers, experts and wider stakeholders also raised broader points about CA. While these are beyond the scope of this review, it is important to recognise their calls for a full review of CA.

- 1.3.2 CA was introduced nearly 50 years ago and has not been significantly updated in that time. During that half century, patterns of family life, work and caring have changed. Factors including the ageing population, greater survival of children with complex medical conditions, the policy drive to move treatment from hospital to community and constraints on social care expenditure mean the patterns of caring now are very different from those in the mid-1970s. Stakeholders have reflected on the case this drives for a full review of the purpose and design of CA and other support for carers.

“The government should conduct a full review of Carer’s Allowance and related carers’ benefits to ensure they support unpaid carers effectively and allow them to work where possible.”³¹

- 1.3.3 Looking more narrowly at elements of CA, evidence submitted to the review set out that:

I. The level of CA was too low

- 1.3.4 According to research published by Carers UK in 2024, 42% of carers receiving CA are struggling to make ends meet and 90% of carers do not think CA offers sufficient financial support.³² Carers told the review that they felt the rate of CA was belittling and no recompense for 35 or more hours of caring and the loss of potential income this entailed.
- 1.3.5 Whilst carers and stakeholders welcomed the recent uprating of CA in April 2025 with the weekly payment increasing from £81.90 to £83.30, it is seen as a small token in the wider savings and benefits that carers bring to the country.

³¹ The All-Party Parliamentary Group (APPG) on Carers submission to Independent Review of Carer’s Allowance overpayments

³² [State of Caring 2024](#)

II. The earnings limit discourages paid work and progression

- 1.3.6 The substantial rise in the earnings limit from £151 to £196 in April 2025, and the government's commitment to peg it to 16 hours at the National Living Wage was strongly welcomed by carers. Nonetheless, the earnings limit still limits carers' paid work and aspiration. Higher wage work is not possible without reducing their hours or ceasing to claim CA, providing a very high marginal impact on income (see chapter 5). The review heard specific concerns that lone parents of disabled children are particularly affected by the income limit because of the lack of a second income in the household.
- 1.3.7 The disincentive for carers to engage in the labour market is an effect of CA's prime focus on provision of care for the disabled person. This is at odds with the government's aim to boost the economy through encouraging labour market participation and progression. Giving up work can often make any future return difficult as the individual has moved further away from the labour market. The lack of clear guidance and CA's cliff edge design (which means small amounts of earnings can generate large overpayments of benefit) discourages some carers from persevering in their efforts to combine paid work with their caring responsibilities. UC should mitigate this effect for carers on low incomes but, as shown in chapter 6A, the interaction between the benefits can make this harder rather than easier.

III. The complexity of the benefit, including specific rules such as being unable to claim for 35 hours caring for more than one person

- 1.3.8 The requirement to care for one person for 35 hours per week means carers supporting multiple people for 35 or more hours in a week in total but each for less than 35 hours are unable to claim. At the same time, when people with high dependency need multiple carers, only one of them can claim CA. Such rules do not seem logical where the impact on carers' earning capacities is the same, and hence do not seem in line with the aims of CA.

Chapter 2: Impact on Carers

- Overpayments of Carer's Allowance (CA) have caused profound financial and emotional distress to carers, with tens of thousands accumulating debt due to exceeding the earnings limit.
- Carers report feelings of shame, mental and physical health issues, and financial hardship as a result of CA overpayment debts, impacting their ability to care for loved ones, participate in the workforce and live their lives.
- The current system's complexity and lack of clear guidance discourage carers from working, leading to reduced labour market participation and progression, particularly for women.
- DWP needs to rebuild trust with carers by addressing overpayment issues, providing better tools and support, and recognising the critical contributions of unpaid carers.

2.1 Introduction

- 2.1.1 Overpayments of Carer's Allowance (CA) related to earnings have affected tens of thousands of carers. In February 2025, DWP reported that 81,503 carers in England and 5,359 carers in Wales had an outstanding CA debt due to exceeding the earnings limit³³. Others have already received and fully paid off debts, while a further unknown number have debts that are yet to be identified.
- 2.1.2 This is not a new problem and the impact on the carers affected, the people they support and their families over the years, has been profound.
- 2.1.3 Inevitably, the review heard more evidence from carers adversely affected, than those for whom CA worked well.

2.2 A sense of shame

- 2.2.1 The review has heard from carers, of the shame and trauma they experienced when receiving communications, that seemed to imply wrongdoing or fraud. Carers described being too ashamed and worried to tell anyone, even family, and bearing the worry alone. They described how the language used made them feel degraded, like a criminal or cheat trying to game the system. They felt judged and worried that an allegation of

³³ [Written questions and answers - Written questions, answers and statements - UK Parliament](#) The figures will include people who are no longer receiving Carer's Allowance, people who are no longer carers and people who made fraudulent claims and were never entitled to Carer's Allowance.

wrongdoing could affect future employment or insurance, or in some cases affect fostered children or adoption arrangements. This shame is experienced as the polar opposite of the recognition CA aims to offer to unpaid carers who are regularly described by the government as ‘unsung heroes’.

“I didn’t tell my family. I was so shocked. I felt shame” (Carers roundtable for the review).

- 2.2.2 Unpaid carers put their own lives on hold to care for family and friends, and in doing so provide support that would be very costly for the state to substitute. According to the report *Valuing Carers 2021/22*, the estimated economic value of unpaid care in England and Wales in 2021/22 was £162.6 billion³⁴. The review has heard that some carers feel that, in return, they are viewed as “benefit scroungers” and expected to comply with unclear guidance and rules, and onerous processes which do not give regard to the customer experience, time and accessibility needs. Some told the review that CA needed to be seen as investment in caring; and that their work as carers should be recognised, avoiding the unfair description of ‘inactive’. “Are we inactive?” one carer asked.

2.3 The context of carers’ lives

- 2.3.1 Individuals told the review that they are often already overwhelmed with the circumstances in which they find themselves, whether that be through hospital admissions for the person they support, fighting through education or social care systems and even bereavement when they may be faced with no support from the services in which they are engaging.
- 2.3.2 A carer who unknowingly accumulated £14k of debt spoke of her experience: “I was caring for my daughter who’d been excluded from school and was later sectioned. I was made to feel like a thief. We’re not. I claimed what I thought I was entitled to. We need more help, it needs to be caught earlier.” (Carers roundtable for the review)

2.4 Mental and physical health

- 2.4.1 Research shows that carers are more likely to be in poor health than the general population, and those claiming CA have worse health than carers as a whole. Health among CA claimants who responded to research

³⁴ *Valuing Carers 2021/22: the value of unpaid care in the UK* November 2024 Table 1 - Petrillo, M., Zhang, J., and Bennett, M.R. (2024) *Valuing Carers 2021/2022: the value of unpaid care in the UK*. London: Carers UK

commissioned by DWP in 2011 was considerably worse than for working age people in general and also worse than that found in the wider group of people caring intensively on a regular basis³⁵.

- 2.4.2 Carers who have experienced overpayments commonly described the negative impacts on their mental health. For example, Carers Leeds shared responses from their annual survey for 2024/2025 which found that, for those reporting an impact from overpayments, mental health distress was the most common impact.³⁶ Similarly, Carers Support West Sussex's survey showed the highest impact of overpayments was stress and worry, followed by feeling penalised and feeling fear of the system.³⁷ Some carers reported reaching the point of feeling so overwhelmed that they considered or attempted suicide. One carer described investigating whether their death would result in the debt being cancelled; they found that DWP has the power to continue recovery of the benefit overpayment from an individual's estate. A carer expressed the impact of the issue on their wellbeing: "I lost weight, I couldn't sleep.", while another commented: "I'm overwhelmed 99% of the time."
- 2.4.3 When these health impacts on carers affect their ability to provide care, they have knock on consequences on demand for the NHS and social care systems. There is a risk that the stress and impact on the carer's health can lead to a breakdown of the caring relationship, especially in the case of large overpayments or those that progress to a fraud investigation. This leads to substantial consequences when the local authority has to take over and provide care for the individual. The health consequences for carers can also directly drive demand for NHS treatment.

2.5 Impact on those being cared for

- 2.5.1 The overpayments have not just affected the individual with the overpayment. Carers have told the review about the level of worry and guilt the person they cared for experienced due to their overpayment and debt. One carer told the review: "my mum felt like a burden". This includes people who are being cared for still feeling this weight of worry up to the point of their death. The review found that carers also often felt distressed by the impact of the overpayment taking away time spent looking after the person they cared for. The review heard of instances where the person being cared

³⁵ [DWP Research Report - Developing a clearer understanding of the Carer's Allowance claimant group - Gary Fry, Benedict Singleton, Sue Yeandle and Lisa Buckner - 2011](#)

³⁶ [The State of Unpaid Caring in Leeds 2024](#)

³⁷ Carers Support West Sussex written submission to the review

for felt responsible, to the point of even paying off the debt on behalf of the carer.

2.6 Financial impact

- 2.6.1 There are obvious financial impacts from paying back debts. Some carers described having to cut back on essentials or items they would buy to improve the quality of life for the person they care for. Some carers felt it impacted their confidence in their ability to survive day-to-day and impoverished them. Others spoke of the desperation that they were left in and the wider impacts on their children and family unit. Research by Carers UK and WPI found that 1.2 million unpaid carers are living in poverty and 400,000 of those living in deep poverty across the UK.³⁸ The rate of poverty for those in receipt of Carer's Allowance only is nearly twice the rate for non-carers (33% vs 18%).³⁹ The Review heard examples of carers having to stop respite care and therefore any breaks for financial reasons, with negative impacts on both them and the person they cared for.

"My daughter was in and out of hospital over the last year, and whether she's in hospital or not, I have to work to repay the overpayment. If I don't work, I can't repay it.....to be honest I'm not coping... I also go to work for my mental health." (Carers roundtable for the review)

2.7 Disincentives to combine caring with paid work

- 2.7.1 The review heard of the disincentive to combine paid work with claiming CA due to the complexity and risk of exceeding the CA earnings limit. The review heard from carers that part-time paid work provides both financial benefits and wider wellbeing benefits through the break from caring, the opportunity to use skills, social interaction outside of their caring role and maintaining their identity. However, many carers told the review that they had stopped claiming CA or stopped working completely after accruing an overpayment, even when they would be eligible again, due to fear of repeating the experience. For example, one carer told the review: "It was such a shock. I thought I was within the limit. So I gave up work – I couldn't cope with watching every penny. Work was respite for me but I gave it up."
- 2.7.2 Giving up paid work can lead to isolation and often make any future return difficult as the individual has moved further away from the labour market.

³⁸ <https://www.carersuk.org/reports/poverty-and-financial-hardship-of-unpaid-carers-in-the-uk/>

³⁹ Carers UK written evidence submission - This figure is for those carers who are only in receipt of Carer's Allowance, not taking into account those who are also in receipt of other benefits like Universal Credit.

Carers UK ‘State of Caring 2024: The impact of caring on finances’ report found that around 41% of carers surveyed said they had left their paid employment as a result of the earnings limit⁴⁰. However, DWP research⁴¹ found that, for CA claimants not in paid work, the main reason (69%) was due to their responsibilities as a carer, rather than because of restrictions related to CA, though the earnings threshold was one factor considered within a wider calculation on the decision whether and how much to work.

- 2.7.3 The risk of overpayments can also discourage carers from seeking to progress at work. When claiming CA, some carers said they were afraid to take the risk of working as much as they would like to or accepting promotion opportunities, to avoid the risk of breaching the earnings limit and accruing overpayments. This keeps carers from reaching their full potential at work. The review heard of the fear and stress that the issues with earnings and overpayments caused claimants who expected a system that would help and support them in their caring duties and in combining these with paid work. One carer described a feeling of “never being able to settle as you don’t know if something will be taken off you or you are going to be punished”.
- 2.7.4 The review has heard that the experiences of those who accrued overpayments operated as a disincentive to others. Carers who had seen the media coverage or heard directly about CA claimants found to have been overpaid CA were discouraged from claiming CA, despite being eligible, or from trying to begin paid work.

2.8 Administrative burden

- 2.8.1 Carers described having a significant administrative burden passed to them by DWP and being “overwhelmed by bureaucracy”. Some described keeping detailed records to try to keep within the earnings limit but still finding they had accrued an overpayment debt. Carers Trust representatives were clear that when a carer is expected to be caring for at least 35 hours a week and potentially working for a further 16 hours, they don’t have the time to continually calculate earnings to keep within the limit. The difficulty of understanding the rules on averaging and allowable expenses (see chapters 3 and 4) compounded the difficulty of fulfilling these administrative responsibilities. The review also heard of cases where carers had been reassured that earnings during the pandemic would not lead to overpayment debt, only to be met with an overpayment debt later, and in one case having to pursue Freedom Of Information requests – which allow members of the

⁴⁰ [State of Caring 2024](#)

⁴¹ [Experiences of claiming and receiving Carer’s Allowance - GOV.UK](#), 2024

public to request information from most UK public authorities – for phone records to demonstrate that they had reported and been given assurances.

- 2.8.2 Carers told the review they were not given easy ways to report (see chapter 6C) or ability to self-serve and did not have the information or tools to enable them to have control over their own working and caring lives.
- 2.8.3 “It’s mission impossible. I’m a care worker, I thought I wouldn’t work half term so would work more the week before. I’ve never been over the limit for the year – I checked all my P60s and sent payslips. All of a sudden they’re going back 8 years. I can’t understand their calculation.” (Carers roundtable for the review)
- 2.8.4 Advisers in carers’ organisations told the review that the complexity of the earnings limit involved them too in very time-consuming work, to support claimants with initial claims, requests for Mandatory Reconsiderations (where DWP looks at the decision again) and tribunals.

2.9 Impact on different groups

- 2.9.1 The review has heard of the differential impacts on carers with different characteristics. Claimants of CA are primarily women, who make up around 72% of the caseload according to DWP commissioned research published in 2024⁴². In the absence of detailed statistics, it can be inferred from the Carer’s Allowance caseload that women disproportionately experience the different impacts of overpayments described above, including the disincentives to work and to progress. This is a group of women on lower incomes experiencing a cap on opportunity and aspiration.
- 2.9.2 “What’s the point in doing a degree? Might as well be on benefit. Can only get the lowest wage possible”
- 2.9.3 “I’m a qualified tutor and nurse. But I’m not using my skills”
- 2.9.4 As chapter 5 explains, in most cases these people would need to earn much higher incomes to make it worthwhile to stop claiming CA. Carers described being in a ‘benefit trap’.
- 2.9.5 Disabled and older people cared for by CA recipients are also affected by financial impacts of overpayment and by the worry and distress experienced by the carer. A large proportion of carers also experience their own health or disability issues. The DWP research published in 2024 shows that

⁴² [Experiences of claiming and receiving Carer’s Allowance - GOV.UK](#)

approximately 40% of CA claimants reported having a mental and physical health condition or illness.⁴³ Those who spoke with the review described both difficulties in having reasonable adjustments met (for instance in communications from DWP) and fears of being open about their disability, for fear of assumptions that they will not be fit carers or – for parents – the fear of being referred to child protection services. A DWP staff member mentioned that carers’ own disability was sometimes used in tribunal cases to suggest questions about whether the individual was really providing care.

- 2.9.6 The review has heard from a number of individuals moving towards or at pension age in its roundtables who have realised too late the impact of the overpayments and subsequent reduced National Insurance Credits on the savings for their pensions and retirement. The review also heard that DWP has offered little by way of information to individuals who have been affected by these issues.
- 2.9.7 There are additional challenges for those who do not have English as a first language where the complexity of benefit rules are particularly difficult to understand. The review has not identified any targeted support to enable such carers to understand and comply with the rules. The review heard suggestions from grassroots carers’ groups that training ‘by us’ covering intersectionality might help staff in DWP understand experience and how to improve the service:
- 2.9.8 “They don’t want to cause this stress. If they heard from us firsthand it might help them understand.”
- 2.9.9 The NAO’s 2019 report stated that “The Department does not know how these repayments affect carers or the disabled person they care for. Under legislation, the Department does not need to assess the impact on carers when seeking repayments and deductions from benefits. It has not conducted any recent evaluation of the continuing impact of its debt recovery policies.”⁴⁴ DWP conducted research on CA in 2020 and published this in 2024; this was not primarily on this issue but did briefly outline a few examples of immediate impact of overpayments.⁴⁵ Despite continuing interest in this area, the review found no further data or research by DWP on continuing financial and health impacts and equality impact of the overpayments on individuals.

⁴³ [Experiences of claiming and receiving Carer’s Allowance - GOV.UK](#)

⁴⁴ [NAO 2019 Investigation into overpayments of Carer’s Allowance](#)

⁴⁵ [Experiences of claiming and receiving Carer’s Allowance - GOV.UK](#)

2.10 Conclusion

- 2.10.1 From these experiences, the review concludes there is a significant need for DWP to rebuild trust with carers. DWP needs to demonstrate trustworthiness by taking action on overpayments and being seen to take this action. The government's approach should recognise the important and selfless contribution of unpaid carers and the complexity of their lives and understand systematically the impact of policy and implementation. DWP should provide carers with tools to engage with the benefit system and support them to have control over their lives and to combine paid work and caring in ways that work for them and their families. The rest of this report sets out more detail on what has gone wrong and recommendations for how DWP can put this right.

Chapter 3: Earnings Averaging

- The Social Security system requires claimants to report all changes that could impact on their entitlement. Carers are prevented from doing this by unclear legislation and guidance, which mean they cannot identify when they risk exceeding the earnings limit for Carer's Allowance (CA).
- Where carers do not earn the same each pay period, their earnings can be averaged to assess entitlement for CA. Legislation provides the principles that underpin how this can be done, but leaves extensive scope for interpretation, demonstrated by the varying interpretations of tribunals over the years.
- This level of discretion, combined with inadequate guidance for carers, results in unpredictable and inconsistent decisions, confusion for carers and ultimately overpayments of CA.
- The current system does not adequately consider modern working practices, such as zero-hour contracts and irregular earnings, making it outdated and preventing carers from having control over their working and financial lives.
- Clearer and updated operational guidance, legislation and communication, and involving carers in decision-making, would create a fairer, more predictable system.

3.1 Introduction

- 3.1.1 Social security law requires claimants of any benefit to report anything which they know or might reasonably be expected to know might affect their entitlement.⁴⁶ This requires a sufficient understanding of the eligibility criteria and DWP's approach to understand what to report. The review has found that the high rate of overpayment debt has been caused not by widespread individual error by carers in reporting their earnings but by systemic issues preventing them from fulfilling this responsibility to report.
- 3.1.2 The review has heard from both DWP staff and carers that working out how the earnings limit applies is complex. The Social Security (Computation of Earnings) Regulations 1996 state the principles of averaging, but these leave extensive scope for discretion on the part of benefit Decision Makers (DMs). This also leaves scope for subsequent interpretation, demonstrated by the varying interpretations of tribunals over the years. DWP's interpretation has been inconsistent across time and individual cases. No information has been given to carers to allow them to understand and predict

⁴⁶ Regulation 32(1B) [The Social Security \(Claims and Payments\) Regulations 1987](#)

how their earnings will be treated. This lack of clarity means carers do not know what they need to report, leading to inadvertent recoverable overpayments. It also means that DWP's decision that a carer has accrued a recoverable overpayment is not necessarily categorical, because a different interpretation of averaging would mean some payments deemed recoverable overpayments are not overpayments at all.

- 3.1.3 The Mandatory Reconsideration and appeal systems are intended to manage the risks associated with statutory discretion in social security benefits, including Carer's Allowance (CA). A Mandatory Reconsideration or tribunal may find that discretion should have been exercised in a different way. But these mechanisms apply after an overpayment has been identified, by way of challenge to that decision. Some carers also told the review that the complexity of their caring life and CA could lead to them missing the window to ask for a Mandatory Reconsideration or to appeal.
- 3.1.4 The approach also prevents carers from making informed decisions about their work hours and income: for instance, they have no way of knowing whether accepting an extra shift will mean they are better or worse off. This is not a reasonable or feasible way to expect carers to balance their complex responsibilities and manage their income. It takes away control of their working lives and is increasingly inappropriate in the modern labour market.

3.2 Context: the changing labour market over time

- 3.2.1 The labour market has changed substantially since CA was introduced in 1976. Drivers including social change, legislative change and shifting economic activity, such as the growth of the service sector, have increased female labour market participation and part-time and flexible working.
- 3.2.2 In 2022/23, 5.2 million people provided care for others on an informal i.e. unpaid basis. Of these, 3.2 million were women and 2.0 million men, meaning 61.4% of unpaid carers are women.⁴⁷ Of the total CA caseload, over 2 out of 3 (69%) are female.⁴⁸ Female employment rates have increased from 55% in 1976 to around 72% in 2024/25⁴⁹.
- 3.2.3 Part-time employment has grown substantially. Women disproportionately work in part-time roles, often to support balancing paid work with care responsibilities, though this difference has become less pronounced over

⁴⁷ FRS 2022/23, FRS Carers data tables (5_4), available at [Family Resources Survey: financial year 2023 to 2024 - GOV.UK \(www.gov.uk\)](#) and Stat-Xplore

⁴⁸ Stat-Xplore, November 2024

⁴⁹ [Female employment rate \(aged 16 to 64, seasonally adjusted\): % - Office for National Statistics](#)

time. In 1984, 87.3% of part-time workers were female, falling to 73.3% in 2018. Although the number of women working part-time increased over that period, annual average growth between 1984 and 2018 of 1.1% was lower than that for men working part-time over the same period (3.9%)⁵⁰.

- 3.2.4 Legislation including the Work and Families Act 2006, which expanded the right to request flexible working to carers, and the further expansion of the right to request flexible working in the Children and Families Act 2014, has supported the growth of flexible working. The Employment Rights Bill currently under consideration in Parliament has provisions to further strengthen rights to flexible working. The Equality Act 2010 included protections against discrimination at work based on caring responsibilities⁵¹.
- 3.2.5 ONS statistics published in May 2025 show over a million people (over 3% of the labour force) working under (self-defined) zero hours contracts⁵². This has increased substantially from low hundreds of thousands up to 2012, though much of the increase, especially between 2012 and 2016, is thought to reflect better awareness, due to extensive media coverage leading to more accurate reporting⁵³.

3.3 The principle underpinning the earnings limit

- 3.3.1 CA is not a means tested benefit, and the earnings limit is therefore not designed to play this role. It is instead intended to operate as a proxy check for whether a carer is providing 35 hours of caring per week, by ensuring CA cannot be claimed when a carer is earning more and therefore may be undertaking paid work to an extent that would compromise their ability to provide the full amount of unpaid care⁵⁴. The review heard concerns that averaging earnings reduced the effectiveness of the earnings limit as a proxy for time spent caring.
- 3.3.2 By using a maximum amount of earnings which is only loosely related to hours worked, because of the different amounts people earn per hour, the earnings limit is a very imperfect proxy for hours spent caring. It is unforgiving, due to the way it operates as a cliff edge (see chapter 5). Even

⁵⁰ [Long-term trends in UK employment: 1861 to 2018 - Office for National Statistics](#)

⁵¹ Carers in GB are protected against direct discrimination or harassment because of their caring responsibilities by the Equality Act 2010, due to being 'associated' with someone who is protected by the law because of their age or disability. [Equality Act 2010: What Do I Need To Know As A Carer](#)

⁵² [EMP17: People in employment on zero hours contracts - Office for National Statistics](#)

⁵³ House of Commons Library Research Briefing: Zero-hours contracts [SN06553.pdf](#)

⁵⁴ [DMG Chapter 60: Carers Allowance](#) sets out that one condition for entitlement is that the carer is not 'gainfully employed' (para 60025) and defines gainful employment as where the earnings in the week immediately before are greater than the earnings limit (para 60051).

at minimum wage, it now equates to 16 hours of work (and has been less in past years). When added to 35 hours of unpaid care, this does not approach the total number of hours available in a week. Carers who earn above the minimum wage are able to work even fewer hours and remain within the limit.

- 3.3.3 This test to ensure that the person being cared for is receiving that care (with, for some people, consequential impacts on their own benefits) may have discouraged a focus on greater use of averaging. However, as this chapter demonstrates, regulations are in place to allow averaging. Flexible working, which often leads to irregular pay, is increasingly important to allowing carers to balance paid work with their caring responsibilities. The commitment from DWP to look at ways to address the cliff edge (see chapter 5) signals some departure from the position that averaging runs counter to the earnings threshold as a proxy for caring for 35 hours.
- 3.3.4 CA is a weekly benefit, with entitlement decided based on the information available at the time to determine whether the entitlement conditions are met in that week. A carer is entitled to CA if they were not in gainful employment in the week immediately before, defined by their earnings in that week being below the earnings limit⁵⁵. DWP therefore needs to be able to assess a carer's earnings to be able to determine eligibility for any given week.

3.4 Legislative framework

- 3.4.1 The legislative framework on averaging of earnings is set out in the Social Security Benefit (Computation of Earnings) Regulations 1996, regulation 8(3)⁵⁶.
- 3.4.2 On averaging, this provides that:
- 3.4.3 8(3) Where the amount of the claimant's net earnings fluctuates and has changed more than once, or a claimant's regular pattern of work is such that he does not work every week, the application of the foregoing paragraphs may be modified so that the weekly amount of his earnings is determined by reference to his average weekly earnings—
- 3.4.4 (a)if there is a recognisable cycle of work, over the period of one complete cycle (including, where the cycle involves periods in which the claimant does no work, those periods but disregarding any other absences);

⁵⁵ [DMG Chapter 60: Carers Allowance](#) para 60051

⁵⁶ [Social Security Benefit \(Computation of Earnings\) Regulations 1996](#)

- 3.4.5 (b)in any other case, over a period of five weeks or such other period as may, in the particular case, enable the claimant's average weekly earnings to be determined more accurately.⁵⁷

3.5 Critique of the legislation

I. Regulations leaving extensive scope for discretion

- 3.5.1 The regulation does not provide clarity on what DWP must or will do, or how it will be interpreted and applied. The regulation allows a DWP Decision Maker (DM) to average earnings over more than one week ("the application ... may be modified") in certain circumstances. Those circumstances are not clearly defined. It does not set out how a DM should be expected to identify "a recognisable cycle of work", including whether they can or should look backwards to assess periods that have already happened, or must be able to identify this prospectively. The alternative to a recognisable cycle of work suggests 'a period of five weeks or such other period' that gives a more accurate picture of the claimant's average weekly earnings; the rationale for five weeks is not clear and the 'other period' entirely open to interpretation. No definition is given of the term 'more accurately' which the DM should use as a guiding principle in deciding how to average the claimant's weekly earnings.
- 3.5.2 This approach is intended to give DMs the flexibility to cater for individual circumstances. However, providing them with a discretion to average without specifying when they must, when they should or how they should do so leaves an unhelpful level of discretion and scope for interpretation. This means that it is not possible for carers to know whether their earnings will be averaged, or how they will be averaged if they are.
- 3.5.3 The room for DM discretion also allows room for subsequent interpretation by tribunals hearing appeals. This has been borne out in the range of decisions on issues related to earnings averaging and CA when appeals have reached tribunals. These decisions have demonstrated that interpreting the legislation is not clear-cut and can lead to quite different views.
- 3.5.4 Upper Tribunal decisions are binding for all similar cases in future, while First Tier Tribunal decisions apply only to the individual case. In effect, Upper Tribunals create case law in any benefit, and in some cases across all benefits. Demonstrating the challenges in applying the regulations, there are instances where DWP has not challenged First-tier Tribunal decisions which

⁵⁷ The Social Security Benefit (Computation of Earnings) Regulations 1996

go against it, because of the risk that the Upper Tribunal would find against its approach.

- 3.5.5 The Upper Tribunal's Decision CG/2780/2012⁵⁸ has influenced DWP's approach to averaging. In this case, a claimant had reported earnings but, due to expenses being deemed not allowable, was found to have been overpaid. The judge in this case found the task for DWP, and subsequently the First-tier Tribunal, once this new information came to light was to calculate the earnings as a contemporaneous DM would have done had the correct information been given at the proper time for any given week or, in the case of a regular pattern of earnings, a given forward period. It was made clear in this decision that there is no expectation on the DM to "attempt to guess the future" based on the past. On this basis, DWP looked to average only prospectively and not to make adjustments retrospectively once a longer period of earnings has been ascertained. DWP therefore did not take into account any past earnings in determining that a claimant's earnings should be averaged (because they fluctuate and have changed more than once).
- 3.5.6 More recently, KR v SSWP (CA) [2023]⁵⁹ focused on the question of whether weekly earnings should be averaged. In a change from the previous case, the Judge decided that the fact that the calculation was retrospective was not an "obvious determinative bar" against applying averaging. This meant that the Judge made the decision using information on earnings that would not have been available to a contemporaneous DM, as at the point of decision they would have been future earnings.
- 3.5.7 In 2003, case CG/4941/2003⁶⁰, the Commissioner explicitly set out that averaging is a 'matter of judgment' and 'there may be no necessarily right answer'. The judgement stated that "Regulation 8(3)(b) gives the Secretary of State a discretion to be applied rationally on a case by case basis, but is limited in its purpose to the use of a five-week or other period in place of the actual weekly, monthly or other calculation under regulation 8(1) to "enable the claimant's average weekly earnings to be determined more accurately"; and this is less clear than it might be since strictly the accuracy of an average is simply a matter of doing the arithmetic correctly, irrespective of the periods you happen to select for the calculation. Regulation 8(3) must I think be taken as intended less literally (or mathematically), to mean that the Secretary of State is to have the power of substituting an alternative

⁵⁸ [Microsoft Word - CG 2780 2012-00.doc](#)

⁵⁹ [KR v SSWP \(CA\) \[2023\] UKUT 202 \(AAC\)](#)

⁶⁰ [Social Security & Child Support Commissioners](#)

averaging calculation to produce a standardised weekly figure for the week or month, etc.”. It concluded that “the application of regulation 8(3) in this context may often have to be more a matter of judgment than of science, and there may be no necessarily ‘right’ answer: it has to be a matter of dealing reasonably with the evidence of actual earnings for the current payment periods as disclosed (or as it should be disclosed) by the claimant to the Secretary of State week by week or month by month.” The Judge also found that it was proper to wait and see for a period of five weeks or more to work out whether a fluctuation was a “blip” or a more substantial change in earnings, but that there was no requirement to extend such an approach over a very extended period to calculate an average.

- 3.5.8 During the review’s work, a high profile First-tier Tribunal took place which gathered political and media attention⁶¹. In this case (seen by the review), a claimant was successful in her appeal against a CA overpayment hinging on the question of whether her earnings could be averaged over the period of a year. The claimant stated that she had been informed by DWP that earnings could be averaged over a year, and also that she understood DWP had a system in place to alert her if her earnings exceeded the threshold. The judge agreed that the claimant’s income should be averaged over the year, taking her below the earning threshold. This resulted in a continuing entitlement to CA and consequently no overpayment.
- 3.5.9 This judgement was clear that uncertainty, judgement and discretion are inherent in applying the regulations. Consequently, decisions may be inconsistent over time and between DMs, and thus unpredictable for carers and those who advise them.
- 3.5.10 The net result is complex and, in some cases, contradictory case law.
- 3.5.11 The discretion and unpredictability also highlights a fundamental unfairness when combined with retrospective processing of earnings data (see chapter 3). Where case law changes the approach and DWP then applies this to earnings data from previous months or years, the judgement is being applied retrospectively to determine substantial overpayments that carers must repay, even if that would not have been considered an overpayment under rules in place at the time the earnings were paid.
- 3.5.12 The only figure which is certain is the one specified in legislation: the weekly earnings limit⁶². A weekly earnings limit may have been the most relevant

⁶¹ For example: [Unpaid carer wins overpayment penalty case against DWP | Carers | The Guardian](#)

⁶² [The Social Security \(Invalid Care Allowance\) Regulations 1976 8\(1\)](#)

when Invalid Care Allowance was originally introduced in 1976, but it does not reflect modern working practices and requires a calculation to apply it to even regular earnings paid in any other pattern. Legislation sets out how the weekly amount is determined when pay periods are not weekly⁶³, but DWP does not provide this guidance accessibly to carers. The review heard from DWP staff that carers often did not understand this calculation. The review also heard from carers and third sector organisations examples of established patterns such as 4,4,5⁶⁴ not being identified and averaged, resulting in carers being treated as ineligible for the pay period which has 5 weeks in it and being required to repay CA received.

II. Overpayments due to employer error or arrears

- 3.5.13 The review heard multiple examples of employer approaches to pay, including errors, leading to earnings being identified as over the limit and classed as overpayments, even though the carer did not earn more than the limit in any week. In some instances, DWP staff have taken responsibility for investigating these and they have been corrected and resolved. However, other carers have told the review of repaying overpayments due to their employer being inconsistent or late in paying them. For example, a carer who attended one of the review's engagement events described how they raise monthly invoices, which are sometimes paid late, and this is then classified as an overpayment.
- 3.5.14 Not all carers may be aware that they can seek Mandatory Reconsideration and subsequently appeal against a decision if a disagreement cannot be resolved satisfactorily, and others may miss the one-month window⁶⁵ to do this.
- 3.5.15 Carers Support West Sussex conducted a survey of carers in their area to feed into the review, and found, of 125 respondents, 27 carers had received overpayments. Of these, 22% were due to fluctuating earnings, 15% were a result of errors made by employers, 11% were because of overlapping benefits, 11% were because of pay increases and 7% (2) were because of working extra minutes / hours for things such as covering other people's

⁶³ [The Social Security Benefit \(Computation of Earnings\) Regulations 1996 8\(1b\)](#)

⁶⁴ An accounting cycle where the year is broken into 4 periods of 13 weeks and then these quarters are broken down to two periods of 4 weeks and one period of 5 weeks

⁶⁵ It is possible to ask for an MR after more than one month, but must be for a good reason such as a bereavement or hospitalisation: [Challenge a benefit decision \(mandatory reconsideration\): How to ask for mandatory reconsideration - GOV.UK](#)

shifts. 10 of these carers were still employed / self-employed and 17 were no longer in employment.⁶⁶

- 3.5.16 MoneySavingExpert (MSE) shared the experience of one of their users who was notified of an overpayment due to breaching the earnings limit. The user shared evidence with DWP, including time sheets, letters from their employer and pay dates, to demonstrate that they were paid at irregular intervals but had been below the earnings limit. DWP deemed this was still an overpayment and the user reported they were still repaying the debt two years later.⁶⁷
- 3.5.17 Carers combining working with CA sometimes receive pay increases but remain within the earnings limit. However, where these are implemented late and arrears are paid, this can result in them being assessed as exceeding the earnings limit and accruing an overpayment. One example of this was shared with the review where a government department had included arrears of a pay increase implemented after its due date. Instead of averaging this over the months the arrears covered, the carer was treated as exceeding the earnings limit and had to repay an overpayment of CA for the month the arrears were paid. The charity Contact raised a concern “around the processes that apply where a carer receives a lump sum payment of arrears wages as a result of pay negotiations/a pay settlement. In our opinion any overpayment that results from a lump sum payment of arrears of earnings should not be recovered, as it is based on revised earnings figures that were not known to the parent at the time and could not therefore be disclosed at an earlier point.”
- 3.5.18 The Ripple Pond submitted this example from one of their members: “I work for the NHS and my earnings are below the threshold so am able to claim Carer’s Allowance. During Covid, the NHS paid a one off bonus of £200 to staff and I was therefore ‘overpaid’ by Carers’ Allowance as they took it as earnings and said I owed them the full month back at £300, so I was effectively £100 worse off that month. Yearly, when we get a pay rise the NHS give it to us part of the way through the year and it usually includes a lump of ‘back payment’ that was owed. This also results in an ‘overpayment’.”⁶⁸

⁶⁶ Carers Support West Sussex written submission to the review

⁶⁷ MoneySavingExpert’s written submission to the review

⁶⁸ The Ripple Pond’s written submission to the review

3.6 Lack of guidance to offset this

- 3.6.1 The lack of clarity in the regulations could be offset by clear operational guidance, applied consistently and shared publicly to allow carers to understand and predict decisions, noting that, with the legislation unchanged, there would remain a risk of challenge to this at tribunal. However, there has not been clear and consistent operational guidance on how earnings averaging is or should be done.
- 3.6.2 DWP publishes the long established and legislatively based Decision Makers Guide (DMG)⁶⁹ on GOV.UK, with a chapter devoted to earnings⁷⁰. This serves a dual purpose in providing guidance to DWP DMs on how Social Security legislation operates, and providing transparency to the public on how DWP makes decisions. The DMG aims to give the DM the tools they need to make a legally binding and fully informed decision, but does not fetter the DM's discretion to make fully independent decisions on behalf of the Secretary of State, based on the evidence before them. To enable this, the DMG reflects the core legislation and any changes to that via case-law.
- 3.6.3 Separate to the DMG, DWP has various internal guidance, including operational and process instructions, which is not published.
- 3.6.4 DWP's approach to averaging has changed over time. The 2012 case described above was interpreted to mean that averaging could only be carried out prospectively and this rule influenced DWP's thinking and practice, crystallised in new operational guidance on earnings averaging issued in 2020.
- 3.6.5 The 2020 operational guidance set such restrictive conditions that several staff the review spoke to said "I've never had a case" or that only "once in a blue moon" had they identified an instance where averaging could be applied with this new guidance. The team processing the alerts based on HMRC data on earnings (see chapter 6B) does not routinely carry out any sort of averaging before determining that the individual has exceeded the limit. It is not clear why this new guidance was introduced in 2020, and it appeared to have been developed without testing or broader input from DWP policy or legal teams.
- 3.6.6 DWP has now reviewed the 2020 operational guidance and identified concerns that it is not consistent with the legislation or the DMG. DWP is currently considering new operational guidance on averaging which

⁶⁹ [Decision makers' guide: staff guide - GOV.UK](https://www.gov.uk/guidance/decision-makers-guide)

⁷⁰ <https://assets.publishing.service.gov.uk/media/6260053c8fa8f54a95dfda5a/dmgch15.pdf>

addresses the concerns about the 2020 guidance. DWP wishes this to increase clarity for DMs, allowing more averaging to take place with greater consistency. It is not clear whether DWP expects the issues it has identified with the 2020 guidance to have any impact on carers who accrued overpayments under its use.

- 3.6.7 There is no guidance or detailed information on averaging shared publicly, or any plans the review has heard about to do so. On GOV.UK, carers are told⁷¹:

If your earnings are sometimes more than £196 a week you might still be eligible for Carer's Allowance. Your average earnings may be calculated to work out if you're eligible.

- 3.6.8 DWP states that it does not require carers to make these calculations themselves and carers should be reporting every change and fluctuation in their earnings that takes them above the earnings limit, which a DM can then assess to decide their eligibility for CA in that week. DWP states that this is communicated to carers in benefit award notifications, in annual uprating letters, and on GOV.UK. Leaving aside the feasibility of consulting DWP so frequently (see below on the impact on carers' control over their lives and chapter 6C on issues with CA administration), the review has heard extensive evidence that the information to enable carers to comply with this instruction is inadequate. To know when a change in their earnings takes them above the earnings limit, a carer needs to understand the calculations being carried out on their earnings, including whether and how their earnings are being averaged. Information asking them to report a change that "takes them above the earnings limit" is completely ambiguous when they cannot identify how DWP determines their earnings and therefore which changes take them above the limit.
- 3.6.9 Case law has established that when the Secretary of State has the power to impose a legal obligation on claimants, she can do so simply by telling the claimant unambiguously they must do it. However, a legal obligation on a claimant is only incurred when the Secretary of State uses "the language of clear and unambiguous mandatory requirement". "The requirement to use

⁷¹ [Carer's Allowance: Eligibility - GOV.UK](#)

“clear and unambiguous language” is to be applied strictly. The Secretary of State must be “crystal clear”.⁷²

3.6.10 The review’s analysis of information and guidance on CA shows that carers are not given clear, consistent and unambiguous information to understand the requirement to report every fluctuation. For example, the GOV.UK page for reporting a change for CA says to report a change in circumstances if “you start earning more than £196 a week”, not when earnings change week to week⁷³. A carer who expects their earnings to be averaged would reasonably not recognise the need to report, for example, working an extra shift one week offset by working less in an adjoining week while working for the same employer at the same rate of pay, or accepting a weekend shift at a higher rate of pay for one week, while being below the limit in another week such that on average they stay within the earnings limit. The claim form asks questions about earnings but does not inform claimants of the need for future/ongoing assessment of earnings. One carer told the review that, following their overpayment, they had reviewed every letter they had received and found no clear statement that earnings had to be under the limit on each individual week.

3.6.11 The review examined these letters. The letter carers receive regularly is the annual uprating letter, which states the following:

“From [date] you can earn up to £[amount] each week before your Carer’s Allowance is affected. This includes work you do for an employer or self-employment, after taking off certain expenses. If you earn over £[amount], even by 1p, you may not be entitled to Carer’s Allowance.

“To find out more about expenses go to:

[“www.gov.uk/carers-allowance/eligibility](http://www.gov.uk/carers-allowance/eligibility)

“If you are working and your income increases above £[amount] each week you should tell us straight away.”

3.6.12 The use of the phrase “each week” does not clearly explain that carers must report in any individual week that their earnings exceed the limit, and the link takes carers to the GOV.UK page described above which says that “your average earnings may be calculated...”. It also does not explain to carers how to work out their weekly earnings if they are not paid weekly.

⁷² [CE 2126 2018-00.pdf](#)

⁷³ [Carer’s Allowance: report changes - GOV.UK](#)

- 3.6.13 This makes it very difficult for carers to understand what they need to report. The review heard from many carers who had made incorrect assumptions about how this works, most commonly that this would be over the tax year.
- 3.6.14 The review heard from one carer who was a nurse before ceasing work to care full time for her autistic son. She took two bank jobs at weekends which involved mandatory training that took her above the earnings limit in those weeks. She contacted DWP through letters, calls and providing pay slips, and asked whether her earnings could be averaged over a year. She received no response and then her CA was stopped without any notification.
- 3.6.15 Another carer told the review: “I was offered an extra £10 per hour on shifts, and I was only doing around 1 shift per week due to caring responsibilities. My mistake was I thought earnings were assessed over a tax year period, rather than weekly.” (Carers roundtable for the review)
- 3.6.16 Contact, a UK charity for families with disabled children, shared in their evidence to the review:
- “Our survey has shown that parent carers are struggling to navigate what they often describe as a ‘bewildering’ system. It appears clear that in large numbers of cases parents simply do not understand how the earnings threshold operates and the extent that they are expected to report changes of circumstances such as small variations in earnings.
- “Lack of clarity about how average earnings are calculated appears to be a major contributor with many parents assuming that there will be no overpayment if their earnings when averaged over a year remain below the earnings limit.
- “Of the parents that took part in our survey:
- 50% think that information about Carer’s Allowance earnings limit is not clear
- 22% said they didn’t understand the rules.
- 49% didn’t realise their earnings had gone over the limit.
- 26% had been overpaid as a result of receiving higher earnings during a single month.
- 22% received backdated earnings as a result of pay negotiations which had then pushed them over the Carer’s Allowance earnings limit.”
- 3.6.17 DWP’s research on carers’ experiences of claiming CA⁷⁴ conducted in 2020/21 and published in 2024 similarly showed that: “Claimants did not

⁷⁴ [experiences-of-claiming-and-receiving-ca-research-report-final.pdf](#)

appear to have a detailed understanding of the rules around earnings. ...There was also confusion over whether wages could be averaged if you earned more than £128⁷⁵ in a particular week.” DWP staff also reported: “One main reason for overpayments is that people think averaging is over 52 weeks”.

- 3.6.18 Earnings averaging is a complex issue. Carrying out calculations requires full access to guidance and information on DWP interpretation and a high level of numeracy and literacy. DWP recognises this complexity, with training of staff and escalation of more complex cases to more senior Decision Makers. As stated above, DWP does not expect carers to carry out earnings averaging themselves, but does place an expectation that carers (who have care responsibilities and a paid job that is not administering CA) should understand or take steps to understand the rules accurately and be liable if they do not. At the same time, they are not provided with the guidance and information on DWP’s approach that they would need to do so. This is not an easy problem to solve, but the review finds that carers should be given the information to enable them to understand the calculations where they are able and wish to do so, rather than assumed to be unable and not entitled to understand this. Whether or not they undertake their own calculations, they should be given clear information on decisions taken about their earnings and what this means for reporting requirements.

3.7 Carers identified as irregular earners

- 3.7.1 Where DWP identifies a carer as having irregular earnings, they are treated differently. Irregular earners are identified when a claimant’s earnings fluctuate regularly, both under and over the CA limit, where insufficient earnings information is available to determine a recognisable pattern. It is up to a DM in the Carer’s Allowance Unit (CAU) to decide if a case is to be treated as such, using the evidence they have presented to them. For irregular earners, CA is paid in arrears based on the carer reporting their earnings in detail, by post, sending in multiple pay slips at a time deemed appropriate by DMs. Each week is assessed and treated separately. This means there is no way for a carer identified as earning irregularly to have any form of averaging applied to their earnings.
- 3.7.2 As a matter of operational practice, where a carer has been deemed an irregular earner, but their earnings have not exceeded the CA earnings limit

⁷⁵ £128 was the relevant earnings limit at the time the research was conducted

in any week for 6 months, they are moved into continuous payment and no longer treated as an irregular earner.

- 3.7.3 The review has heard of long wait times and breaks in between payments with no communication from DWP. DWP's internal guidance suggests that if CA is not paid on a regular basis, such as where the person cared for spends some of their time in a residential setting, then a decision on entitlement may not be made for several months. Although this leaves carers without payment, this should reduce the risk of further overpayments.

3.8 Self-employed carers

- 3.8.1 The review looked into how much this issue affected self-employed carers. It heard that claiming CA when self-employed was complex to handle and required extensive time and documentation. Perhaps partly because of the detailed and retrospective nature of this documentation, the review did not hear about self-employed carers accruing unexpected CA overpayments due to issues relating to averaging.

3.9 Inconsistent advice

- 3.9.1 Carers have told the review of accruing overpayments due to the combination of their fluctuating earnings and misunderstanding of DWP's approach to averaging. Questions such as whether a continuing role with fluctuating earnings week by week required reporting of each fluctuation are not clear. Advice is not consistent or easy to obtain.

"I rang 8 or 9 times and kept getting a different answer [about averaging]"
(Carers roundtable for the review)

"DWP can't give a straight answer that people can believe" (Carers roundtable for the review)

- 3.9.2 The review also heard from an organisation at an evidence gathering session with stakeholders who told the review about when someone they employed had "been in touch with DWP because they had a pay rise. And was told no. That was all OK. It would all be looked into and it was all going to be good and nothing happened. They received the benefit. Now they've been penalised."
- 3.9.3 MSE heard from one recipient of CA who was asked to pay back over £10,000 after requesting to come off CA when they took on more hours at work. It was found that in previous years they had just tipped over the threshold, in one year by an average of 48p a week. While they were still in receipt of CA, they contacted DWP, concerned that their fluctuating hours

might result in overpayment. They asked whether they had to report changes weekly but were told no, unless there was a significant change.⁷⁶

- 3.9.4 A report of a GIAA audit in 2016 sets out that, as well as acting to detect overpayments, the earnings data link with HMRC operates as a preventative control, as claimants are made aware at new claim stage of the data sharing arrangements. This is intended to deter fraud. Publicity around the use of Real Time Information (see chapter 6B) also means carers are aware of these links. However, by giving the impression that earnings are continuously checked against HMRC data, carers have told the review they infer that they would hear quickly if there was anything wrong. Where carers have not understood the treatment of their earnings and believe themselves to be compliant, far from operating as a deterrent, carers who hear nothing are falsely reassured that they are correctly interpreting the rules. This gives them no reason to question their approach when reminded in the annual uprating letter that it is the claimant's responsibility to notify DWP if earnings go above the weekly limit.

3.10 Carers having a say on averaging decisions

- 3.10.1 Decisions on averaging are taken by DWP DMs based on the information they receive. Carers are not systematically informed whether and how their earnings are being averaged. They do not currently have the opportunity to provide a view on how their earnings should be averaged or to understand what consideration has been given to this by the DM.
- 3.10.2 Carers are best placed to know their working patterns, pay arrangements and future plans, and to have an informed view on what period of time would provide the most accurate measure of these. Not seeking their inputs therefore seems to miss a useful source that would help make a better-informed decision.
- 3.10.3 This is also disempowering for the carer. A DM deciding this without input from the carer takes decision-making out of their hands, leaving them 'done to' rather than in control of their finances.
- 3.10.4 The regulations and case law allow for a broad range of outcomes on averaging, and carers often assume that averaging is over a year. DWP has expressed concerns that averaging over a year would be inoperable and lead to a risk of a large overpayment if the carer were paid CA all year and then at the end of the year found to have exceeded the earnings limit. This is

⁷⁶ MSE written submission to the review

a very reasonable concern that would need mitigating. However, the current approach of mitigating this by excluding the possibility entirely is severe, and takes agency from carers who may be well able to accept and manage the financial risk to themselves and any care need risks to the person they support. There is also an interaction with work on the strict earnings limit (cliff edge), as discussed in chapter 5. Involving carers in the decision would have resource implications, but decisions that worked better for carers' paid working patterns would also streamline some administration.

- 3.10.5 The review concludes that decisions on averaging made more openly and in consultation with carers, rather than by DWP DMs alone, would be better informed and provide carers with a voice in an important decision that affects them. DWP should move towards 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 do so can align reporting with the tax year, if they are willing to accept the risks in so doing.

3.11 Conclusion on information and guidance on averaging

- 3.11.1 As the above has demonstrated, a combination of unclear legislation and lack of clear, consistent and available guidance on earnings averaging meant that carers could not reasonably be expected to know what constituted a 'change of circumstances' that needed to be reported. The review therefore finds DWP has not given carers the clarity needed to fulfil their responsibility to report changes of circumstances in relation to earnings to the department. The review also finds that DWP's decision making on earnings averaging and therefore whether carers with fluctuating earnings have exceeded the earnings limit has been based on inconsistent application of case law, including the 2012 tribunal, followed by flawed operational guidance in 2020. At the very least, this operational guidance should have been made public.
- 3.11.2 In the short term, DWP needs to improve its internal guidance on averaging earnings, compliant with the existing regulations and the DMG, to set clearer parameters and rules, and share this with carers to allow them to understand and act on it. Carers need a voice in determining the approach to averaging their earnings, as they know their working and caring patterns better than anyone. More digital solutions, including an online calculator, would support carers to predict outcomes as well as saving DWP administration.
- 3.11.3 In the longer term, new regulations should be developed that set out much clearer rules, appropriate for the modern labour market. DWP should also move at pace in automating earnings processing, linked directly to the data

feed it receives from HMRC (as in Universal Credit), to reduce the administration and risk for carers.

3.12 Why this particularly matters and recommendations for policy change

- 3.12.1 The underlying principle to DWP's approach on averaging of earnings has been that this is for DWP to calculate and carers should simply inform the CAU of all their earnings. Setting aside the issues outlined above on the failings in the application of this, the review considers that this principle takes away control of their working lives from carers and is increasingly inappropriate in the modern labour market.
- 3.12.2 The review heard that carers, particularly those claiming CA, disproportionately work in low-paid and flexible work including zero hours contracts. Therefore fluctuations, changes and complications are very common amongst carers claiming CA and working. DWP research found that CA claimants in paid work tended to work part-time in lower paid jobs that they were able to fit around their caring responsibilities, and that having control over their schedule and flexibility to take time off when needed were important factors in enabling paid work.⁷⁷
- 3.12.3 Carers need to be able to predict the impact on their CA eligibility to make decisions, such as whether they will be better off working a seasonal job or how particular shift patterns will affect their CA. For instance, a carer offered an extra shift has had no way of knowing whether they will be better or worse off if they take it, thus damaging their ability to take control of their working life.
- 3.12.4 Reporting all fluctuations is not practical, when someone works in a role that has unpredictable patterns or short-term changes. Carers need to make these calculations in order to make immediate decisions about how to manage their working life. In some cases, the additional work arises in the moment and is virtually unavoidable, for example, when the next worker does not arrive to relieve the carer at the end of their shift.
- 3.12.5 Even where carers understand DWP's application of the earnings rules correctly, they told the review it was hard to find paid work where they could ensure they remained within the limit every week.
- 3.12.6 Carers reported turning down bonuses, extra shifts and pay rises. Sometimes carers worked for free to avoid either letting down their employer and colleagues or breaching the earnings limit. Even the difference between

⁷⁷ [Experiences of claiming and receiving Carer's Allowance - GOV.UK](#), 2024

working a weekday and weekend shift could cause problems, although in many cases carers were more easily able to work at weekends because their partner or other relative was able to provide care. Not all employers are understanding of the rigidity of CA rules. “I’m lucky my employer is flexible and lets me turn down shifts and work less hours. Not so easy for everyone.” (Carers roundtable for the review)

- 3.12.7 This issue has been longstanding: research commissioned by DWP in 2011 found “nearly a third [of CA claimants in this study] would have preferred to be in paid employment at the time of the study. However, only a small number (14 per cent) were actively looking for a job, and carers in the forums and interviews suggested that this was because the eligibility rules for CA were very restrictive and made finding suitable paid work extremely difficult.”⁷⁸ However, more recent DWP research found that, for CA claimants not in paid work, the main reason (69%) was due to their responsibilities as a carer, with a further 12% not working due to other caring responsibilities (other than the person they claimed CA for). Other barriers mentioned in this research included a lack of flexible working options, claimants’ own health and confidence issues. The CA earnings threshold was found to be one factor in a wider calculation on the value of paid work for claimants. For those in paid work, claimants acknowledged the need to be mindful and stay below the earnings threshold.
- 3.12.8 “There can be some stressful moments around work and I have to refuse shifts and the team leader has given me a shift I can’t do or take me over my hours or limit, I would like to work but if it’s going to take me over the earnings limit. If it was based around hours worked per week rather than earnings.” - (Male, Age 25-34, Cares for parent, Employed part-time)
- 3.12.9 “In the end he said I don’t think it’s worth you working [here]. So I left that job, it was stressful having to do that and embarrassing as well.” - (Female, Age 55-66, Cares for child, Not in paid work)⁷⁹

3.13 Conclusion on policy design

- 3.13.1 The policy design of CA as a weekly entitlement, where DWP makes decisions after the event which impact on carers, in a framework of CA being paid in advance while subject to an earnings limit, does not work well for

⁷⁸ [Developing a clearer understanding of the Carer’s Allowance claimant group](#), Gary Fry, Benedict Singleton, Sue Yeandle and Lisa Buckner, 2011

⁷⁹ [Experiences of claiming and receiving Carer’s Allowance - GOV.UK](#), 2024

many carers in the modern labour market. DWP should review this design, and build this understanding into the actions the review recommends.

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

Chapter 4: Allowable Expenses

- Allowable expenses are designed to support carers to work by disregarding expenses required to allow paid work, including costs of paid care and other expenses wholly, necessarily and exclusively incurred for work.
- There is no guidance to carers on the more complex elements and they are not notified of what has and has not been allowed, meaning they do not have the information to enable them to report relevant changes to DWP.
- Clearer guidance, notifying carers of the detail of how their expenses have been decided and greater alignment with HMRC would make decisions on allowable expenses more predictable and enable carers to understand the rules.

4.1 Introduction

- 4.1.1 Allowable expenses are designed to support carers to work by disregarding expenses required to allow paid work. This includes paid care for children or the person they care for and any other expenses wholly, necessarily and exclusively incurred for work, such as a uniform or travel whilst at work (excluding commuting to and from work).

4.2 Lack of information and guidance

- 4.2.1 Under eligibility for Carer's Allowance (CA), the GOV.UK website describes under the heading "Calculating your earnings" that earnings are any income from employment and self-employment after tax, National Insurance and expenses⁸⁰. The website describes the categories of allowable expenses and provides an example of how to take account of care costs if an unpaid carer pays someone to look after the disabled person or their children while they work. The uprating letter refers to allowable expenses at a high level.
- 4.2.2 However, there is no guidance to carers on the more complex elements of allowable expenses, which makes it difficult for carers to understand exactly what they do and do not need to report. The DMG defines expenses that can be allowed as follows: "An expense that is not repaid to an employee by the employer should be deducted from earnings if it is incurred in the performance of the duties of the employment and is wholly, exclusively and necessarily incurred."⁸¹ The review heard that this can include, for example, a uniform or specific personal protective equipment that a carer is required to buy rather than being provided by their employer, but not generic clothes

⁸⁰ [Carer's Allowance: Eligibility - GOV.UK](#)

⁸¹ [DMG Vol 3 Chapter 15: Earnings for non-income-related benefits](#) para 15387

required to fulfil a dress code, such as black trousers, even if bought specifically for work.

- 4.2.3 The DMG provides examples under broad headings⁸², but not detail on how these are decided or measured. For example, “travelling costs between different work places” are allowed, but it is not defined how these are measured. The rate at which mileage should be deducted could be on an actual cost basis, using HMRC’s mileage allowance system or in some other way. The Low Incomes Tax Reform Group (LITRG) drew the review’s attention to this issue and quoted the following example:

“For several months while claiming CA, I was employed as a care assistant visiting clients in their homes, using my own car. Employer was only reimbursing me 10p per mile but the CA Unit would not allow an additional 35p deduction”⁸³

- 4.2.4 Importantly, carers are not informed of what has and has not been permitted of the expenses they submit, which makes it harder for them to understand or challenge outcomes, and to identify when a change of circumstances needs to be reported. People have no way of knowing whether they have gone over the limit if they do not know which expenses have been allowed or disallowed.

4.3 Lack of consistency and predictability

- 4.3.1 Discretion and flexibility are important to allow decisions to reflect the specific circumstances of individuals and recognise the impossibility of legislating or providing precise guidance for every circumstance. The review heard from DWP staff that they make strenuous efforts to ensure consistency in application. Nevertheless, the level of discretion and lack of parameters set out for decision making staff to decide which expenses are allowable means that it is inevitable that there will be inconsistencies. DWP staff recognised that inconsistencies could arise, because of the level of discretion over expenses, especially whether something was wholly, necessarily and exclusively incurred. One stated: “staff could make very different decisions for instance on allowable expenses”. There is also a risk an expense may be allowed, then later disallowed. The review heard examples where staff members did not agree and if the case was reviewed, an expense originally allowed could be disallowed.

⁸² [DMG Vol 3 Chapter 15: Earnings for non-income-related benefits](#) para 15388

⁸³ [When is an expense not an expense? | Low Incomes Tax Reform Group](#)

- 4.3.2 This level of ambiguity leads to uncertainty and unpredictability which more than offsets the benefits of discretion. Delays in handling of queries compound the impact of this.
- 4.3.3 Many carers and the organisations that represent them expressed concerns about a lack of consistent information from individuals they speak to in DWP. The review heard of some examples of inconsistency even with expenses that should have been clear. For example, one carer contacted the review to say:

“I was told that DWP are ‘no longer going to accept private pension contributions into their calculations’. When I explained that on the government (and indeed Carers UK) website that deductible expenses include ‘50% of your pension contributions’, I was told that the ‘decision maker’ can chose to ignore private pension contributions. I explained that they had always taken them into account before, I was told that ‘sometimes they do, sometimes they don’t, depends who you get’.” (Written evidence from a carer to the review)

4.4 The idea of scrapping allowable expenses

- 4.4.1 The review considered a suggestion that allowable expenses add a level of complexity that is not justified by their benefits, and they should be removed, with a one-off increase in the earnings limit to offset the loss.
- 4.4.2 This would considerably simplify the benefit system, removing an area of confusion and ambiguity completely. It would enable DWP to more quickly and easily determine that a carer has exceeded the earnings limit and suspend payment to avoid overpayments. It would also support automation in future.
- 4.4.3 However, an important category of allowable expenses is the costs of alternative care that some carers require to allow them to work. This is the category that is unique to CA. For carers who rely on this, removing allowable expenses would discourage work, and mean some could no longer undertake paid work at all. Other carers, who can leave the person they care for or have cover arrangements that do not result in allowable expenses, would gain from a higher earnings limit. On the basis that alternative care costs are a substantial outlay for some carers and nil for others, an uplift to reflect the average would not be an effective way to compensate for their removal.
- 4.4.4 However, the review does conclude that allowable expenses could and should be simplified.

4.5 Lack of alignment with HMRC

- 4.5.1 Several contributors told the review that the lack of alignment with HMRC in DWP's treatment of expenses was confusing. While there is good reason for care costs being taken into account for CA, it is less clear why expenses that both DWP and HMRC consider should not have consistent definitions across the tax and benefit systems. Individuals as well as tax experts, accountants and other specialists may be well sighted on HMRC's rules and not realise DWP does not use the same rules. The LITRG's blog on this issue states that "A commonly-held view around expenses for carer's allowance is that you can deduct expenses in exactly the same way that you can for income tax purposes – making the tax treatment the reference point."⁸⁴
- 4.5.2 This is especially important for self-employed people, where expenses play a bigger role and so accurate and consistent treatment is very important. DWP has a test of whether an expense is 'reasonably incurred', meaning 'appropriate to the business, necessary and not excessive'.⁸⁵ This has no parallel in HMRC, as long as the expense is incurred wholly and exclusively for work.
- 4.5.3 Capital expenditure causes specific challenges. DWP does not allow capital expenditure as a self-employed business expense⁸⁶, but the definition of capital expenditure is unclear and seems inconsistent with HMRC's definition. The CA guidance on GOV.UK lists, as an example of expenses, "business costs if you're self-employed, for example a computer you only use for work"⁸⁷, which HMRC would most likely treat as a capital expense. The DMG gives an example given of buying a car being a capital expense, but nothing on, for example, tools or laptops, which carers may purchase for their self-employment.
- 4.5.4 Aligning definitions of expenses would be simpler and easier to predict for carers. It would support greater consistency of application. It would also support greater automation in future, and hence be an important element of implementing other recommendations and improving the administration of CA more broadly. Where there is good reason for these to differ, better information would help carers and their advisers to understand what is allowed.

⁸⁴ [When is an expense not an expense? | Low Incomes Tax Reform Group](#)

⁸⁵ [DMG Vol 3 Chapter 15: Earnings for non-income-related benefits](#) para 15586

⁸⁶ [DMG Vol 3 Chapter 15: Earnings for non-income-related benefits](#) para 15621

⁸⁷ [Carer's Allowance: Eligibility - GOV.UK](#) section: Calculating your earnings

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

Chapter 5: The Cliff Edge

- Carer's Allowance eligibility includes an earnings limit, currently £196 per week. This is designed as a proxy test of whether carers are providing 35 or more hours of care per week. Earning even a penny more results in losing the entire allowance, creating a 'cliff edge' effect.
- The cliff edge does not cause overpayments, but does drive the scale and speed at which overpayments grow, making undertaking paid work alongside claiming CA risky. It also reduces incentives for carers to work more hours or seek higher pay, as the financial gain may not compensate for the loss of CA.
- DWP is already working on options to address the cliff edge. This work is vital. As well as a long-term solution, DWP should look for short-term options to remove or reduce the impact of the cliff edge quickly.

5.1 Introduction

- 5.1.1 Carer's Allowance (CA) is not means tested and is paid to people in or out of work. The earnings limit was designed as a proxy for caring for 35 hours a week. The eligibility rules for CA mean a claimant is entitled to either the whole allowance or none of it. Carers undertaking paid work alongside claiming CA can now earn up to £196 a week, increased from £151 a week in 2024/25 and lower limits in previous years. A carer earning anything, even a penny, more than the earnings limit is not eligible for CA; this is frequently referred to as a cliff edge.

5.2 Impact

- 5.2.1 The impact of the cliff edge is that even small pay changes can lead to large overpayments. As described in chapters 3 and 4, misunderstandings or assumptions on interpretation can mean carers unknowingly exceed the earnings limit (in the context of unclear regulations and inconsistencies of practice). The consequence of this can be a substantial overpayment. Carers have frequently received overpayments far in excess of their additional earnings. At the extreme, £1 of additional pay can result in a loss of £83.30: a more than 80-fold 'gearing' of risk. Exceeding the earnings limit consistently over a year would result in an overpayment of over £4,300 (at 2025/26 rates). Carers are therefore frequently financially worse off than if they had earned less and retained their eligibility for CA.
- 5.2.2 For example, the review heard about one case where an individual working 15 hours at National Living Wage (NLW) received a pay increase due to an increase in the NLW. Her pay increased by 4.9%, at the same time as the earnings limit increased by 2.5%, putting the carer 15p per week above the

earnings limit, without any change to her work other than the employer's compliance with the NLW increase. By the time the overpayment was identified, the overpayment was over £2,000, while earnings over the limit totalled less than £5.

- 5.2.3 The government's commitment to peg the weekly earnings limit to 16 hours at NLW in future will reduce the risk to carers of an increase in the NLW unknowingly tipping them over the limit, as happened in this case, which is very welcome. However, increasing the earnings limit and pegging it to the NLW moves rather than removing the cliff edge.
- 5.2.4 The cliff edge itself does not cause overpayments relating to earnings: these occur because of carers being deemed to have exceeded the earnings limit. However, the cliff edge does drive the scale of overpayments and the speed at which they grow. Carers have been unaware of debts for years: one carer told the review "they [DWP] let me go on for four years. They let them get into such high debt." It enormously increases the risk of combining paid work with claiming CA for a group of people who, by definition of caring for 35+ hours alongside paid work, have high pressures on their time and attention. One carer told the review of the impact of the overpayment on their life: "if you are already overdrawn the money will be swallowed up and the carer unable to re-pay it back straight away means the overpayment debt grows."
- 5.2.5 MSE reported the example from one of their users who took a part time job over the Christmas period, working shifts starting early in the morning to enable them to balance the job with their caring responsibilities. Holiday pay resulted in them exceeding the earnings limit by £3, leading to a CA overpayment for the 12-week period of the temporary contract.⁸⁸
- 5.2.6 A second effect of the cliff edge is to greatly reduce incentives to work for carers claiming CA. A carer able to obtain extra hours, a pay rise or a promotion which takes them above £196 but below £279.30 (both net of expenses) would be financially worse off from the pay increase, because it would less than compensate for the loss of CA. Anything above £279.30 would mean a financial gain. However, for someone at minimum wage the first 6.8 hours above 16 (the amount allowed within the earnings limit) would effectively be worked for zero income, and financial gain only begins from the 23rd hour of work. At higher pay the benefits come more quickly but CA is also lost sooner. Bearing in mind carers claiming CA must be caring for a

⁸⁸ MSE written submission to the review

minimum of 35 hours a week, the effort of managing such additional hours can easily not be worth the marginal financial benefits.

“What’s the point in doing a degree, trying to better yourself? I would have just been on benefits, stuck in the benefits system when I don’t want to be” (Carers roundtable for the review)

“The eligibility rules for CA are problematic for carers seeking paid employment or training. They limit them to low paid unskilled work, and a narrow range of courses; these rules should be reviewed.”⁸⁹

“I’m working with one hand tied behind my back. I like work but can only work zero hours. I can never achieve my potential” (Carers roundtable for the review)

- 5.2.7 The solution presented by many contributors to the review is to bring in a taper, allowing earnings to be offset against CA. With a taper, the amount of benefit decreases as earnings increase, rather than a threshold determining eligibility. If a taper were introduced, earning above the earnings limit would result in a reduction in CA equal to or less than the amount of additional earnings, rather than removal of entitlement to the full benefit. Many other benefits, notably UC, already have a taper built in, and the review heard of the benefits of this. Tapers have traditionally been focused on means-tested benefits to help ensure that work pays.
- 5.2.8 The government committed in Autumn Budget 2024 that it would “carry out further work on the earnings limit to explore what more can be done to help support more carers into work.”⁹⁰ The review has heard from DWP that this work is in train, but that bringing in an automated taper in CA is complex and would take considerable time to develop. Applying a taper automatically would not be possible in the existing CA IT system, and would require development and implementation of a new digital solution. It is outside the scope of the review to consider the detail of any taper and would duplicate work already being undertaken by DWP; but the review concludes that addressing the cliff edge is vital to resolving the detrimental impacts of overpayments, so supports DWP’s commitments in this area and recommends action in the short as well as longer term.

⁸⁹ DWP commissioned research 2011: [Developing a clearer understanding of the Carer’s Allowance claimant group](#) - Gary Fry, Benedict Singleton, Sue Yeandle and Lisa Buckner p80

⁹⁰ [Autumn Budget 2024 – HC 295](#) para 2.27

- 5.2.9 The review heard ideas from several sources of alternatives, interim solutions and workarounds.
- 5.2.10 One suggestion was to review total earnings at the end of the year, calculating at year end the income earned in excess of the earnings limit and recovering that alone. This could be something carers could opt-in to or be applied more broadly, and would require only a single calculation to apply a taper.
- 5.2.11 Others suggested that manual workarounds, carried out by staff rather than automatically, could be introduced while awaiting the digital work to allow automation. Administration of CA currently requires clerical decisions due to outdated systems and complexity, including to consider allowable expenses and to adjust earnings paid other than weekly. A taper could be incorporated into the process by applying a taper rate within this calculation. This would take additional staff time for cases where this applied, but could be implemented much more quickly than a computer system upgrade.
- 5.2.12 Most carers who are entitled to CA are also entitled to Universal Credit due to their income (chapter 6A explains this in more detail). For these carers, where appropriate, claiming UC instead of (rather than as well as) CA would provide them with an automated earnings taper as well as saving administration for both carers and DWP.
- 5.2.13 More radical options include changing from an earnings limit to a limit on hours worked and removing all restrictions on earnings as long as someone can prove they meet the criterion for caring i.e. caring for 35+ hours a week.
- 5.2.14 The review concludes that DWP's work exploring options on the earnings limit is vital and should be prioritised. Given the urgency of addressing the impact of the cliff edge, it is important DWP is creative in its thinking about options for short term changes to remove or reduce this impact more quickly, as well as longer term reform.

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.

Chapter 6: DWP Processes and Communications

This chapter examines DWP's processes and communications in the administration of Carer's Allowance (CA) and how this relates to overpayments. It firstly examines the interaction between CA and other benefits, particularly Universal Credit, and how this complexity impacts carers. It looks at DWP's use of data and how this could better support CA, especially in processing of earnings data from HMRC. It examines DWP's communications to carers and how these could be improved. It then covers the enforcement activity related to CA overpayments related to earnings. Finally, it looks at debt management processes as applied to carers who have incurred CA overpayments.

6A Interactions of Carer's Allowance with Other Benefits

- Many Carer's Allowance (CA) claimants also claim other benefits, most often Universal Credit (UC). CA is treated as income and means tested benefits are reduced by its full amount.
- The complexities of managing the interactions between multiple benefit claims cause challenges for carers, especially in a context of outdated DWP systems.
- CA plays an important role and for many carers claiming it, including alongside other benefits, is beneficial. However, for claimants who do not benefit from claiming CA specifically, claiming only the other benefit(s) could reduce the administration and risk of their benefit claim. DWP should therefore look at the reasons carers claim CA alongside other benefits and whether these can be overcome.
- There is a specific issue with CA overpayments, where some carers are repaying or have wrongly repaid debts that should have been offset by UC arrears. DWP needs to correct past cases and ensure future offsets are handled correctly.

6.1 Introduction

- 6.1.1 CA is designed to provide a measure of income replacement and recognition to a carer for their role and its impact on their ability to earn. It is therefore claimed by an individual and not means tested. CA is a weekly benefit. For many carers, CA comprises their full engagement with the welfare system.
- 6.1.2 However, as explained in chapter 2, carers, especially those who claim CA, are disproportionately likely to be in poverty or on low incomes, so many are also eligible for means tested benefits. The largest of these is Universal Credit (UC). Around 63% of those with an underlying entitlement to CA and

70% of carers being paid CA claim CA and UC with the carer's element top up or other means tested benefit.⁹¹

- 6.1.3 Entitlement and the amount of UC is calculated on a household basis and paid monthly.

6.2 What this means for carers

- 6.2.1 For carers in a household claiming UC, the CA is treated as income and fully offset pound for pound against their UC. This means the CA provides no direct financial benefit to the household, because the household receives the same total amount regardless of whether the carer claims CA⁹². It also means that, when a carer is not entitled to CA, as long as they remain entitled to UC, their UC should increase to match the removal of CA. Where a carer goes above the CA earnings limit, they can still remain eligible for the carer element of UC. The change in entitlement to CA therefore has no direct impact on household income, though the earnings change may affect UC through the earnings taper.
- 6.2.2 Carers who carry out paid work while claiming both UC and CA have the UC taper applied to their earnings. This operates automatically using Real Time Information from HMRC, unless the carer is self-employed or works for a small employer, in which case they must manually report their income and expenses at the end of each assessment period. They need to report changes such as starting or stopping working, changes in work status (employed, self-employed or both) or changes in working pattern through an online form, but fluctuations in earnings are picked up automatically from RTI and used to calculate the UC. UC claimants also have access to the UC journal, which provides a record of all interactions.
- 6.2.3 Despite the CA being netted off their UC, the CA earnings limit still applies. When a carer claiming CA exceeds the CA earnings limit, they must report this to the Carer's Allowance Unit (CAU) or they will accrue an overpayment of CA. This has no effect on the total sum of benefit being paid by DWP unless the increase in earnings is so large as to make the household ineligible for UC or eligible for a sum less than the CA amount. Assuming the

⁹¹ Benefit Combinations dataset August 2024. Carer's Allowance (in payment recipients and entitlement) DWP Unpublished analytical information

⁹² CA is specifically designed to benefit the individual carer, so even when offset against UC at household level, the benefit to the carer of receiving financial support directly as well as an acknowledgment of their efforts should be noted.

household remains entitled to UC, if CA is not paid, the household's UC payment would increase by the same amount.

- 6.2.4 To manage their benefits, carers claiming CA and UC need to engage with both parts of DWP separately and both parts of DWP need to process information related to the same individual. If other benefits are also in payment to the household⁹³, the carer will also need to engage on those areas separately.
- 6.2.5 The review has heard that the ease of reporting changes to earnings in UC and the automatic adjustment, whilst not negating the requirement to report to the CAU, has contributed to carers assuming DWP knows about earnings changes and confusion or misunderstanding of what needs to be reported to the CAU. This is compounded when communications are not specific and refer to different parts of DWP as departments or offices.
- 6.2.6 The introduction of UC also reduced the ability of CAU staff to view information on carers claiming benefits other than CA. CAU staff are able to view information on other benefits such as PIP and ESA, allowing them to check for issues such as vulnerability of the individual, as well as see interactions between benefits. However, only a small number of CAU staff can view UC information.

6.3 Why people claim both

- 6.3.1 The review looked into why carers eligible for UC claim both CA and UC with the carer's element. This is a complex question. The reasons identified include:
- The different classes of NI credits awarded. CA claimants receive Class 1 credits automatically, giving eligibility for state pension and also contributory working age benefits. UC claimants, including those eligible for the top-up carer's element, receive class 3 credits, which count towards state pension eligibility only (even though the eligibility criteria for the carer's element are the same). It is not clear that there is a rationale for these to be different, and DWP should look at whether it can align the carer's element with CA and award Class 1 credits.
 - CA is assessed on an individual basis rather than household. For some carers, the independence of CA eligibility will be beneficial, for example, if

⁹³ This is highly likely. If the individual being supported is the partner or child of the CA claimant, then by definition they must be in receipt of a qualifying benefit (PIP, Attendance Allowance, middle or higher rate DLA etc).

another member of the household has a fluctuating income that means UC also fluctuates. In this situation, claiming both provides a genuine advantage to the carer and the review would not propose anything that limits the ability of carers to choose to claim both where this is beneficial. However, better and clearer information would help carers understand when they do benefit; this will not be the case for all.

- The £10 Christmas Bonus paid by DWP is paid to individuals claiming certain eligible benefits, which includes CA but not UC.
- Some carers and carers organisations noted that carers who struggle with budgeting found the weekly payment pattern of CA helpful. However, the review notes that eligible groups, such as those with an identified vulnerability, can be paid UC on alternative payment arrangements from monthly.
- Eligibility for CA may be treated by third parties such as councils and leisure facilities (e.g. zoos) as proof of status as a carer, and people may be – or fear being – denied access to carer benefits such as council tax reductions and free or reduced prices if they cannot demonstrate their CA status. However, the majority of organisations accept multiple forms of proof, with CA only one option. Communication from government about CA being only one option would help ensure councils and other organisations are aware that many carers do not claim CA and to accept the carer element of UC as equivalent.
- It may simply be a default. When a carer searches online for carer benefits, they are quickly routed to CA. Some carers also seem to choose or be advised to claim CA ‘just in case’ it becomes helpful or relevant in future. Carers who are already claiming CA when they begin claiming UC may not consider whether to stop claiming CA. The review has not identified guidance to help carers eligible for UC work through whether claiming CA actually brings them any additional advantages to offset the additional administration and complexity from claiming both.

6.4 Broader issues with interactions

- 6.4.1 The interactions between UC and CA do not only crystallise when a CA overpayment occurs. Arrears of CA, due to issues such as backdated approval of a new CA claim⁹⁴ or where CA has been out of payment for a few months whilst the entitlement is being considered, can cause a UC overpayment. The review heard of cases where the interaction meant a one-

⁹⁴ Claimants can backdate CA claims by up to three months where appropriate. Adding CAU processing time can mean the first payment covers 4-5 months.

off payment of CA generated a UC overpayment that was larger than the CA arrears. The UC overpayment may not be notified to the claimant until a month later if the CA arrears are not picked up in the relevant UC assessment period. This problem was highlighted by witnesses to the WPSC inquiry in 2019⁹⁵.

- 6.4.2 A different issue arises where entitlement to CA shows on the system for carers also claiming UC, but the CA is either suspended or not being paid every week (for example, in the case of an irregular earner where CA is only paid for the weeks they are under the earnings limit). It is not clear that UC payments reflect only CA that has actually been paid. The review heard of concerns that CA continues to be offset against UC even when not paid, leading to an underpayment of UC in weeks where CA is not paid. This is complicated for carers to understand and unpick themselves.
- 6.4.3 There are also other complexities, for example, for carers who have earnings that can take them out of eligibility for UC at times, and then need to make a claim for CA where they are eligible.
- 6.4.4 The review heard that UC was designed to mitigate the effect of the earnings cliff edge for carers on low incomes, and more broadly that if UC and CA were linked automatically, meaning any change in CA fed directly through to UC entitlement, this would provide a much better service for carers. Claiming two benefits can reduce the risk of not receiving any money in a given period. However, the reality is that the systems do not link up. The review heard from carers and DWP staff that claiming both CA and UC therefore increased risk, as well as administration, for carers.
- 6.4.5 If links between the two benefits were automated, this would reduce the risk and administration, and could negate the need for some of the actions recommended later in this section. However, DWP told the review that automating interactions between UC and CA would not be a straightforward undertaking. For example, if CA payments were stopped, UC would need to know whether this was due to breaching the earnings threshold (in which case the UC Carer Element would still be paid) or ceasing caring (in which case the UC Carer Element should also stop).

6.5 Conclusion on interactions between CA and UC generally

- 6.5.1 Many carers claiming CA are not eligible for UC and the review recognises the important role CA plays for these individuals. Many who are eligible for

⁹⁵ committees.parliament.uk/oralevidence/14424/html/ Q29

UC benefit from separately claiming CA alongside, and again the review would not suggest that any restrictions should be imposed that would prevent this. However, the review does conclude that not all carers claiming both will benefit, and that DWP should provide more information to carers to enable them to make an informed decision based on their circumstances. The review also concludes that DWP should look at factors within its control that make it necessary or desirable for carers to claim both and whether it can provide the equivalent advantages through UC with the carer's element. This would reduce the administrative burden, requirement to deal with multiple parts of DWP and risk for carers, as well as saving DWP resource. It would also offer a taper, thereby making it easier to combine caring with paid work.

6.6 Impact relating to overpayments

- 6.6.1 Where a carer who is on UC receives a CA overpayment, this debt is likely to be offset by a corresponding underpayment of UC.
- 6.6.2 Offsetting a CA overpayment against a UC underpayment is required by legislation⁹⁶, but the review has heard that DWP does not have an automated or routine process for doing this. The workaround that has been followed for the last ten years is for the CA overpayment to be calculated and the UC arrears calculated alongside, with the aim that these arrive with the claimant at almost the same time, allowing the arrears to be used by the carer to repay the overpayment.
- 6.6.3 This relies on the UC arrears being identified, which relies on the Customer Information System (CIS) being updated (this is not an automated process) and the action being taken by UC staff. If this happens in an accurate and timely way, the carer would receive the two calculations close together and be able to make the link and use the arrears for the overpayment.
- 6.6.4 However, the review has heard of several issues that can prevent this. The CIS is not always reliable and therefore CA interests are not always accurately flagged. The arrears payments are frequently not issued close in time to the CA overpayment notification: the review heard delays of 6 months are commonplace, and some still unprocessed a year later. The review has not found any communications in UC or CA explaining that arrears in the corresponding benefit should be used to pay back the debt, so

⁹⁶ The Social Security (Payments on account, Overpayments and Recovery) Regulations 1988, as amended, regs 5 and 13

carers are left to make this connection themselves, which is particularly challenging if the UC arrears are long delayed.

- 6.6.5 The review has not been able to obtain any data on the numbers of carers affected by CA overpayments that should have been offset by UC arrears or how many instances of this not being identified or actioned have occurred. However, the review has heard of examples of cases where this has happened, and where carers are repaying or have already repaid CA debts that should have been partially or fully offset by UC arrears.
- 6.6.6 For example, the review heard from a local carer support organisation about an individual who came to them for advice after receiving a CA overpayment. The individual had a complex caring role and was also managing their own health condition. The organisation identified that the CA overpayment should have been offset with UC arrears and contacted DWP on the carer's behalf. Both the carer and those handling for DWP struggled to understand this and it took the organisation a long time to sort out with DWP and get the UC arrears to the carer to pay off the overpayment. The organisation noted it was lucky the carer came to them for help, as they would never have picked it up independently and would have been paying off a debt that should not have existed.
- 6.6.7 Even where this works as intended, the lack of automation and information provides an administrative burden and additional stress to time-poor carers in needing to make these links themselves. Carers need to engage multiple areas of DWP, including CAU to understand their overpayment, UC to check if they are entitled to UC underpayment and debt management to enable a realistic and workable repayment plan if a debt remains outstanding. There is no guarantee they will speak to these different areas in the right order, which can mean multiple calls at different times as the picture changes. These different parts of DWP are not able to transfer between or answer questions on other aspects: the review heard recordings of calls where carers were advised to contact a different part of DWP and explained they had spoken to that team and been directed to the team that was sending them back to the original team. This is very far from DWP's aim of 'hiding the wiring' and providing a seamless service to claimants.
- 6.6.8 This is further compounded by the lack of alternative communication methods for CA meaning that claimants are awaiting post or needing to telephone DWP instead of being able to receive digital updates whether via a portal or email.
- 6.6.9 The review did hear, in the new process of telephoning carers before finalising and writing to them about their overpayment (described later in this chapter), that DWP staff advise carers in receipt of UC to check for any

arrears owing. This is an improvement and should reduce how many carers inadvertently repay a debt that should have been offset, as well as providing them with greater clarity. However, this is not sufficient to improve the process or operate as a failsafe to identify and implement the necessary offsets.

- 6.6.10 A different interaction effect was also highlighted to the review. When a carer retrospectively is deemed to have been over the earnings limit and therefore not eligible for CA, as well as accruing an overpayment, they lose the related NI credits for the period. This can have substantial effects on their pension as well as eligibility for other benefits. However, when the change in CA eligibility is due only to exceeding the CA earnings limit and they continue to provide care, they will have been eligible for Carer's Credit⁹⁷, which also provides (class 3) NI credits⁹⁸. Supporting carers by automatically applying Carer's Credit, or telling them about this and enabling them to claim it retrospectively, to match the period where the CA had been removed would mitigate this impact on carers' pensions.
- 6.6.11 The review also heard from carer support organisations of a further interaction issue which occurs in cases where a carer receiving CA and/or the UC carer's element makes a claim for the UC health element and is rejected, but on appeal is awarded the health element. This results in a backdated payment, which they receive as a lump sum. However, the carer cannot be awarded more than one additional element, so the award of the health element means they are no longer eligible for the carer's element. This backdated award therefore means the carer's element received is now an overpayment, and they can receive a notification of this some time later, when they may have already spent the health element lump sum.

6.7 Conclusion on benefit interactions and overpayments

- 6.7.1 The review concludes that DWP needs to urgently implement a more effective approach to ensure that UC arrears are identified and applied to CA overpayment debts. DWP also needs to review past cases to identify any cases where carers have wrongly repaid debts that should have been offset by UC arrears and repay these (see chapter 8 for more detail on this).

Recommendation 4

⁹⁷ [Carer's Credit: Overview - GOV.UK](#)

⁹⁸ [National Insurance credits: Eligibility - GOV.UK](#)

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's 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'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

6B Use of Data

- DWP receives data on claimants' earnings from HMRC. The current system, the Verify Earnings and Pensions Service (VEPS), was introduced in Carer's Allowance in 2018 to act as a safety net in identifying error and potential fraud and correcting benefit claims.
- VEPS alerts are prioritised automatically using an algorithm, to focus on those likely to generate the largest reduction and recovery of overpayments. Alerts for some claimants have remained in the system for a long time before being processed, leading to substantial overpayments accruing for some carers.
- Until recently, only approximately 50% of VEPS alerts were processed. Recent improvements have increased processing rates to 76%, with plans to manage 100% of the inflow of alerts and clear the stock. Maintaining this level of resource in future will be essential to ensure the system prevents large overpayments.
- Outdated computer systems, a lack of join-up between different DWP systems and a lack of accessibility records all hamper DWP in administering CA effectively.
- A lack of data and analysis on CA, such as the detailed causes of overpayments, has hampered understanding. Making greater use of data and analysis on CA would better inform policy and operational work
- The broad definition of fraud used in published statistics, which goes beyond cases where intention of fraud has been found through Criminal Investigation, may distort the public understanding and debate.

6.8 Introduction

- 6.8.1 This section examines DWP's use of data in different areas relating to Carer's Allowance (CA). The first, and largest, area is how DWP has used data on earnings from HMRC and the ways in which this has resulted in overpayments building over time before being identified. The next part examines the challenges with recording and joining up DWP data in administering CA. The third area looks at the limited use of data and analysis more generally in DWP to understand the policy and delivery decisions on CA. Finally, the section examines the published data on fraud and error, and raises concerns about the broad definition of fraud in these statistics distorting understanding and debate.

6.9 HMRC data feeds

- 6.9.1 DWP receives earnings data from HMRC to support its assessment of claimants' eligibility for relevant benefits. The current system, the Verify

Earnings and Pensions Service (VEPS), was introduced for CA in autumn 2018 and draws on HMRC's Real Time Information feed. VEPS aimed to provide a preventative approach through frequent alerts whenever the data show a carer with earnings over the limit.

6.9.2 The business case for implementation of VEPS in CA was based on a Spend to Save initiative on fraud and error detection. The financial aims of the implementation of VEPS were achieved through only processing around 50% of alerts received between 2020/21 and 2023/24, of which around a quarter resulted in an overpayment being detected or prevented⁹⁹.

6.9.3 In this implementation, the opportunity to support carers in complying did not seem to have been considered. This represents a missed opportunity to prevent overpayments more systematically and compensate for the complexity and lack of clarity in the earnings rules. DWP has recently received funding to process the backlog of VEPS alerts and 100% of the incoming alerts and begun work on this; this is a welcome development.

I. Scope

6.9.4 HMRC's Real Time Information (RTI) system was introduced from 2012 for employees paid on the Pay As You Earn (PAYE) basis. HMRC automatically receives information from employers about tax and other deductions, including pensions, every time an employee is paid. It does not cover those not covered by the PAYE system, including some small employers and the self-employed.

II. Evolving use of HMRC data feeds by DWP

6.9.5 In CA, DWP uses HMRC data as a 'second line of defence' to identify overpayments. It is not part of business-as-usual processing of CA claims, but is intended to be a safety net in identifying error and potential fraud and correcting benefit claims.

6.9.6 DWP has received data from HMRC since at least the 1990s¹⁰⁰. Before 2015, this came in the form of copies of an annual form (Rejected Data (RD)23) related to issuing National Insurance credits. Computer errors meant these produced few matches until 2008, and correcting these errors resulted in large backlogs accumulating. Backlogs continued in later years. In March 2024, GIAA reported that DWP had accumulated a backlog of

⁹⁹ NAO 2024 [Carer's Allowance](#) figure 8 and para 2.14

¹⁰⁰ NAO 2019 notes in Figure 10 "The Department were only able to confirm the use of RD23 scans going back to the 1990s but it may have made use of them in earlier decades as well."

around 850,000 paper forms with rejected NI credits alerts, but had sifted these to around 87,000. The basis of the sift is unclear. In July 2024, DWP told NAO it had 50,379 remaining cases to action and was continuing to work through these.¹⁰¹ The review has seen data that confirms that within this exercise significant action was taken to correct around 1500 customer records where it was identified no National Insurance credits had been awarded.

- 6.9.7 In 2014, DWP started using monthly RTI data. The NAO reported that between 2016 and 2018, this data matching identified an average of 3,220 cases per month worthy of investigation, but the team were asked to only investigate an average of 380 (12%) cases.¹⁰² In 2017, DWP introduced earnings data matching criteria to its General Matching Service. This flagged 5,170 cases per month on average, but DWP did not have the resource to investigate them all, and by July 2018 DWP had a backlog of 13,000 cases that needed investigating.¹⁰³
- 6.9.8 The historical pattern of the use of HMRC data was for DWP to investigate only a fraction of matches and for large backlogs to develop. In autumn 2018, DWP introduced the new Verify Earnings and Pensions Service (VEPS) with the aim of a much more automated and effective system that would allow a preventive approach to avoiding overpayments. It enabled DWP to verify a claimant's earnings before approving a new benefit claim and to identify changes in income for existing claimants.
- 6.9.9 VEPS is a user interface that provides access to HMRC's RTI system to allow DWP staff to check claims against HMRC's earnings data. DWP receives three updates a day from the system. Part of VEPS is an alerts service which generates notifications, in real time, when there are changes to the employment status, earnings and pensions. An interest needs to have been registered in the claimant, which is carried out manually in CA (see below), for the system to generate these alerts.
- 6.9.10 An alert generated by HMRC data does not necessarily mean that a carer is not eligible for CA. In 2022-23, 12,600 (25%) of the 50,000 Verify Earnings and Pensions Service (VEPS) cases that DWP investigated resulted in an overpayment being detected or prevented.¹⁰⁴

¹⁰¹ NAO 2029 para 3.6 and NAO 2024 para 2.20

¹⁰² NAO 2019 para 3.6

¹⁰³ NAO 2019 para 3.6

¹⁰⁴ Carer's Allowance – NAO 2024 – Figure 8

- 6.9.11 VEPS alerts are initially automatically assessed and discarded if: there is no live claim; the earnings are not above the threshold; it is an unsupported notification type or unsupported pay frequency.
- 6.9.12 Other alerts are put into a queue for DWP staff. Many alerts flag cases where CA is not being paid due to the carer having only an underlying entitlement or payment having been suspended, including because of earnings. Frequently the carer has already informed DWP of the change. Allowable expenses mean that other cases are compliant despite the headline earnings figure exceeding the limit. Those not discarded automatically therefore need processing by DWP staff to assess the impact on a carer's eligibility.
- 6.9.13 VEPs also prevents underpayments by identifying when payments are under the earnings limit, enabling agents to apply the correct earnings and pay any arrears.

III. Not actioning alerts: the business case and algorithm

- 6.9.14 The business case for VEPS was generated within DWP, approved by the Counter Fraud, Compliance and Debt part of DWP, and signed off by HM Treasury. It was billed as a Spend to Save initiative and made the case for the digital investment and staff resources to process 50% of the alerts. The focus of the economic case section of the business case was on the financial savings to be achieved from recovered and prevented overpayments.
- 6.9.15 The review heard from many sources that the financial savings could be – and were – achieved by only resourcing the processing of around 50% of alerts. The NAO reported that in 2024 the DWP Permanent Secretary asked GIAA to review why DWP investigated only around half of VEPS alerts. GIAA found that the VEPS approach was driven by targets to reduce benefit expenditure, which could be met by investigating about 50% of alerts. NAO sets out that “GIAA also concluded that VEPS alerts act as an early check on claimants' earnings and that actioning alerts earlier would reduce overpayments and necessary debt recovery by DWP.”¹⁰⁵
- 6.9.16 NAO shows around 50% was the consistent rate of processing from 2020/21 to 2023/24.¹⁰⁶ The review heard that wider consideration of the business case by staff in other areas, examining it from the perspective of the carer, could have identified benefits beyond the financial savings. This may have

¹⁰⁵ NAO 2024 [Carer's Allowance](#) para 2.15

¹⁰⁶ NAO 2024 [Carer's Allowance](#) figure 8

led to a case being made for a higher level of resourcing which would have met the wider potential to prevent overpayments of CA.

- 6.9.17 In Autumn Budget 2024, the government provided funding for 2025/26 to allow DWP to review the stock of cases in CA, review all VEPS alerts when received (i.e. process 100% of the flow) and continue to modernise the VEP service.
- 6.9.18 VEPS alerts are prioritised automatically using an algorithm. This was developed by DWP analysts with the aim to prioritise alerts in order of their value to DWP i.e. the reduction and recovery of overpayments they should generate. The algorithm for CA is very simple and driven by the 'HIT rating', which aims to measure the likelihood of the alert resulting in a change to the CA award. The two elements of this are the alert notification type (either the first time a carer claiming CA receives pay or when the data show earnings above the earnings threshold) and the pay frequency (weekly, 4-weekly, monthly, etc). The amount of fluctuation or amount by which pay exceeds the threshold is not considered (unlike other benefit types). DWP explains this is because the CA earnings limit is an entitlement condition, whereas in means-tested benefits earnings affect the amount payable but do not normally extinguish entitlement altogether.
- 6.9.19 The work queue of alerts is reordered three times a day when a new set of data arrives. VEPS alerts added to the queue have a lifespan of 187 days (just over six months; DWP told the review it will be extending this lifespan to 365 days). If during that time it is not actioned and no further alerts arrive for that claimant, it will be automatically deleted. However, if during the 187 days another alert arrives, this is added to the existing alert and resets the timer. This makes it possible that alerts can be in the system for extended periods, neither being deleted nor reaching the top of the queue and being processed. For example, the review has heard of an alert being in the system for over 5 years without action.
- 6.9.20 When an alert is processed, the caseworker reviews the claimant's earnings going back many years. Currently the data available go back to 2019. This means that a VEPS alert reopens assessment of CA eligibility not just based on the payslip that prompted the alert, but up to six years of past CA claims. This is why overpayments identified can amount to large sums.
- 6.9.21 The trend shows that the average size of overpayments (all causes) detected has fallen over the past four years, suggesting overpayments are

being identified earlier¹⁰⁷, but very large overpayments are still being identified. Over 1,000 carers in 2023/24 were notified of an overpayment of £5,001-£10,000. This corresponds to approximately 14 to 30 months (1.2-2.4 years) of CA payments at recent rates. Over 300 carers had overpayments that had been accruing even longer¹⁰⁸.

- 6.9.22 Given the new, more automated, system and processing 50% of alerts being substantially higher than the historical level, some reduction in size over time would be expected. The continuing instances of large overpayments being uncovered, albeit this includes those not related to earnings or uncovered by VEPS, suggests that the algorithm has not been effective in prioritising alerts to identify and prevent the largest impacts on carers.
- 6.9.23 Recent data DWP has shared with the review show that 76% of VEPS alerts were processed in 2024/25, which is a big improvement.¹⁰⁹ Despite this increase, the proportion of VEPS cases investigated which resulted in an overpayment being detected or prevented remained similar to recent years¹¹⁰. If the algorithm had successfully identified the most fruitful alerts in previous years, increasing the rate of processing from around 50% to 76% might have been expected to lead to a lower rate of identification of overpayments, as the additional alerts processed would be less likely to identify an overpayment.

IV. Implementation and operational issues

- 6.9.24 There are also issues with the operation of VEPS. Alerts not discarded automatically are put into a queue from which DWP staff pull alerts into their workloads. The algorithm automatically determines which alert the DWP caseworker is assigned, and they need to process one before they can move to the next. This has prevented staff seeking more efficient ways to work through them such as batch processing similar issues. The review understands this is being addressed to support the work to process the backlog and 100% of the flow.
- 6.9.25 VEPS alerts are not automatically available for all cases. They rely on DWP staff manually setting a VEPS interest when they create the case which triggers the linkage to the HMRC data. In October 2024, DWP introduced a

¹⁰⁷ NAO 2024 [Carer's Allowance](#) para 2.3

¹⁰⁸ NAO 2024 [Carer's Allowance](#) figures 4 and 5, and review's calculations

¹⁰⁹ This data has been sourced from internal DWP management information, which is intended only to help the Department to manage its business. It was not intended for publication and has not been subject to the same quality assurance checks applied to published official statistics.

¹¹⁰ At 29%, it was 1 percentage point lower than 2023/24 and 4 percentage points higher than 2022/23.

nudge to ensure this field is completed. This will increase accuracy by increasing the number of alerts being generated, which will therefore increase the number of overpayments alerted to carers.

V. Stakeholder views

- 6.9.26 The review heard extensive criticism of the decision to only resource the processing of 50% of VEPS alerts. Media coverage has made comparisons to the Post Office Horizon system. The review did not find evidence that the data were wrong, so this comparison is not apt. However, the lack of resource to undertake the checks of alerts from HMRC (VEPS and previously) allowed overpayments to build up over long periods to large sums. The long delays combined with the greater processing are leading to uncovering many large overpayments which could have been prevented if the alerts had been actioned earlier. This is not reflective of the direction of travel DWP set out to the WPSC in 2019.

VI. Conclusion on HMRC data feeds

- 6.9.27 The review recognises that HMRC data is intended as a second line of defence, not designed to prevent overpayments. However, given the challenges the review has uncovered in understanding the earnings limit and its application, VEPS did provide an opportunity for DWP to identify and resolve this. In this situation it was vital for government to use data at its disposal, not just to recoup government money where possible, but to ensure overpayments did not build up when they were so widespread. If all VEPS alerts had been processed quickly after they were received, it would have given carers the opportunity to comply with DWP's current interpretation of earnings rules and avoid accruing overpayments.
- 6.9.28 DWP acknowledged this when it informed the WPSC in 2019 that the introduction of VEPS would operate to prevent overpayments. This and other communication created an expectation amongst carers that DWP was checking earnings. Instead, a processing rate of 50% combined with an algorithm that did not seem to effectively identify the largest issues meant carers could continue to claim CA for months or years without being alerted to any issue with their earnings, despite DWP holding data which could have alerted it to the possibility of such an issue. A holistic consideration of the VEPS business case and delivery plan could have led to decisions in line with the purpose of CA, leading to action to improve alerts to carers and prevent large overpayments.
- 6.9.29 The review recognises the improvements DWP has implemented, including the recent increases in VEPS processing, with the move in this financial year to processing 100% of alerts as they flow in, as well as tackling the backlog.

It will be essential to maintain the resource to handle 100% of the flow in future.

6.10 Use of data in processing including lack of accessibility records

I. Outdated computer systems and lack of join-up between DWP systems

- 6.10.1 DWP uses a computer system (Carer's Allowance Computer System, CACS) to administer CA. CACS originally went live in 1997, with an update to modern computer coding in 2015. Its look and functionality, however, have remained the same since its introduction. Information is also required from Searchlight (a customer information system) and other DWP systems. CACS does not link up with these other systems and requires CAU staff to switch between multiple programmes, transferring information manually with obvious risks. The review observed directly the issues caused by the outdated computer system and lack of join-up with other systems.
- 6.10.2 As well as the clerical work across systems, accurate processing and linking relies on accurate and up to date information on central systems. The review heard that data on customer information systems was not always correct (updating this is a manual process, rather than automated), so even when a staff member checks against the system, it can be hard or impossible to ensure the interaction of CA and other benefits is handled appropriately. For accurate benefit processing, it is of vital importance to know whether a benefit is actually in payment, but markers against individuals do not give staff all the information they need. As well as introducing scope for error in awards and payments, this creates additional work for DWP staff in conducting extra manual checks.
- 6.10.3 CACS is at the end of its life and unable to be significantly changed. DWP intends to replace the system with a modern system that will enable much greater functionality and automation.

II. Checking information with claimants

- 6.10.4 DWP staff have told the review about regular checks that had been applied to CA claimants in the past. Periodic reviews required claimants to confirm details in order to maintain their claim, meaning earnings were checked regularly and overpayments could not build up over periods of years. Standalone letters reminded claimants of the need to report changes; these were replaced with information in the annual uprating letter. These processes had been removed and replaced with alternative, less resource-intensive, approaches, but the issues the review has heard about suggest that these alternative approaches were not capturing earnings issues very quickly.

- 6.10.5 The devolution of CA to the Scottish Parliament, and its subsequent replacement by Carer Support Payment, provides the opportunity to observe and learn from the Scottish Government's approach to delivering this new benefit. This will include regular earnings reviews in cases with complexity, which may help quickly pick up and address issues.

III. Limitations on identification of vulnerabilities and recording of accessibility needs

- 6.10.6 A carer can claim CA if they spend at least 35 hours a week providing regular care to someone who is receiving a 'qualifying benefit'. There are other criteria such as residency, the earnings limit and so on, but none of these involve an assessment of the carer's own disability or vulnerability. As shown in chapter 2, many CA claimants have mental and physical health conditions¹¹¹, but these and any other vulnerabilities are not relevant to the CA claim and so do not form part of the assessment.
- 6.10.7 As discussed above, the review did hear that CAU staff are able to identify where a carer is claiming another benefit, such as PIP or ESA. This is a positive example of linkage across DWP and the review considered this very welcome. However, it will only capture those claiming a benefit, and not those with a health condition below the threshold or who have not chosen to claim. Because there is no systematic contact between CA recipients and DWP, DWP does not have as full a picture of CA claimants' accessibility needs or any vulnerabilities as for claimants of other benefits, which is particularly important when CA generates large overpayments.
- 6.10.8 The review observed communications between DWP and carers and noted an individual who required accessible means of communication due to their neurodiversity, which they had disclosed to DWP, not having those needs met and being sent information in a format they were unable to understand. This is due to the communication of overpayments only being available in written form. There did not appear to be a way for carers' accessibility requirements to be recorded or acted upon. Where an individual could not process this written information, the only option seemed to be to set up an appointee who could.

¹¹¹ [Experiences of claiming and receiving Carer's Allowance - GOV.UK](#)

6.11 Limited availability and understanding of data for policy and operational management

- 6.11.1 It has proven quite difficult for the review to obtain answers to analytical and data questions about CA. DWP does not publish much data on CA and did not have the up to date and clear data or analysis easily available to answer some of the questions of interest to the review.
- 6.11.2 The cross-cutting nature of the issues in CA (interactions with Universal Credit and other benefits, impact of the cliff edge earnings limit, separation of fraud and error processes) mean that data would need to be matched across multiple systems to provide a clear picture of the customer experience. Unlike in Universal Credit, there is a lack of mature earnings and employment data that allows for clear analysis of the impact of the earnings limit.
- 6.11.3 Unlike other benefit lines, apart from live claims data, there are no regular statistical releases for wider information on CA. This inhibits stakeholders from holding DWP to account, as they are reliant on the use of Freedom of Information requests or Parliamentary Questions to obtain information.
- 6.11.4 This suggests CA does not routinely receive much analytical focus, likely reflecting its relatively small size within the benefit system, which links to the lack of leadership priority and policy focus described in chapter 7. Analytical responsibility is split by DWP function rather than benefit category, meaning that different teams focus on different issues (e.g. policy design, operational delivery, fraud and error). There are benefits to this structure, as it allows expertise in particular methods (e.g. estimating the value of future fraud prevention). However, it also makes it more challenging to provide a holistic view of the overarching issues, and this is further exacerbated by the complexity of matching across different data systems, with no single team holding expertise across all of them.
- 6.11.5 Very limited data are available on key questions such as detailed causes of overpayments. This left the review unable to quantify key issues such as how many carers are affected by the issues with earnings averaging and allowable expenses, as compared to other issues related to earnings such as starting paid work without informing the CAU. Substantial volumes of anecdotal evidence from carers and stakeholders demonstrate that overpayments for carers earning very small amounts over the earnings limit happen more than occasionally, but the review has been unable to quantify this more accurately. The review has been unable to obtain data on the scale of the issues of interactions between UC and CA described above. Limited information is also available on allowable expenses, including how often they are claimed and for what.

- 6.11.6 The question of how many carers claiming CA and working had received overpayments related to earnings had not previously been considered. DWP's primary assessment of the scale of concern on overpayments was based on the total number of overpayments compared to total claimants. Given that the largest cause of identified overpayments (57.6% in 2023/24 and over 60% in each of the preceding five years¹¹²) was earnings which only apply to the minority of CA claimants, those combining caring with work, this seems a question that DWP might have been expected to ask.
- 6.11.7 Likewise, the disproportionate number of civil penalties being applied in CA (see below) may have led to questions if it had been identified prior to this review.
- 6.11.8 Despite continuing interest in this area, the review has seen little information on the continuing impacts of overpayments on individuals.
- 6.11.9 The review concludes that DWP's lack of joined-up focus and curiosity on what the data and analysis tell it about CA contributes to decisions being less well informed and therefore effective than they might be. Greater internal demand for analysis of data on CA, linking across different parts of DWP, would help improve the internal understanding of how CA is operating and where change may be needed.

6.12 The definition of fraud used in DWP statistics

- 6.12.1 As described in more detail in the enforcement section below, relatively small numbers of carers are prosecuted for fraud, or accept an administrative penalty as an alternative to prosecution. However, statistics published by DWP¹¹³ class the majority of CA overpayments (£100m out of £160m overpaid) as fraud, using the following definition of fraud:
- "Claims where all three of the following conditions apply:
- the conditions for receipt of benefit, or the rate of benefit in payment, are not being met
 - the claimant can reasonably be expected to be aware of the effect on their entitlement
 - benefit payment stops or reduces as a result of the claim review"
- 6.12.2 This definition goes beyond proven fraud where deliberate intent has been shown. In the second bullet, the fact a claimant "can reasonably be expected to be aware of the effect on their entitlement" does not show that they were

¹¹² NAO 2024 Figure 7

¹¹³ Fraud and error in the benefit system, Financial Year Ending (FYE) 2025 - GOV.UK, section 10

aware of this, and so does not equate to fraudulent intent. It is particularly questionable for CA overpayments related to earnings, given the other failings set out in the report on applying and communicating rules on earnings. These mean CA claimants do not recognise when they have been deemed to have exceeded the earnings limit.

- 6.12.3 As well as going beyond cases that DWP has investigated or prosecuted in classifying as fraud, this definition contrasts with the approach taken by HMRC, whose definition of fraud emphasizes deliberate intent: “We define fraud as any deliberate omission, concealment or misinterpretation of information, or the false or deceptive presentation of information or circumstances in order to gain a tax advantage.”¹¹⁴
- 6.12.4 The review concludes that this broad definition of fraud, used on all benefits, not just CA, risks distorting the understanding of the level of fraud on CA overpayments related to earnings, and should be recategorized to reflect only cases where fraud has been proven.

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

¹¹⁴ [HMRC's approach to tax fraud - GOV.UK](#)

6C Communication

- Carers and third-party organisations find communication from DWP on Carer's Allowance (CA) to be complex and unclear. The information available on GOV.UK and in letters is insufficiently detailed and not user-friendly, leading to confusion and difficulty in understanding the CA rules and requirements.
- CA relies heavily on communication via telephone and post, with very limited ability for carers to self-serve online.
- The tone of communication from DWP has improved over time, but letters remain quite robust, as well as often long and complex, yet lacking in the detail carers need to understand how the rules apply to them.
- Clearer, more comprehensive, and user-friendly communication methods, including easy-read options, explainer videos, better online services and fair response time standards, would help carers understand and manage their claims more effectively.

6.13 Introduction

6.13.1 The review has heard extensive evidence from carers and third-party organisations including carers representative organisations and other civil society organisations (e.g. local Citizen's Advice branches) that CA is very complex and hard to understand, and that DWP guidance and communication does not give sufficient clarity. For example, the survey conducted by Carers Support West Sussex found, of 125 respondents, 52% thought that DWP communication on the rules and process for Carer's Allowance claims were unclear and only 12% of respondents thought the rules were clear.¹¹⁵

6.13.2 CA is a benefit that relies heavily on non-digital means of communication with carers throughout the course of their claim.

6.14 Online government information

6.14.1 Content on GOV.UK is designed to be very accessible and has tight restrictions on length and complexity. However, the limitations this imposes means the main source of information for carers on CA does not give sufficient information to allow them to understand the rules in sufficient detail to act.

¹¹⁵ Carers Support West Sussex written submission to the review

- 6.14.2 As explained in chapter 3, the Decision Makers Guide (DMG) is published. This provides an important and welcome transparency on the detailed, technical guidance used by Decision Makers (DMs). However, it is not designed for and therefore does not meet the needs of carers for a plain English guide to the CA rules and administration. It does serve as a very important source for organisations providing advice and support to carers and these organisations told the review that they appreciated it being published. This makes it even more important that DWP's internal operational guidance is consistent with the DMG.
- 6.14.3 Online guidance for carers needs to be much clearer, more comprehensive and more user-friendly. The review heard that easy read options, explainer videos and use of scenarios would help individuals through the process and avoid overpayments. Carers and other third-sector organisations also expressed the need for better guidance to inform them in their role supporting and advising carers about claiming CA.

6.15 Letters

- 6.15.1 The content and tone of letters to claimants have been reviewed and progressively improved over time. However, the review heard that the process of updating letters was slow and cumbersome, and the number of reviews and clearances often diluted the original clarity and tone of the letter. This is demonstrated by the fact that some are still quite robust, with one DWP staff member referring to them as being "quite harsh" in their messaging. The review has heard this makes carers feel they have done something wrong, and fuels further fear of engaging with DWP.
- 6.15.2 Many letters are also very long and complex, and the review has heard from multiple sources that busy carers, especially those with lower literacy, English as a second language, or in a state of worry e.g. over the person they care for, do not necessarily read or absorb all of the 'small print'. The review has also heard instances of letters being lost in the post, duplicated, not in the right format for those with accessibility requirements (see previous section) or otherwise problematic.
- 6.15.3 Once CA is awarded, carers are typically only routinely contacted once a year through their annual uprating letter. DWP staff have suggested that all the information concerning claims and particularly eligibility and change of circumstances can be found here and this provides the necessary reminder to carers of their responsibilities. This five-page letter does contain information on the requirements, but, as described in chapter 3, the information on earnings is ambiguous and unclear. The review has heard from carers and representative groups alike that the accessibility of these letters is insufficient: they have been described as "several pages of small

print”. Carers who receive these regularly and are not conscious of any applicability may not read or note this information. A carer who has not understood DWP’s approach would therefore be unlikely to pick up and correct this misunderstanding from a formulaic letter primarily designed to tell them about the new rate of the benefit.

- 6.15.4 The review has also heard of the fear that some individuals have around the “brown envelopes” which reduces the effectiveness of letters, with some remaining unopened.

6.16 Telephony

- 6.16.1 DWP outsourced CA telephony to G4S at the end of January 2022. This was originally run with support from CAU staff; G4S took control of the line fully from May 2022. The review has heard that this had improved call response times and percentage of calls answered. The review heard from both carers and organisations supporting carers, though, that their recent experience continued to be long wait times and calls not always being answered. Organisations providing support to carers also flagged the frustration of only being able to discuss one case at a time, and therefore needing to rejoin the call queue to pick up the next case they were supporting.
- 6.16.2 Overall, however, this has improved the service for carers calling with simple queries and changes such as address or bank account details. It has also helped efficiency within CAU as staff are no longer balancing calls with other work and has focused their expertise on delivery and decision making rather than answering straightforward questions. However, this has been at a cost of speedy access to expert and clear answers to more complex changes.
- 6.16.3 There are limitations on the actions G4S can carry out, due to not being civil servants and therefore unable to take benefit decisions on behalf of the DWP Secretary of State. G4S can only give basic information on the claim, not suspend payments or answer detailed questions the claimant may have. Frustratingly for many claimants, in this situation they cannot be passed on to a member of the CAU that can help. This compares unfavourably to UC, which allows for a smooth transition between telephony departments when calling its helpline.
- 6.16.4 More complex questions that G4S cannot handle are handed over to CAU, usually through completion of a form. Handoffs are not always smooth. If the required information is not fully captured, CAU staff will need to call the carer to collect the information before any action can be taken.
- 6.16.5 Carers then have to wait for a callback. Callbacks to vulnerable and out of payment carers are prioritised by CAU staff, with a service level agreement

(SLA) of getting back to carers within 48 hours or sometimes within 24 hours. There is no SLA for carers not in these categories, and carers reported these could be a long time later. Callbacks, even if swift, could be at inconvenient times, meaning they were not always picked up. When carers are engaged in their caring duties, it can be hard to answer the telephone. Carers also often work in jobs, for example caring roles, where they cannot take personal calls during work time.

6.17 Lack of adequate digital systems

- 6.17.1 As described in the previous section, DWP staff are plagued by issues with the outdated IT system used across the benefit which doesn't interact properly with other systems across DWP and introduces a lot of additional manual work for staff to act upon.
- 6.17.2 There is very limited opportunity for carers to self-serve. Instead of being able to check their claim status online, carers are forced to call each time. This is in contrast to the systems that UC has in place. The UC journal gives reasonably accurate and real time updates to both claimants and staff. Carers have expressed a desire for a similar system to the UC journal brought into CA, allowing for a paper/virtual trail of the evidence, questions and statements submitted and indeed a convenient interaction with customer service agents.
- 6.17.3 CA does have some digital aspects that it brings into its service. Both new claims and change of circumstances can be reported via the online digital portal. However, the review heard that the change of circumstance portal does not collect all the relevant information needed to process an individual's change and therefore requires additional communication with the carer. This introduces another friction, with the need to answer a call or have an exchange via the post to ensure that DWP has processed the information and the carer does not build up overpayments as a result.
- 6.17.4 Outgoing calls from the Carer's Allowance Unit (CAU) or VEPs to carers may not be answered, due to caution about taking calls from unknown numbers or a carer being busy at the time, including with caring tasks or paid work. There is no way for carers to check progress other than a phone call. There is no facility to upload documentation such as payslips, leaving carers reliant on posting hard copies, which takes time to arrive and can go astray. Neither post nor phone provide carers with a record of what they have provided, so carers cannot check what they told or submitted to CAU in the past, or prove whether they provided information they are later told is missing.

6.18 The challenge this poses to carers who have busy lives

6.18.1 As the above explains, the forms of communication on CA are not well-designed for ease of use. Carers have busy lives, trying to balance work, caring for over 35 hours a week and more. Alongside working, they are often overwhelmed, with a focus on concern for the person they care for, leaving limited capacity for understanding complex benefit rules and spending time contacting CAU with changes of circumstances. They hope that interactions with government services will be quick and reliable. However, when interacting with DWP to claim or maintain a carer benefit the services are far from that. This was a particular issue for self-employed carers, who found claiming CA complex and bureaucratic. Carers do not understand the structure of DWP and can feel they are just passed from one area to another. For example, when a carer is notified about an overpayment and the repayment of the debt, they need to contact multiple different areas within DWP, sometimes being passed from ‘pillar to post’ in an effort to understand how it arose and how they can deal with it. As well as taking precious time away from their caring duties, this represents wasted efficiency for DWP.

“This service’s users are busy caring for significantly disabled people, and should be treated in an efficient and supportive way, but sadly, this is not my family’s experience. ... my frank opinion is that carers allowance’s communication processes (often by post/on paper) are archaic and the user experience is extremely poor. It should have a complete overhaul.” (Written evidence to the review from the partner of a carer)

6.18.2 Providing information in the form that works for the individual, for example text messages, would be beneficial.

6.18.3 In summer 2024, DWP conducted a pilot where it sent an SMS (text message) to claimants when it received a VEPS alert about their claim. This alerted them that they had exceeded the Carer’s Allowance earnings limit, with the aim of prompting claimants to report changes in circumstances and prevent them building up overpayment debt. NAO reported that DWP sent over 3,500 SMS text messages, received responses from nearly 2,000 claimants and identified some 2,500 overpayments.¹¹⁶ The review heard that DWP considered this specific trial had been resource intensive and inefficient, but was continuing to test ways to use an SMS alert to tell

¹¹⁶ NAO 2024 [Carer’s Allowance](#) para 2.22

claimants who they think may have breached the earnings limit to contact them.

6.18.4 Organisations supporting carers also told the review that the outdated systems and processes meant they spent time queuing and trying to resolve issues by phone and post. This administrative burden takes considerable staff resource. More streamlined communications and processes would free this resource up to provide more direct support to carers.

6.18.5 Disability Rights UK told the review: “DWP phone lines are always busy, and carers are kept on hold for up to an hour or more. This is the only way to contact them, as they have no email or portal. It simply is not good enough. In terms of the overpayments, the DWP does not actually handle the debt, they send it off to debt management whom they (as well as UC) refuse to communicate with. If you try and get in touch with debt management to explain your circumstances, they claim ignorance and that they are only there to handle repayment of the debt. There appears to be no empathetic understanding of the lives of carers and what care entails, how they do not in reality have time to sit and spend time talking to the DWP about their situation.”¹¹⁷

6.19 Balance of accountability between claimants and DWP

6.19.1 The balance of accountability between carers and DWP has been frequently raised with the review as an issue. DWP sends letters in the post with (as the review understands it) a standard two-week deadline for response and further action being taken if nothing is received within a month which, once time in transit is taken into account, gives carers a very short time to gather sometimes complex information from different sources. Conversely, there is no set timescale or target for DWP response times and carers reported delays in responses from DWP of months or even years. Carers told the review that this imbalance of power felt unfair, as it placed high burdens on them but no expectation or consequences on DWP if they did not respond.

“I made a complaint and heard nothing for 4 months. There should be procedures and timescales for response.” (Carer’s evidence to the review)

6.19.2 DWP’s own research also highlighted that several claimants felt that they were spoken to or treated by DWP as though they had intentionally committed fraud when the overpayment had been a misunderstanding. “I fought hammer and nail on it. I felt it was a real victimisation. They don’t

¹¹⁷ Written submission from Disability Rights UK

think... It's like you're dealing with a computer not a person. I ended up with a big overpayment, but it totally wasn't my fault. It's like they don't believe you.” (Female, Age 55-66, Cares for child, Not in paid work)¹¹⁸

- 6.19.3 During its work, the review has identified good practice in an HMRC Code of Practice¹¹⁹. This document sets out to individuals clearly their rights, explanations of specific areas of tax credits and overpayments including scenarios but most importantly responsibilities for HMRC as well as the individual. This includes a 30 day turn around agreement in ensuring the accurate and clear information is acted upon and consequences for the department if that is not met. The review commends this approach to DWP.

6.20 Tone and culture

- 6.20.1 While the review has heard much positive feedback about the care and empathy shown by individual members of staff, it has also heard from some carers engaging with DWP that they've been made to feel like they have intentionally committed fraud and the government is “kicking them when they are already down”. This attitude experienced by carers seems to come partly from years of DWP looking to root out fraud in the system.
- 6.20.2 The review has heard of a more recent focus in DWP on empathy for carers and examples of this being put into practice, such as the phone calls to explain and discuss overpayments before a letter is sent described earlier in this chapter. This is a welcome change and the review encourages DWP to continue to implement such changes.

6.21 Conclusion

- 6.21.1 The communication and information shared by DWP on CA remains inadequate. While the review has seen clear evidence of improvements since 2019, having reviewed online guidance and direct communication including letters, the review finds that the guidance and communication has room for further improvement and is still not sufficiently clear to enable carers to understand the benefit and requirements.

Recommendation 6

Improve DWP processes and communications, so carers understand the requirements and their financial position, can upload and report information more

¹¹⁸ [experiences-of-claiming-and-receiving-ca-research-report-final.pdf](#) p56

¹¹⁹ [COP26 - What happens if we've paid you too much tax credit?](#)

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 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

6D Enforcement

- The government has established mechanisms to encourage compliance with benefit rules and impose penalties for non-compliance, including both civil and criminal sanctions.
- Civil penalties of £50 can be imposed if a claimant is deemed negligent in failing to provide accurate information, including on changes in circumstances that affect their entitlement. The review has identified that the use of civil penalties is very high in CA compared to other benefits, along with concerns about consistency of application between cases.
- Ensuring civil penalties are applied in line with the policy and not where carers are affected by unclear rules on averaging or allowable expenses (identified in this report) would help avoid the unfairness carers feel when penalised for errors they feel they could not avoid.
- Administrative penalties are offered as an alternative to referral for potential prosecution in cases where DWP has clear evidence of criminality. The use of administrative penalties and prosecutions has been falling in recent years. One factor used in deciding whether to investigate for potential fraud is the value of an overpayment, which with CA is high because of the cliff edge nature of the benefit.
- To help ensure enforcement is fair and proportionate, DWP should act on the findings of this review in assessing the likelihood of fraud.

6.22 Introduction

- 6.22.1 Government has mechanisms in place to encourage compliance with benefit rules and to impose penalties where claimants do not comply, including both civil and criminal sanctions. The longstanding approach is to prevent fraud from entering the system in the first place, to detect and root out fraud when it does, and to deter would-be fraudsters through a robust penalty system, including recovering the debt owed.¹²⁰
- 6.22.2 A civil penalty is a £50 penalty that may be imposed by DWP in two circumstances. Firstly, where DWP judges an individual has incurred an overpayment as a result of their negligence in failing to provide accurate information as part of their benefit claim or in connection with an award of benefit and has not taken reasonable steps to correct the error. Secondly, where DWP judges an individual has failed, without reasonable excuse, to

¹²⁰ [Fighting Fraud in the Welfare System – CP 679](#) para 7 (note: this was published under a previous government, but the review did not identify a replacement document)

notify a change of circumstances or provide required information in connection with a claim or award of benefit, and that failure results in an overpayment of benefit.¹²¹

- 6.22.3 In cases of benefit fraud where DWP decides there is clear evidence of criminality, DWP can, in certain circumstances, offer an administrative penalty as an alternative to prosecution. No admission of guilt is required from the individual concerned before offering an administrative penalty, although there is a statutory requirement for investigators to ensure that there are grounds for instituting criminal proceedings for an offence. Where an administrative penalty is offered, it is up to the claimant to choose whether or not to accept it.
- 6.22.4 If the claimant accepts the offer of an administrative penalty, the penalty will be 50% of the overpayment value, up to a maximum of £5,000, in addition to recovery of the benefit overpayment.¹²²
- 6.22.5 Where the offer of an administrative penalty is refused, the case should be passed to the Crown Prosecution Service (CPS) to review the evidence and determine whether to proceed with a prosecution.
- 6.22.6 The claimant has the right to review and appeal the overpayment and the overpayment value in all cases and can ask for a review and appeal of the decision to issue a civil penalty. The right of review and appeal does not extend to the administrative penalty as it is only offered but, where accepted, a claimant has a 14-day cooling off period where they can change their decision.
- 6.22.7 Both sorts of penalty apply across benefit lines and so DWP's guidance and approach is not specific to CA claimants. However, an administrative penalty can only be offered by specialised investigators following a criminal investigation, whereas any DM can choose whether to apply a civil penalty.

6.23 Growing application of civil penalties and reductions in administrative penalties and prosecutions

- 6.23.1 Between 2018/19 and 2023/24, the number of civil penalties DWP has applied for overpayments of CA has grown by 50%, from 20,023 in 2018/19 to 30,129 in 2023/24.¹²³ This mostly reflects the growth in the number of new overpayments identified, but does also show a small increase in use, with

¹²¹ Penalties policy: in respect of social security fraud and error - GOV.UK

¹²² Penalties policy: in respect of social security fraud and error - GOV.UK

¹²³ NAO report on [Carer's Allowance](#) 2024, figure 13

civil penalties being applied in 46%-47% of overpayment cases in 2018/19 to 2021/21 and 50% of cases in 2022/23 and 2023/24.¹²⁴

- 6.23.2 Administrative penalties, on the other hand, have reduced substantially over the same period. DWP gave 75 related to CA in 2023/24 (0.1% of overpayments identified), compared to 774 in 2018/19 (1.8%), a drop of 90%¹²⁵. A similar, though less steep trend applied to prosecutions: DWP referred 54 cases (0.1% of overpayments identified) for prosecution in 2023/24, compared to 246 (0.6%) in 2018/19¹²⁶.

6.24 Civil penalties

I. Changes in use

- 6.24.1 Civil penalties for benefit claimants (generally) were first introduced in October 2012. The review heard that, following criticism that they were not being used sufficiently in CA, the approach changed in around 2017. The default shifted from applying a civil penalty when there were grounds to do so to applying a civil penalty unless there were mitigating grounds.
- 6.24.2 Perhaps because of this approach, a greater use is made of civil penalties in CA than any other benefit (see chart). In five of the last six years, CA has applied the highest number of civil penalties of all benefits. This seems disproportionate given CA's caseload (number of people claiming it) at 1.26 million is comparable to benefits such as Disability Living Allowance (DLA, 1.24m), Attendance Allowance (AA, 1.52m) and Employment and Support Allowance (1.57m), and considerably smaller than UC (4.75m) and Personal Independence Payment (PIP, 3.19m).¹²⁷

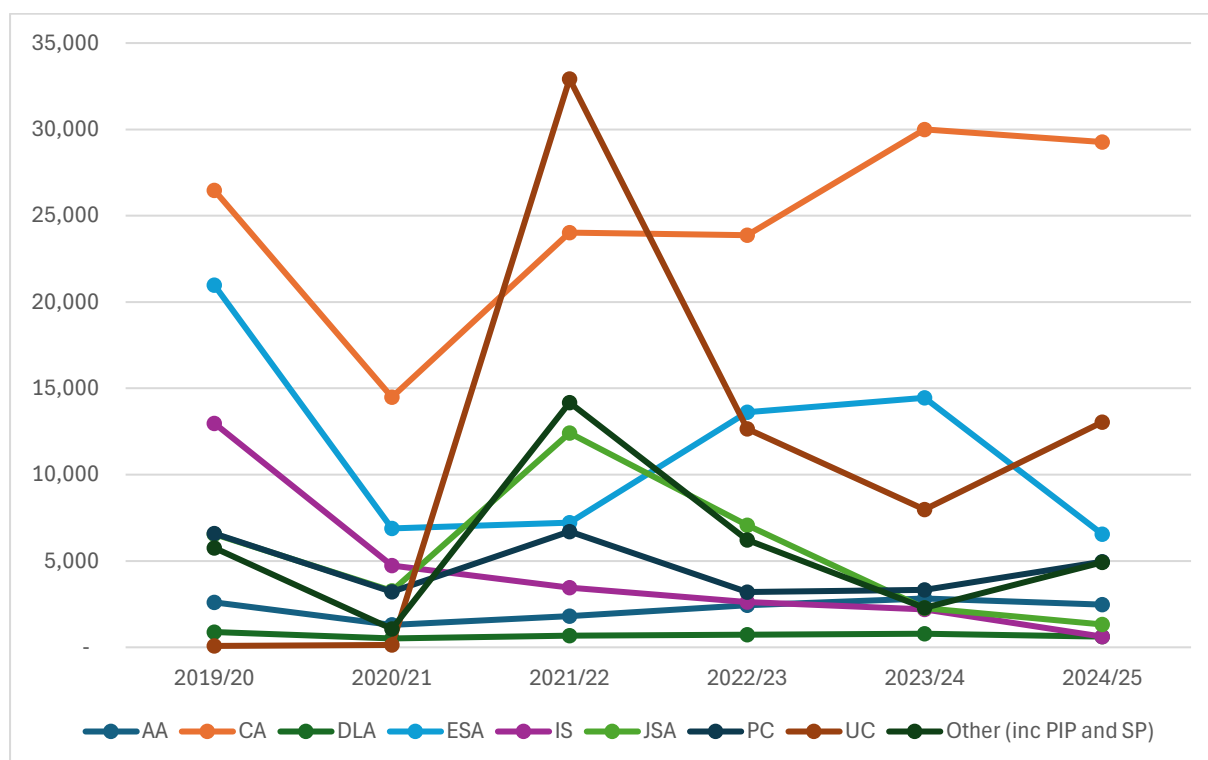
¹²⁴ Review's calculations using data from figures 4 and 13 of NAO report on [Carer's Allowance](#) 2024

¹²⁵ NAO report on [Carer's Allowance](#) 2024, para 13.14 and the review's calculations using data from figures 4 and 13

¹²⁶ NAO report on [Carer's Allowance](#) 2024, para 13.12 and the review's calculations using data from figures 4 and 13

¹²⁷ [outturn-and-forecast-tables-spring-statement-2025.xlsx](#) table 1c

Chart: Number of civil penalties by benefit¹²⁸



II. Decision-making

6.24.3 The review has also heard of inconsistency in how often civil penalties are applied or not applied and for what reasons. In relation to earnings-related overpayments, in line with DWP guidance, the usual cause of civil penalties being applied is failure, without reasonable excuse, to notify a change of circumstances. The review heard of two main issues: understanding and identifying a change of circumstances and notifying the right part of DWP.

6.24.4 The challenges faced by carers in recognising a notifiable change of circumstances related to their earnings, where this is not clear-cut such as starting paid work or changing employer, were explained in detail in chapters 3 and 4. Where carers have missed notifying DWP as a result of this, they felt that to have a civil penalty applied meant there was "no compassion". One carer stated: "we're blamed for their mistakes" and another said: "they make you feel like you're the criminal".

"I was overpaid one week. I called the CA unit as I kept getting Carer's Allowance. I called three weeks in a row but still got a £50 fine. I told them

¹²⁸ Unpublished DWP data. This data has been sourced from internal DWP management information, which is intended only to help DWP to manage its business. It is not intended for publication and has not been subject to the same quality assurance checks applied to published official statistics.

but they didn't listen.... I continue to be blamed for it." (Unpaid carers roundtable)

"Civil penalty sounds like they are being prosecuted. Worst thing that could be introduced." (CAU/DWP Staff Roundtable)

6.24.5 For carers claiming other benefits, especially UC, the review heard of confusion or misunderstanding of the need to notify the CAU separately. Carers often assumed that when UC knew about their earnings change this would filter through. Case law has established that telling one part of DWP does not negate the need to tell a different part of DWP, and carers should comply with instructions to report to the part of DWP identified to them as the DM, in this case, the CAU.¹²⁹ This means overpayments remain recoverable even if a carer has alerted UC or another part of DWP. However, the review heard mixed practice and opinion in DWP as to whether telling another part of DWP but failing to alert CAU was treated as mitigation against a civil penalty. On the one hand, it may be interpreted that telling one part of DWP indicates the individual was clearly not trying to avoid detection. On the other, it indicates the individual knew there was a change they needed to report to DWP and telling another part of DWP does not comply with the rules of receiving CA. Both these interpretations appear to be drawn by different DWP staff deciding whether or not to award a civil penalty. This is very far away from DWP's long-term aim of claimants having a single way into DWP¹³⁰.

6.24.6 The definition of reasonable excuse has some scope for interpretation. Nonetheless, outside the major issues of lack of clarity of earnings rules and whether telling one part of DWP was sufficient, the review did not hear of particular issues with this aspect. These were treated individually on the facts, and the review heard of CAU staff being careful to check for mitigations before applying a civil penalty. For example, a bereavement or illness would generally be considered a mitigation for a delay in reporting a change to DWP, if the carer reported the change within a reasonable period after the bereavement or illness.

III. Carer, stakeholder and staff views

6.24.7 The review heard from carers who had found civil penalties applied to their overpayments to be upsetting and offensive. Carers UK describes civil penalties as "an insult". DWP staff also described how the civil penalty could

¹²⁹ [Hinchy Court of Appeal.pdf](#)

¹³⁰ [Oral evidence - Overpayments of Carer's Allowance - 15 May 2019](#) Q126

upset carers more than the overpayment itself, because of the implication of wrongdoing. Unlike repaying an overpayment, where a carer may recognise (in retrospect) they received the benefit when they were not entitled to it and the repayment was of money received in error, a civil penalty is a fine paid out of the carer's own income.

IV. Conclusion on civil penalties

- 6.24.8 The disproportionate use of civil penalties in CA compared to other benefits is a cause for concern. The review heard that a change in approach from applying a civil penalty only when warranted to applying one unless decided against meant that carers are dependent on proving they had a reasonable excuse. This is problematic broadly as a principle, and particularly when a carer did not understand the earnings rules or the notification requirements. Many carers told the review they knew about the earnings limit, but did not understand how it worked, or – more often – thought they had understood it but found this understanding to be at odds with DWP's approach when faced with an overpayment. Chapters 3 and 4 set out in detail the review's concerns about the lack of clear and consistent guidance on treatment of earnings.
- 6.24.9 The review heard that, rather than being penalised where negligence is demonstrated, the approach assumes negligence as a default. The review also heard from DWP that the presumption of applying a civil penalty unless there is mitigation is not in line with the policy or the DMG. The Welfare Reform Act¹³¹ which introduced civil penalties, set out that a penalty may be imposed. DWP guidance, including the DMG¹³², makes clear that even where it is established that a claimant has either made an incorrect statement or representation or given incorrect information or evidence resulting in an overpayment, the DM is required to decide if a civil penalty should be imposed. This implies that there should be no default position, but a case-by-case consideration.
- 6.24.10 While the figures demonstrate that the penalty is not applied in around half of CA overpayment cases, not all carers with good reason will succeed in presenting this sufficiently to make the case to not receive the penalty. The sum is relatively small, but as chapter 2 shows, carers are disproportionately likely to live in poverty and low-income households. Equally important is the

¹³¹ [Welfare Reform Act 2012 - Explanatory Notes](#) paras 588-596

¹³² [DMG Chapter 09: Overpayments, Recoverability, Adjustments, Civil Penalties and Recoupments](#) para 09423

sense of unfairness and punishment for ‘honest mistakes’ that carers feel when fined in addition to being asked to repay the debt.

6.24.11 The review concludes that DWP should ensure that application of civil penalties in CA is in line with the policy and consistent with the approach in other benefits.

6.24.12 Given the evidence this review has found on the lack of clear and consistent guidance on earnings, it has been hard or impossible for many carers to identify when a change in their pay amounts to a reportable change of circumstances. In this situation, the review concludes that the lack of clear guidance to enable this understanding amounts to a reasonable excuse for not reporting, and civil penalties should therefore not be applied in these circumstances.

6.24.13 While recognising that carers are informed of the need to notify CAU specifically, it is understandable that carers assume DWP shares information internally. DWP aims to move towards a more joined-up approach which ‘hides the wiring’ and allows people to tell them once and have information shared. The review recognises that this is complex and DWP is working towards it over time. However, it is also very important for reducing the administrative burden on citizens interacting with DWP and the potential blame attached to them for not understanding and acting on these complex structures and benefit interactions. In the meantime, DWP could do more to remind claimants, when they report to one part of DWP, that they need to inform all relevant parts of DWP separately. The review concludes that telling the wrong part of DWP indicates intent to have taken the right action and DWP should treat this consistently as mitigation against a civil penalty.

6.25 Fraud: administrative penalties and prosecutions

6.25.1 Cases of prosecution and administrative penalties should reflect instances that meet a criminal burden of proof of fraud. Therefore these need to be treated separately to carers who have made mistakes and not been found to have been deliberately fraudulent. The numbers of carers who have accrued overpayments and have been prosecuted or accepted administrative penalties are small, which may suggest that levels of fraud are low, and have been falling over time. In 2023/24, DWP gave 75 administrative penalties to CA claimants¹³³, compared to a total of 567 across all benefits in the same

¹³³ NAO 2024 [Carer's Allowance](#) Figure 13

year¹³⁴. The review is clear that, where a claimant behaves fraudulently, this must be treated as such and penalised appropriately.

6.25.2 DWP undertakes criminal investigations into suspicions of fraud to prove or disprove the case. Suspicion of wrongdoing can arise for many reasons, but for overpayments one primary route for investigation and to consider for prosecution is based on the value of the overpayment. Guidance sets out that DWP will normally refer the case to the CPS if one or more factors listed in the guidance applies, with one criterion being if a recoverable overpayment is £5,000 or more.¹³⁵

6.25.3 As previous chapters have shown, the cliff edge nature of CA, combined with carers not understanding the way DWP treats earnings and the delays in processing HMRC earnings data, mean that CA overpayments can easily breach value thresholds. At the 2025/26 rate of CA, one year of CA payments reaches over £4,300 and £5,000 equates to less than 15 months. Overpayments at this scale are not uncommon: in 2023/24, DWP identified 3,386 new overpayments with a value over £3,000, of which 339 were worth more than £10,000.¹³⁶ The effect of this is to place some carers in the pool of people investigated for potential fraud largely on the basis of the level of overpayment. The HMRC data provides proof of earnings, which DWP staff assess to determine whether they judge the carer was earning above the earnings threshold. This leaves only the question of intent to be tested through the criminal investigation. This may help explain why many carers have reported to the review feeling that they are treated as criminals, with resulting feelings of fear and shame.

“This was a horrible experience for me. The process was really alarming and disproportionate. It was treated as though it was fraud before understanding any of the context or the correct details”

“The first I knew that things were not right was a summons to be interviewed under caution.”¹³⁷

6.25.4 The review heard from carers who had assumed that the information from DWP was correct and did not therefore challenge it. Carers organisations told the review “some people never understand why there is an overpayment.” One carer remarked on how this affects their ability to

¹³⁴ [DWP annual report and accounts 2023 to 2024 \(HTML\) - GOV.UK](#) Table F

¹³⁵ [Penalties policy: in respect of social security fraud and error - GOV.UK](#) para 4.3.4 (note: this was published under a previous government, but the review did not identify a replacement document)

¹³⁶ NAO 2024 [Carer's Allowance](#) para 2.4

¹³⁷ Parent Carers quoted in Contact's written evidence to the review

challenge DWP: “We have to prove how the overpayment happened, yet we don’t understand how it happened ourselves.” Other carers were overwhelmed with their caring and other life responsibilities and missed windows to appeal or ask for a Mandatory Reconsideration (where DWP looks at the decision again).

6.25.5 The review has heard from some carers who considered they had not acted fraudulently, but felt they had no choice but to admit fault and, in some cases, accept an administrative penalty. They described this as being due to fear, wanting to avoid the risk of prosecution and damage to careers and reputations, and a lack of understanding of their options.

6.25.6 At a roundtable event with unpaid carers, the review heard feedback including:

“They automatically imply that you’re trying to defraud them.”

“[DWP] need to admit they messed up and persecuted people. ... Gaining nothing and kicking people when they are already down.”

“People think that its fraud because there are hidden disabilities and they think that they can’t care for others. There is a lack of understanding and awareness. Training needs to be done by carers.”

6.25.7 These cases have not been tested in court. The review considers that DWP should review processes and outcomes on the use of administrative penalties, particularly to ensure that the criminal standard of proof of fraud is met, in line with the agreed principle that all administrative penalties and cases passed to the CPS for potential prosecution should meet the ‘beyond reasonable doubt’ test for criminal behaviour.

6.25.8 Cases that did reach prosecution have been tested through the court, and it is not the place or intention of this review to question such judgements. However, the review does note the risk that claimants accused of fraud plead guilty for the same reasons outlined above.

6.25.9 The review concludes that, while proven fraud should continue to be handled robustly, DWP should act on the findings of this review in how it assesses the likelihood of fraud. Where overpayments are due to the current and historic issues with earnings averaging or allowable expenses identified in this report without any strong reason to suspect deliberate fraud, these should not be subject to administrative penalties or passed to the CPS for prosecution, on the agreed principle that all administrative penalties and cases passed to the CPS for potential prosecution should meet the ‘beyond reasonable doubt’ test for criminal behaviour.

6.25.10 As described above, some carers felt that the fraud investigation and interviews that led to administrative penalties had not given them an informed choice. This demonstrates the importance of a fair and transparent process, with appropriate oversight. The review concludes that DWP should ensure there is sufficient independent oversight and inspection of its approach to and delivery of fraud investigations.

6.25.11 Recommendations in other chapters set out actions DWP should take to improve the CA system and approach related to earnings. As well as preventing inadvertent errors, these actions should help prevent and tackle fraudulent or reckless activity by increasing clarity and reducing scope for fraud. Once the cliff edge is tackled, CA overpayments will build up more slowly. This should significantly reduce the impact that carers report of 'being made to feel like criminals' for inadvertent errors. Robust action on any suspected fraud related to the earnings threshold could be reinstated once improvements are made, with appropriate oversight and care taken not to investigate for fraud unless and until there are grounds for suspecting fraudulent intent.

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

6E Debt Management

- DWP's debt management process involves a default repayment plan, with flexibility for negotiation if the default rate is unaffordable. Support is available for those struggling with repayments, including referrals to independent advice organisations.
- Waivers for debt repayment can be granted in exceptional circumstances, but their use is currently very low.
- The review heard that carers did not always contact DWP, due to factors including fear or not knowing any options or support were available. Better awareness and overcoming barriers preventing carers seeking support would improve outcomes for carers with debts due to overpayments.

6.26 Introduction

- 6.26.1 Once an overpayment has been assessed as recoverable and the claimant notified, it is passed to the debt management section of DWP to commence recovery.
- 6.26.2 The approach to recovery of benefit overpayments is set out in the Benefit Overpayment Recovery Guide (BORG) ¹³⁸. This explains that “It is DWP policy to recover all debt where it is reasonable and cost effective to do so. Debts should be recovered as quickly and cost effectively as possible without causing undue financial hardship to debtors.” The BORG is published on GOV.UK and provides a clear overview of the process and how decisions should be taken.

6.27 Default recovery plans

- 6.27.1 Where a DM decides a CA claimant has a recoverable overpayment, this will be referred to debt management for recovery. Debt management will write to the carer inviting them to contact the debt management team to arrange a repayment plan. Where a carer continues to claim benefits, the letter will include a default repayment plan.
- 6.27.2 This plan will be deductions from their benefit payments at the default rate, which is prescribed in legislation. There is a higher deduction rate where an individual has been convicted of fraud, admitted an offence of fraud under caution or has accepted an administrative penalty. These letters are not

¹³⁸ [Benefit overpayment recovery guide - GOV.UK](#)

tailored to an individual's circumstances but do offer the opportunity to telephone DWP to discuss repayment if the rate of deduction from benefit is not affordable.

- 6.27.3 If the carer is no longer claiming benefits, recovery is sought via negotiation. Unless it can be paid in a single lump sum, which is not common, a repayment plan is negotiated. Where a carer does not make an arrangement to pay and is in PAYE employment, DWP can instruct the employer to take deductions direct from their employee's salary to recover a debt. If this is not possible, DWP will seek other routes to recover the debt, including civil action through the courts.
- 6.27.4 The review heard examples of debt management calls and how these worked through the detail with individuals to develop an affordable plan. In 2023, DWP reported that 13% of those repaying debts were doing so on terms negotiated with DWP.¹³⁹ The same letter explained that DWP was "committed to working with individuals who are struggling with their repayment terms and encourage[s] anyone who cannot afford the proposed rate of repayment to contact [DWP]." It set out that guidance to agents emphasises affordable and sustainable repayment plans, based on the individual circumstances, and that quality assurance checks including call listening are carried out.
- 6.27.5 However, the review heard from carers about feeling fear when they received letters about repaying their debt. Few of the carers who fed into the review had contacted DWP to discuss repayment arrangements and how to ensure these were affordable. The review could not find any research or data on how often people contact debt management versus accepting the default offered, other than the indication from around 13% mentioned above having a negotiated repayment plan. DWP has not undertaken any recent evaluation of the impact of its recovery policies on either carers or the disabled people they care for.¹⁴⁰

6.28 Support to those struggling

- 6.28.1 DWP's debt recovery communications encourage individuals to contact the DWP Debt Management team if they feel they cannot afford the proposed rate of recovery or are struggling with the repayment terms. The communications also signpost individuals to independent sources of help

¹³⁹ Letter from DWP Permanent Secretary to WPSC, January 2023: committees.parliament.uk/publications/33934/documents/186025/default/ - Note that the figure is not specific to carers or earnings related debt.

¹⁴⁰ NAO 2024 [Investigation into overpayments of Carer's Allowance](#) para 1.14

and advice, including organisations who can act on their behalf in discussions with DWP, such as Money Helper, Citizens Advice, Civil Legal Advice and StepChange. The Debt Management team routinely refers claimants to the Money Adviser Network, who work in partnership with DWP to offer free independent and impartial money and debt advice.

- 6.28.2 DWP has recently introduced a debt management vulnerability framework. This provides guidance for advisers on how to support claimants at risk of becoming vulnerable, including signposting to specialist support. Advisers undertake annual refresher training on identifying and supporting customers experiencing vulnerability. However, it is not clear that carers' vulnerabilities are routinely known such that DWP advisers would be able to act on them (see section 6B).
- 6.28.3 DWP also told the review about its network of Advanced Customer Support Senior Leaders who work with the Debt Management Advanced Customer Support team to provide additional support to the most vulnerable claimants, together with a process by which agents can refer customers directly through the Severe Financial Hardship routeway. The team work with organisations outside of DWP to enable a multi-agency approach when appropriate, and in particular external partners who work with mutual customers, all of whom provide specialist help and support where needed.
- 6.28.4 DWP told the review that its approach to customer excellence in the way it recovers debt had been assessed by an independent Customer Excellence Standard (CSE) assessor. The most recent assessment highlighted a colleague culture of dedication and empathy for customers, supported by customer testimony and specifically noted how Senior Leaders are extremely dedicated, active and very visible in their support and interaction with Debt Management colleagues, demonstrating a commitment to setting out customer expectations at the outset, developing the skills of talented telephony agents.
- 6.28.5 Some carers told the review they were not aware of this support. The review also heard that the fear carers experienced when faced with a debt may inhibit them from making use of these support mechanisms. Organisations that support carers described it as 'human nature' to put aside the issue and hope it goes away, especially for people already under pressure from their caring and other responsibilities.
- 6.28.6 Carers organisations also described how the fact that advising on debt is financial advice limits their ability to support carers because they would need to be registered and insured to provide financial advice. While this is unavoidable, it means carers with debts need to seek advice from different sources, which can produce a barrier.

6.29 Conclusion on debt management and support to carers

- 6.29.1 The review concludes that, while advice to carers with debts who contact DWP seems to be carefully and sensitively approached, the default repayment plan in letters is more commonly applied. DWP offers a good range of support to carers who accrue debts due to CA overpayments related to earnings, but there are barriers to these carers knowing about and accessing this support.
- 6.29.2 As discussed in chapter 6B, because carers are eligible for CA primarily based on an assessment of the person they care for, less is known about the carer and any vulnerabilities. This is important, especially when combined with the uncovering of large historical overpayments.
- 6.29.3 As DWP implements changes to CA, both those already committed and those recommended in this report, the incidence of large debts due to overpayments of CA related to earnings should radically reduce. In the meantime, it is important that DWP does more to understand carers' vulnerabilities and apply this to the debt management approach. This needs to include considering when it is appropriate to apply the default, including considering timespan for older carers, and what ongoing support is needed to ensure people are able to pay without falling into hardship for them and their family. DWP should also ensure that the support it offers, including through third sector organisations, is known about by carers and carer support organisations, and examine whether there are ways to remove barriers for carers accessing this support.

6.30 Waivers

- 6.30.1 The review heard that DWP can grant waivers for part or all of an individual debt in exceptional circumstances, based on specific and compelling grounds¹⁴¹. Such grounds could include the debtor's financial circumstances and those of their household, impact on the debtor's health or that of their family, DWP conduct, the debtor's conduct and other circumstances related to the debt and its impact.
- 6.30.2 The availability of the option to apply for a waiver seems to be not well known and rarely used. DWP management information suggests that in the three years between 2022/23 and 2024/25, waivers were applied to CA

¹⁴¹ [Benefit overpayment recovery guide - GOV.UK](#) section 8

debts only 11 times, leading to a total sum waived of less than £60,000¹⁴² (compared to a stock of CA overpayment debt of just under £166m from just under 93,500 debtors in June 2025 due to earnings over the limit which was classed as claimant error¹⁴³). The review heard evidence that DWP was working to make waivers better known to DWP staff beyond debt management teams. Stakeholders argued to the review that the potential for waivers and applicable grounds should be better known by carers and the organisations advising and supporting them.

6.30.3 The review concludes that the use of waivers is surprisingly low, especially given the poverty rate of carers and the impacts of overpayment debts that the review has heard on carers, the person they care for and their families. Access to waivers, whilst designed to occur in exceptional circumstances, should be better known and understood by carers and third-party organisations that support them to ensure that the option is considered in appropriate circumstances.

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

¹⁴² Unpublished internal management information data from DWP. This is intended only to help DWP to manage its business. It is not intended for publication and has not been subject to the same quality assurance checks applied to published official statistics.

¹⁴³ Unpublished internal management information data from DWP. This is intended only to help DWP to manage its business. It is not intended for publication and has not been subject to the same quality assurance checks applied to published official statistics.

Chapter 7: DWP Culture and Previous Reviews

- DWP has shown inconsistent implementation of recommendations from previous reports and audits on Carer's Allowance (CA) overpayments.
- Changes to CA and its interaction with other benefits have not been treated as a high priority within DWP. Siloed working between operations and policy and teams within each has hampered holistic decision-making and effective leadership on CA issues.
- Recent improvements include a more empathetic approach, increasing the earnings threshold and linking it to the National Living Wage, and greater resourcing to process all alerts from HMRC.
- A senior service owner to oversee a fully resourced action plan, with public communication on progress, would help ensure focus and rebuild trust.
- An operational audit is also recommended to ensure DWP's readiness to implement the review's recommendations.

7.1 Introduction

- 7.1.1 The issues with Carer's Allowance (CA) and especially with earnings related overpayments are not new. These issues have affected carers for many years and several reports have been published, including in 2008¹⁴⁴, 2011¹⁴⁵, 2019¹⁴⁶, and 2024¹⁴⁷.
- 7.1.2 In its report in 2019, the NAO stated that the investigation was established due to Members of Parliament expressing concerns about the level of overpayments and the impact on claimants of DWP's attempts to recover them.¹⁴⁸ A whistleblower had also contacted the DWP Permanent Secretary alleging that ongoing issues in CA had not been resolved. The Work and Pensions Select Committee (WPSC) established an inquiry on Overpayments of CA in 2018 and reported in 2019¹⁴⁹ with a range of recommendations for significant change.

¹⁴⁴ House of Commons - Work and Pensions - Fourth Report

¹⁴⁵ Publication of Research Report 739 Developing a clearer understanding of the Carer's Allowance claimant group - GOV.UK

¹⁴⁶ NAO 2019 [Investigation into overpayments of Carer's Allowance](#) and WPSC 2019 [Overpayments of Carer's Allowance](#)

¹⁴⁷ NAO 2024 [Carer's Allowance](#)

¹⁴⁸ [Investigation into overpayments of Carer's Allowance](#)

¹⁴⁹ WPSC 2019 [Overpayments of Carer's Allowance](#)

7.2 DWP's actions since 2019 WPSC and audit reports

- 7.2.1 DWP recognised that the WPSC 2019 report and recommendations were important, but its record on implementation, even of the recommendations it accepted, is inconsistent (see detail in Appendix A). There is evidence of improvements such as redrafting of letters (though more to do on these – see chapter 6C), but no comprehensive or tracked package of implementation or improvements. As a result, fundamental work to prevent overpayments and stop them building up at scale has not been delivered.
- 7.2.2 DWP stated in its response to the WPSC's 2019 report that “The Department believes that it has allocated sufficient funding and resource to make best use of the opportunities that the VEPs system provides, including some flexibility to prioritise such work where appropriate.”¹⁵⁰ Set against the outcomes, as shown in chapter 6B, it is clear that DWP's confidence here was misplaced. The number of new CA overpayments identified by DWP each year has fluctuated between 32,500 and 60,800 from 2018/19 to 2023/24. Until 2024/25, DWP consistently investigated only around 50% of VEPS alerts each year. While the average value and the proportion of large overpayments identified has fallen over time, very large overpayments are still being identified: in 2023/24, DWP identified 3,386 new overpayments with a value over £3,000, of which 339 were worth more than £10,000.¹⁵¹
- 7.2.3 The government's internal auditors (GIAA) also carried out four reports on the issue between 2016-2024 under direction from the Permanent Secretary. The review requested copies of these reports. DWP was only able to provide reports from 2019 and 2024. The review later obtained the 2016 and 2017 reports via NAO (with permission from DWP). DWP staff explained that this lack of record keeping was due to the earlier reports being considered superseded by later NAO, GIAA and WPSC reports. However, this suggests that findings from the reports and implementation of recommendations had not been an ongoing priority and were not being closely tracked.

7.3 Lack of priority and focus in DWP

- 7.3.1 Changes to CA and its interaction with other benefits have not been treated as a high priority within DWP. It is a relatively small benefit, when compared to other benefits delivered by DWP. It is complex in itself, and sits in a complex landscape linked to other government priorities, including labour market participation and social care. CA was introduced in 1976, with very

¹⁵⁰ [Overpayment of Carer's Allowance: Government Response to the Committee's Thirtieth Report of Session 2017-19](#) para 19

¹⁵¹ NAO 2024 [Carer's Allowance](#) para 2.4

little review or reform since, and successive governments have seemingly been ambivalent about its future policy direction. There was a sense that people were unclear what to do with it.

- 7.3.2 DWP has had other priorities including the complexity of introducing UC, Personal Independence Payment and the new State Pension – much larger benefits – in the 2010s and their development in the 2020s, attracting greater policy attention than CA, and the focus during the covid pandemic on supporting the very large numbers of people suddenly unable to work.

7.4 Lack of leadership focus and joined-up working

- 7.4.1 Siloed working between operations and policy and teams within each has hampered progress. The extent to which responsibility for different elements of the CA claimant journey, outcomes and analytics is split means that joining up understanding and decisions is very challenging at all levels.
- 7.4.2 This has led to a fracturing of senior scrutiny and a lack of holistic consideration. For example, the Verify Earnings and Pensions business case was a fraud and error initiative with limited involvement from CA policy and did not consider the impact on carers. The driving target was the level of financial savings from recovered and prevented overpayments. Processing around 50% of alerts was sufficient to exceed this target. However, delivery of VEPS at 50% did not maximise the prevention of large CA overpayments linked to earnings. VEPS therefore did not meet the expectation raised by DWP in 2019, including in evidence given by the DWP Permanent Secretary to WPSC that, while only “part of the solution”, this system would “give that alert straight away” and “prevent overpayments in some cases before they happen”¹⁵². As noted above, DWP told the WPSC that it believed it had allocated sufficient funding and resource to make best use VEPs.
- 7.4.3 Similarly, the 2020 operational guidance on earnings averaging did not receive the senior consideration or joined-up development work that might have prevented the errors described in chapter 3.

7.5 Progress

- 7.5.1 The review has heard evidence of improvements, especially more recently. DWP staff described being asked to take a more empathetic approach, influencing both front-line delivery and more senior decision making. Resource has been focused to support this. For example, the introduction of VEPS calls to discuss discovery of the overpayments, calculation regarding

¹⁵² [Oral evidence - Overpayments of Carer's Allowance - 15 May 2019](#), Q113, Q126 and Q100

the payment and the potential for offsetting (if the claimant is eligible) is a very welcome improvement.

- 7.5.2 Other concrete changes include raising the earnings threshold from £151 to £196 per week, bringing an estimated 61,000 more people into eligibility; piloting text message alerts to carers who might be going over the earnings limit; committing to identifying overpayments earlier, not waiting for large debts to accrue, by checking 100% of VEPS alerts from HMRC; and beginning examination of how the cliff edge could be addressed and earnings automated.

7.6 Trustworthiness

- 7.6.1 The above progress shows initial steps in the right direction, but the evidence the review has heard from carers and stakeholders demonstrates that DWP has a long way to go to rebuild trust with carers. Trust is earned, so it is incumbent upon DWP to demonstrate its trustworthiness. DWP needs to show a change from its previous lack of focus and leadership, and the resultant lack of progress on implementing the improvements already identified.
- 7.6.2 Trust is based on feeling listened to and respected. DWP therefore needs to engage with carers and carers' representative organisations to develop its plans and to communicate progress regularly, listening to and acting on feedback.
- 7.6.3 Public recognition of the causes of CA overpayments related to earnings and DWP's responsibility for these, along with the impacts this has on carers, is an essential element of rebuilding DWP's trustworthiness with carers and drawing a line under the issues of the past.

7.7 Conclusions on leadership, focus and implementation

- 7.7.1 The insufficiency of integrated senior level strategic, policy and operational oversight helps explain why the CA overpayments issue has not been addressed in a proportionate and coherent way consistent with the purposes of CA. The review concludes that DWP has failed to demonstrate the senior focus needed to date.
- 7.7.2 To effect proper change to CA that tackles the issues with earnings-related overpayments that are the focus of this review, DWP needs to allocate a senior service owner to lead and oversee implementation of this review's recommendations. It needs to 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.

7.8 Operational concerns

- 7.8.1 This review was set up specifically to look at earnings related overpayments and has focused on this issue. The review has heard concerns about the administration of CA on this specific area, as well as the broader administration of the benefit. Some DWP staff reflected that concerns raised about the administration of CA and decisions taken were not acted upon over the years, reflecting a lack of openness and transparency in acknowledging, escalating and resolving issues and managing risk.

Examples of concerns include:

- the build-up of large backlogs in different iterations of HMRC information on earnings and decisions taken to destroy records at different times, including questions on why some of these backlogs did not come to light until some years after they had accumulated
 - the delays and backlogs in processing changes of circumstances and lack of risk management in handling these, including the transfer from paper to scanned records in 2014/15
 - the limited collection and use of data to monitor CA delivery and the impact of decisions, including on resourcing, and to compare CA measures to other benefits, for example the high use of civil penalties in CA, potentially signalling a lack of interest or curiosity to ask such questions
- 7.8.2 GIAA raised in its 2016 audit that historic management of HMRC data feeds had been inconsistent and there was a lack of evidence of whether risks had been fully considered and resources appropriately allocated. NAO reported in 2019 that further internal audit reports in 2017 and 2019 both found there was only limited assurance through the Department's overall controls for CA.¹⁵³
- 7.8.3 The review notes the impact of the lack of senior focus on making changes on CA to prevent earnings-related overpayments. This same lack of focused leadership and priority may be expected to have broader implications for CA delivery. In a constrained fiscal environment, a focus on efficiency and openness, including the ability of junior staff to be able to speak up about concerns and have these taken seriously, is even more important. DWP aspires to be a learning organisation with a focus on the customer; concerns

¹⁵³ NAO 2019 [Investigation into overpayments of Carer's Allowance](#) para 3.19

heard by the review reflect there may be some gap between this aspiration and the current position.

- 7.8.4 While extensive interest in CA overpayments has resulted in several audits and reports, including this independent review, these have not taken a broad approach to examining DWP's operational delivery of CA as a whole. GIAA audits have examined narrow aspects and are mostly now several years old. The NAO's recent update was focused on the data.
- 7.8.5 Such issues are adjacent to the review's Terms of Reference and an in-depth audit of CA delivery, staff resource, governance and risk management was not within the scope or resourcing of this review. However, the concerns heard by the review are of sufficient importance that the review concludes that a detailed operational audit of CA administration, risk management, resourcing and culture should be undertaken. This need not delve into history, but should examine whether the wider concerns heard by the review have been resolved and DWP set up to deliver against the review's recommendations.

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 service 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

Chapter 8: Support For Those Who Have Accrued Overpayments

- The review heard many calls to write off all CA overpayments related to earnings.
- DWP has a duty to spend money as Parliament intends, and claimants have a responsibility to engage with, understand and comply with the rules. It is essential to consider fairness to the taxpayer and to other claimants who complied with the rules.
- However, the review finds that flawed guidance on averaging, and more broadly the lack of clear and unambiguous instructions, left some claimants unable to comply. In these cases, the review finds that overpayments should not have been classed as recoverable, and should now be reclassified.
- When VEPS alerts lead to review of earnings from a long time ago, and carers claim to have reported these changes, the review finds that these claims should be accepted and overpayments classed as not recoverable.
- Where carers claim both CA and Universal Credit (UC), it should be very rare for them to accrue any significant debt due to a CA overpayment, because the CA is treated as income and fully netted off the UC payment. However, the review found that these were not being offset before being issued, and so carers could be paying debts where they would have been entitled to UC arrears. The review finds that DWP should examine these cases and ensure the UC arrears are paid.
- In reclassifying overpayments as non-recoverable, DWP will need to consider the trade-off between a nuanced approach that reviews individual cases but is resource-intensive, and a broader-brush application which is faster but may capture some debts that should have been repaid.

8.1 Introduction

- 8.1.1 The previous chapters have described the factors that have led to the scale and impact of Carer's Allowance (CA) earnings-related overpayments and proposals for how to reduce these in future. This chapter considers carers who have already accrued overpayments related to earnings under the current and past CA system.

8.2 Stakeholder views

- 8.2.1 The review has heard multiple calls from carers, stakeholders, the media and Parliamentarians, both directly to the review and in public, for consideration of writing off all or some overpayments related to earnings. These have included Carers UK, an open letter signed by 107 additional organisations calling for the write off of substantial overpayment debts where carers could have been notified sooner, the All-Party Parliamentary Group

on Carers and MPs.¹⁵⁴ The Work and Pensions Select Committee in 2019 called for DWP to “consider on a case by case basis whether overpayments are worth pursuing given its culpability.... The Department should start with cases of overpayments worth over £2,500.”¹⁵⁵ The review has carefully considered these arguments and the options available, and sets out in this chapter its detailed consideration and conclusions.

8.3 DWP duty to spend money as Parliament intends

- 8.3.1 DWP has a clear duty to spend public money as Parliament intends: “The public, and Parliament acting on their behalf, have a right to expect that funds raised using powers agreed by Parliament will be used for the purposes intended. Public servants have a demanding fiduciary duty to use public money responsibly.”¹⁵⁶
- 8.3.2 Any overpayment is a misuse of funding provided by Parliament to the government, because it is using the money not for its intended purpose.
- 8.3.3 The government’s Managing Public Money Guidance¹⁵⁷ sets out that: “In principle public sector organisations should always pursue recovery of overpayments, irrespective of how they came to be made.” However, it also notes that: “In practice, however, there will be both practical and legal limits to how cases should be handled. So each case should be dealt with on its merits.” Departments are expected to consider whether recovery is lawful and value for money, seeking legal advice on whether any defence would be likely to be applicable and successful, and to weigh this against the principle of pursuing recovery.
- 8.3.4 Managing Public Money also confers an obligation on the Accounting Officer to take action to prevent overpayments. CA overpayments related to earnings were known to be accruing and issues with the system that enabled this were highlighted, including by the WPSC in 2019. However, as chapter 7 explains, relatively limited action has been taken by DWP to make changes.
- 8.3.5 The review heard from DWP staff that DWP had an obligation to recover overpayments wherever appropriate. DWP has no delegated authority regarding Annually Managed Expenditure (AME), the budget from which

¹⁵⁴ [02-04-24-carers-uk-open-letter-to-secretary-of-state-for-work-and-pensions.pdf](#)

¹⁵⁵ WPSC 2019 [Overpayments of Carer's Allowance](#)

¹⁵⁶ [Public spending – the accountability framework - GOV.UK](#)

¹⁵⁷ [Managing Public Money May 2023](#) Annex 4.11

benefits are paid, meaning any decisions DWP takes that have impacts on AME need HM Treasury approval.

- 8.3.6 It is very clear that these principles lead to a duty in DWP to ensure that administration of CA reduces the likelihood and scale of overpayments. The recommendations in previous chapters are intended to support DWP to comply with this duty. However, the guidance does not establish that recovering overpayments in all circumstances is necessary or justified, particularly where DWP is at fault in its administration.
- 8.3.7 While claimants have a duty to report anything which they know or might reasonably be expected to know might affect their entitlement¹⁵⁸, acting on this relies on them being able to understand the requirements for entitlement sufficiently to determine what might affect their entitlement. This review has found that because rules related to earnings were not clear and unambiguous, carers were not able to comply. As chapter 3 explained in more detail, a legal obligation is only imposed on claimants when instructions clearly and unambiguously set a mandatory requirement. This does not mean that all overpayments should be reclassified, however, as the following sections explain.

8.4 Argument that rules in place at the time should have been followed

- 8.4.1 It is right that the rules and processes in place at the time apply to decisions taken at that time. Claimants cannot be excused from complying with clear rules, and later changes do not have retrospective impact. However, the review has found that those rules were so unclear and those processes so complex that claimants were unable to comply. The case the review makes is not that future improvements should be applied retrospectively, but that the rules in place at the time were not being applied properly. In particular, the 2020 guidance on earnings averaging was not consistent with the legislation. On this basis claimants' failure to report earnings changes where averaging could have been applied should not be classed as their error, but an error on the part of DWP.
- 8.4.2 The review has heard that recovering overpayments is important to deter non-compliance. If carers who did not follow the rules are not expected to pay back resulting overpayments, this deters others from following the rules. This is only relevant, however, if the rules are clear and unambiguous and

¹⁵⁸ Regulation 32(1B) The Social Security (Claims and Payments) Regulations 1987

applied properly by DWP. The review has found the rules did not meet these criteria.

8.5 Fairness to those who did comply

- 8.5.1 The review has heard arguments that the majority of carers complied with the rules and so not recovering accrued overpayments would be unfair to those who deliberately limited their hours or in other ways changed their behaviour. However, the data show that more than one in five carers combining paid work with caring and claiming CA accrued earning-related overpayments. The guidance available was not clear, unambiguous and consistent, suggesting that those who have complied with the rules to at least some extent did so because their plans coincided with what was allowed, rather than due to active decisions to stay within them.
- 8.5.2 On the other hand, carers who had not understood DWP's evolving application of averaging or allowable expenses and thought they were compliant only became aware DWP had decided they were not compliant when alerted by a notification of an overpayment. If alerts of non-compliance with the earnings limit were made quickly, the carer would be made aware of the issue at a time when they were able to act on it by, for example, reducing their hours to stay within the earnings limit or making the decision to continue earning above the limit and not claim CA, or appealing against the overpayment decision.
- 8.5.3 As chapter 6B set out, delays in undertaking the checks of alerts from HMRC (VEPS and previous) mean that the identification of overpayments is often occurring a long time after the overpayment. This means the carer has missed the opportunity to change their behaviour to prevent the overpayment occurring. It also allowed some overpayments to build up over long periods to large sums. This can result in overpayments carers do not have the means to repay, because the overpaid CA was received and spent previously.
- 8.5.4 The significant unfairness here lies in expecting carers to repay large debts when they could not (rather than did not) comply.

8.6 Assessment of reasons that the review concludes do not lead to reclassification of overpayments

- 8.6.1 The review has sought to reach a balanced conclusion. Carers in receipt of benefits do have a responsibility to engage with, understand and comply with the rules. This report notes how challenging this is for carers, who are time-poor and have multiple responsibilities taking their energy and attention. The report notes DWP's aims to make the system less burdensome and makes

recommendations for further improvements. The system being burdensome or complex, however, does not in itself mean carers are not responsible for complying.

- 8.6.2 The cliff edge significantly increases the impact of errors and is, in the word used by several inputs to the review, “unforgiving”. As set out in chapter 5, DWP is exploring changes to the cliff edge design and changes in future are highly desirable. However, the cliff edge is the policy design and so, when delivered properly, is also not a reason to reconsider past outcomes.
- 8.6.3 DWP’s delays in processing HMRC data have allowed overpayments to build up to large sums, where quicker processing could have prevented this. These checks are designed as a ‘second line of defence’, to identify errors and potential fraud. DWP having access to these data did not change the onus on carers to understand and report changes of circumstances. While faster processing is important, as described in chapter 6B, the fact DWP did not action alerts to identify overpayments sooner does not mean that the overpayments identified later, in line with the rules, should be treated as unrecoverable.
- 8.6.4 DWP has a responsibility to Parliament and taxpayers to pay benefits only to those eligible and to tackle error and potential fraud. Therefore, reassessing overpayments is only relevant where carers could not (rather than did not) comply with their obligations.

8.7 Why some overpayments should be reclassified

I. 2020 earnings averaging operational guidance

- 8.7.1 As chapter 3 set out, DWP introduced internal guidance on averaging earnings in March 2020 which was not consistent with the regulations governing earnings averaging or the Decision Makers Guide (DMG). This guidance narrowed the scope for averaging and its impact was to virtually prevent it. The review heard that Decision Makers (DMs) raised concerns about this before the guidance was introduced, and heard from staff that in practice the guidance is so restrictive as to mean cases almost never meet the criteria set out to allow averaging to be applied. DWP did not publish this new guidance and so carers could not be expected to realise DWP was changing its approach or review their approach to check it was consistent with the new guidance. Advisers in third sector organisations continued to advise carers on CA based on the DMG and legislation, which was in conflict with the operational approach being applied by DWP.

- 8.7.2 The introduction of VEPS in autumn 2018 led to thousands of cases being reassessed. Prior to VEPS, as set out in chapter 6B, substantial backlogs of HMRC alerts had built up and only a fraction were being processed.
- 8.7.3 The flawed 2020 guidance was applied to cases flagged through VEPS alerts to establish whether the carer had exceeded the earnings limit and therefore not met the eligibility criteria. Despite case law (see chapter 3) that clearly established that earnings averaging was “more a matter of judgment than of science, and there may be no necessarily ‘right’ answer”¹⁵⁹ these decisions seem to have been treated as clear-cut breaches. This meant decisions were made that:
- a. carers were not eligible for CA and all CA received, over sometimes many years, was overpaid;
 - b. this was claimant error or negligence, so recoverable; and
 - c. because the claimant should have reported the change of circumstances and did not, it was also subject to a civil penalty, unless there were other mitigating circumstances.
- 8.7.4 These decisions were taken in many cases long after the event, meaning carers had no opportunity to adjust their behaviour to avoid the overpayments. Because of the restrictiveness of the 2020 guidance, earnings that would have contemporaneously been averaged and found within the earnings limit were assessed instead as above the limit in any week when actual earnings exceeded the limit.
- 8.7.5 The review finds that, in such circumstance, such overpayments should not be treated as claimant error and therefore should not be recoverable.

II. Lack of clear and unambiguous instructions

- 8.7.6 The rest of this report has explained the review’s findings on broader systemic flaws in averaging of earnings and allowable expenses. The lack of clear, unambiguous and consistent instructions on what needed to be reported to the CAU (see chapters 3 and 4) meant many carers with complexity in their earnings could not recognise what counted as a change in circumstances. The tribunal outcome in 2012 discussed in chapter 3 added to case law that set DWP decision-making on averaging, leading to inconsistencies and a more restrictive approach which then crystallised in the 2020 operational guidance above. This helps explain the high numbers

¹⁵⁹ CG/4941/2003

of overpayments identified by the NAO in 2018/19 (93,000)¹⁶⁰. This lack of guidance left carers unable to comply with their responsibility to report changes in their earnings.

8.8 Scope of reclassification for earnings averaging and allowable expenses

- 8.8.1 The scope of the reclassification recommended by the review is limited to cases affected by the lack of clear and unambiguous guidance on earnings averaging and allowable expenses. Cases where the 2020 guidance on earnings averaging were applied are particularly affected. Such cases were wrongly classed as claimant error when DWP changed its approach.
- 8.8.2 On this basis, overpayments related to earnings averaging after the new guidance was introduced in March 2020 should be reclassified as Official Error. This includes refunding payments carers have made to DWP that are now classified as Official Error, including, where identifiable, debts that have been fully repaid.
- 8.8.3 Overpayments related to earnings averaging between 2012 and 2020 and allowable expenses should likewise be classified as Official Error due to the lack of clear and unambiguous guidance, inconsistent decision-making and lack of information from DWP to enable carers to understand and comply with the rules.

8.9 Cases where DWP has no record of a report from a carer

- 8.9.1 A separate category is cases where carers recognised the change in earnings, reported this to the CAU and the CAU did not take action. In such cases, carers could reasonably have assumed the decision was that they were compliant. The review heard examples of carers who reported a change and either followed up and were reassured or awaited a response from the CAU, expecting they would be in contact if it led to any change. For example, one carer told the review that they notified the CAU more than once during the pandemic that they were sometimes working more hours and were told this was acceptable because of the exceptional circumstances, they did not need to provide payslips and had no need to worry. Then later they were notified of a £3,500 recoverable overpayment. The carer sought legal advice and obtained DWP's records of the telephone call, alongside escalating through their MP. This persistence and specialist

¹⁶⁰ NAO 2019 [Investigation into overpayments of Carer's Allowance](#) para 1

advice resulted in a re-categorisation meaning that the debt was not recoverable, as well as an apology.

- 8.9.2 The review heard from DWP staff about backlogs in change of circumstances cases and the risk these records could be removed from the system. Data protection policies require documents to be set with a retention period and deleted at the end of this. The usual retention period is now 24 months, but used to be shorter at 14 months. This can result in documents being deleted before being actioned. This is a higher risk when there is a larger backlog, and may also have been higher risk during the changeover from a paper-based system to an electronic filing system in around 2014. The NAO reported in its 2019 report that the backlog in processing changes in circumstances peaked at 104,000 cases in November 2018.¹⁶¹ By the time a VEPS alert is investigated, if the issue goes back a long time, any record of a report to CAU could have been lost, especially if the claimant had not chased up on them.
- 8.9.3 VEPS alerts that lead to past earnings being assessed and eligibility retrospectively reviewed over 6 years can uncover cases where the CA claimant had alerted DWP but the change was not actioned and the record of the claimant reporting has been deleted in line with document retention timelines. By this time neither DWP nor the carer often has any proof. The assumption from DWP in the absence of evidence appears to be that the carer did not report the change. The overpayment is therefore assessed as recoverable, rather than classed as Official Error and not recovered. The review heard from carers whose statements that they had previously reported change of circumstances had not been accepted, even though there was no evidence either way.
- 8.9.4 These cases are challenging to assess, because the lack of record means there is no proof either way. However, until the backlog of VEPS alerts is cleared, VEPS alerts will continue to uncover cases where a claimant may have reported the change and this not been actioned, making it Official Error, and DWP would not have a record of this. The review therefore concludes that, while it works through the backlog, DWP should accept carers' claims to have reported a change or consulted DWP about a change and received advice and, unless DWP can prove it was not reported, treat such cases as Official Error.

¹⁶¹ [Investigation into overpayments of Carer's Allowance](#), NAO 2019, paras 15 and 3.11

8.10 Carer's Allowance and Universal Credit

- 8.10.1 Where carers claim both CA and UC, it should be very rare for them to accrue any significant debt due to a CA overpayment.
- 8.10.2 As explained in chapter 6A, the binding constraint on the household income of carers claiming both CA and UC is their UC entitlement. Because CA income is offset pound for pound from the UC payable, the total amount of benefit paid equals the amount of UC they are entitled to. Receiving CA changes the composition of what DWP pays them, but not the total they are paid. If they become ineligible for CA, this should simply mean they receive only UC. CA would no longer be received or netted off the UC, and the overall amount of benefit paid would be unchanged.
- 8.10.3 In these cases, any CA overpayment should have been fully or partially offset against arrears from UC. However, the review has found that this is not automated and there are substantial issues which mean that an unknown number of carers are paying off or have paid off CA overpayments without identifying or receiving the corresponding UC arrears. The review concludes that DWP must urgently review any cases where this may have occurred and ensure payments of the necessary UC arrears.

8.11 Practical considerations and data availability

- 8.11.1 As set out in chapter 6B, DWP does not collate or report detailed data on the causes of overpayments related to earnings. This may mean it is challenging to identify the set of cases affected by the 2020 guidance, the lack of clear and unambiguous guidance on averaging and allowable expenses and the changing decision-making on averaging between 2012-2020 within the broader set of all overpayments with the E-Referral Overpayment Reason of 'Earnings over CA Limit'.
- 8.11.2 There is a trade-off between a nuanced approach that reviews the circumstances of individual cases and limits reclassification but takes considerable resource and time to carry out, versus a broader-brush application to a larger group of people affected by earnings related overpayments. This latter option would have a higher direct cost and may make unrecoverable some debts that should have been repaid, but could be carried out faster, resolve the issue for those affected more promptly and require less DWP staff resource.
- 8.11.3 The review cannot draw this conclusion, being unsighted on the full detail of the data held and staff resourcing. DWP will need to consider the options and what is feasible here. However, the review does note delays to payment of compensation related to other public enquiries and independent reviews is

a live issue in public debate, for example, Horizon, infected blood enquiry and Windrush. These are not directly comparable to CA overpayments, but do provide an indication that complex processes that review the detail of many individual cases can be slow to deliver and resource-intensive for government.

- 8.11.4 The size of the sum that has been wrongly made recoverable and would be reclassified is hard to calculate. The data does not separately identify cases related to averaging or allowable expenses within the broader category of overpayments with the E-Referral Overpayment Reason of - 'Earnings over CA Limit'. The sum already repaid by carers captured by this recommendation is also not known. However, DWP has provided the review with data showing that, between 2019/20 and 2024/25, debts valuing just under £300m were referred to debt management for just under 180,000 debtors due to earnings over the limit which was classed as claimant error.¹⁶² As well as cases relating to averaging and allowable expenses, this will include claimant error not affected by this report, such as not reporting starting a new job. It also does not cover years before 2019/20. However, it provides a broad indication of the potential scale of the reassessment.

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

¹⁶² Unpublished data from DWP. This data has been sourced from internal DWP management information, which is intended only to help DWP to manage its business. It is not intended for publication and has not been subject to the same quality assurance checks applied to published official statistics.

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

Chapter 9: Conclusion

- 9.1.1 This report has assessed the causes of overpayments of Carer's Allowance (CA) related to earnings. It has found that as the country's demography and the world of paid work has changed, an outdated benefit has become ever less fit for purpose.
- 9.1.2 The review has found that the way DWP treats earnings, especially in averaging and allowable expenses, is inconsistent and unclear, meaning carers were unable to comply with the rules. For instance, guidance on averaging did not match requirements in regulations. The cliff edge means the impact of this on carers has been severe and acted as a disincentive to undertake paid work amongst carers wishing to combine caring with some paid work. DWP's processes, especially in the interaction with UC and its use of data, and communications have been insufficient to prevent overpayments accruing or to treat carers well when they do.
- 9.1.3 DWP has failed to act systematically on previous reports and to take actions that could have stemmed these overpayments. The report finds these failings to be so serious that in cases affected by averaging and allowable expenses, overpayments should be classified as DWP's errors and thus unrecoverable.
- 9.1.4 The report makes a series of recommendations for actions that will strengthen clarity and consistency and thus reduce the incidence and impact of overpayments in future, as well as supporting those who have accrued overpayments in the past.
- 9.1.5 The recommendations of this review are important as a set and are inter-dependent: for example, fairer enforcement action is vital but depends on fundamental changes to regulations and guidance so far fewer people fall foul of the rules in the first place. The review commends the full set to DWP. The review recommends concerted action but recognises that change takes time and it will not be possible to implement all recommendations immediately and simultaneously. The more detailed breakdown of the recommendations highlights the actions the review recommends should be carried out as a matter of urgency, whilst longer term action is put in train.
- 9.1.6 These recommendations, if enacted, could achieve resolution of a longstanding injustice. They could give carers greater confidence that a future system will support them both in their important caring role and in opportunities to combine caring with paid work where they wish and are able to. They could support DWP in using taxpayers' money as intended.

Full list of recommendations

To remove the severe ambiguity that has stopped carers from understanding what they need to report to DWP, and caused so many people inadvertently to build up overpayments, the review recommends:

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

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

To reduce the life-changing impact of overpayments the review recommends:

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.

To modernise processes and make them more fair, respectful and seamless for citizens the review recommends:

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's 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'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

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

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 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

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

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

To ensure concerted leadership to implement recommendations and rebuild trustworthiness with carers the review recommends:

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 service 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

To correct the injustices that have occurred the review recommends:

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

Appendix A: WPSC 2019 recommendations, DWP response and review's assessment of progress against these

DWP provided a response to the WPSC's recommendations on 9 October 2019¹⁶³. On 30 October 2019, the Committee wrote to the DWP Secretary of State asking her to provide a further response which made clear which recommendations had been accepted, consider all parts of the recommendations and explain why it could not accept a recommendation and reconsider its response to recommendation 4¹⁶⁴. The table sets out DWP's second response and the review's assessment of progress against those DWP accepted which are in scope of this review.

Recommendation	DWP Response 2019	Review's assessment of progress
1. Staffing levels and targets We recommend that the Department ensures that it has sufficient staff in place to meet the current demand and any future rise in the numbers claiming CA in order to prevent delays. It should make its current "aspirations" for processing new claims (15 days) and changes in circumstances (13 days) firm targets and set out when they will be achieved. These targets should be published so that claimants know what to expect. The Department should review staffing levels for its CA unit if these targets are not met.	Partially accepted. Of course the Department agrees that it needs to have sufficient staff in place to meet demand and believes that to be the case. We generally favour a system of performance aspirations (which help encourage staff to do the right thing) over rigid targets, as the latter can sometimes drive perverse behaviours.	The review has heard concerns the unit is under-resourced and levels of work not exposed sufficiently to seniors up the chain of command. The report sets out the review's concerns that CA has not been afforded the level of priority in DWP that would allow it to meet its performance aspirations.

¹⁶³ [Overpayment of Carer's Allowance: Government Response to the Committee's Thirtieth Report of Session 2017-19](#)

¹⁶⁴ [191030-Coffey-Carers-Allowance.pdf](#)

Recommendation	DWP Response 2019	Review's assessment of progress
2. Staffing levels and targets We further recommend that the Department provide the Committee with details of how it came to its assessment that 447 (FTE) staff will be sufficient to deliver CA services and how this accounts for any future growth in the CA caseload. Along with targets for processing new claims and changes in circumstances, it should set out the levels of service it expects this level of staffing will allow it to deliver to claimants.	Partially accepted. The Department set out in its formal response the approach taken to assessing the number of staff needed to handle Carer's Allowance (CA) claims and changes. We have already set out why we do not favour a system of rigid targets to manage CA work. We aspire to a service where carers are able to claim CA and report changes through a channel of their choosing; where our communications to carers make as clear as possible the process for reporting changes of circumstances; and where we process claims and changes as timeously and accurately as possible	Evidence submitted to the review by DWP and carers shows that changes of circumstances are not always being actioned in a timely fashion, leading to (further) overpayments.
3. Evaluation of impact of overpayment recovery We recommend that the Department includes an evaluation of the impact overpayment repayments have on	Accepted	DWP commissioned a piece of research on CA claimants. Fieldwork was undertaken in 2020 and 2021. The final report was written in 2021, and published in 2024. The research included questions on overpayments and raised issues with how these

Recommendation	DWP Response 2019	Review's assessment of progress
claimants in the research it plans to publish in Spring 2020.		were handled and the impact they had on carers. The review has not heard of other evaluation or how this report has influenced decisions on CA.
4. Writing off overpayments We recommend that the Department conduct a review of the individual cases where it is seeking to recover overpayments of CA and where its own administrative failures have allowed overpayments to accrue. It should consider on a case by case basis whether overpayments are worth pursuing given its culpability, the cost of recouping the overpayments and the impact on the lives of carers and those who they care for. The Department should start with cases of overpayments worth over £2,500, the majority (two-thirds) of which its internal audit team found it could have detected earlier and decide whether it should be writing off amounts where the claimant has made an error in failing to report changes in their circumstances, which is	Rejected. We have noted the Committee's strongly held views on this recommendation. We have acknowledged the need to improve claimant communications and set out some timescales for doing so, working with key stakeholders. However, as set out in a formal response, we are required to try and recover overpayments where they arise as a result of the claimant failing to fulfil their obligations to notify us timeously of any relevant change of circumstances. (Any information held by the Department does not negate those responsibilities which fall to the claimant.) Whilst bulk write-offs, as suggested by the Committee, are not possible, we will consider requests by individual	Rejected by DWP, so no work undertaken. The review notes that the ability to waive recovery of overpayments is not an option that is widely known or readily shared with claimants, and the review has found it is very rarely used. As explored in the report, write offs are possible under HMT guidance depending on the circumstances.

Recommendation	DWP Response 2019	Review's assessment of progress
understandable due to the complexity of the rules around CA and unclear advice issued by the Department.	claimants to waive recovery in the very limited circumstances where this is allowable under HM Treasury guidance.	
5. Cases where additional amounts may be due to the disabled person being cared for (e.g. Severe Disability Premium) In some cases of overpayments to carers, the disabled person for whom they care would have been entitled to a similar amount in disability benefits if Carer's Allowance had not been claimed. We recommend that, in those individual cases and with the consent of the carer and the disabled person, the Department should seek to resolve the situation without clawing back the money from the carer, only to pay a similar amount to the person they were caring for	Rejected. It is simply not possible to take benefit payments due to one person and use them to offset benefit debt owed by a different person. If the disabled person wishes to transfer any money received from the DWP to their carer, that is their decision, but not one that DWP is empowered to make on their behalf	Rejected by DWP, so no work undertaken.
6. Verify Earnings and Pensions (VEPs) system – resources and targets We recommend that the Department ensures that its Carer's Allowance Unit is adequately resourced to investigate matches flagged by its VEPs system. It	Partially accepted. We have already set out in this supplementary response why we generally favour a system of performance aspirations (which help encourage staff to do the right	As set out in the report, until recently DWP actioned around 50% of VEPS alerts, meaning some cases could remain in the system for very long periods of time without being actioned.

Recommendation	DWP Response 2019	Review's assessment of progress
should set targets for the length of time between matches being flagged and the claimant's case being investigated, which minimise the impact on claimants. It should immediately review the number of staff it allocates to investigating matches if it is failing to meet these 6 monthly targets.	thing) over rigid targets, as the latter can sometimes drive perverse behaviours. As mentioned in our formal response, this approach provides us with the flexibility to prioritise VEPs work where appropriate and adjust the resources accordingly.	Data from DWP shows that in 2024/25 this had increased to 76%¹⁶⁵ and, in the Autumn Budget 2024, DWP was funded to fully resource the VEPS alerts system for the next financial year. It will be important to see the impact of these resource levels on early detection of overpayments and to track whether it is continued beyond this financial year.
7. Automation of alerts on changes to earnings We recommend that the Department automate alerts to its CA unit when the earnings of carers on UC rise above the CA earnings threshold, using the data it holds on claimants' earnings within the UC system.	Accepted in principle. There is currently a process in place to alert CA of a claimant's change in earnings above the threshold and we believe this is working well. But it is not dependent upon there being a claim to Universal Credit (UC), rather information is received directly from HMRC. And the current work to improve CA services is investigating how this	DWP still aspires to automation, but little progress towards this has been made since 2019.

¹⁶⁵ This data has been sourced from internal DWP management information, which is intended only to help the Department to manage its business. It was not intended for publication and has not been subject to the same quality assurance checks applied to published official statistics.

Recommendation	DWP Response 2019	Review's assessment of progress
	will be incorporated into the future service through linking directly to the data.	
8. Increasing UC awards when CA stops We recommend that the Department finds a way to automate process of increasing a claimant's UC award when they lose their entitlement to CA. Until it can do this, it should urgently and then regularly communicate to carers claiming UC that they must inform UC if their CA is stopped, and the consequences of them failing to do so.	Accepted in principle. As we modernise our systems, we are actively looking at opportunities to automate CA and share timely data through central DWP systems. As already mentioned though, any information held by the Department does not negate those responsibilities which fall to the claimant to timeously inform us of any relevant change of circumstances.	The review has seen evidence to suggest that known issues in the timely updating of systems between CA and UC have not been prioritised and therefore continue to cause issues for carers who despite notifying DWP are not receiving updated awards (see detail in Chapter 6A). The review has not seen any communication to carers about informing UC when their CA is stopped.
9. Introduce an earnings taper in CA We recommend that the Department introduce a taper to CA. It should explore the different options at which it could start the taper as well as different withdrawal rates. This should include looking at options which are not cost neutral, such as tapering CA at the same rate as UC, given that CA is only 3% of the Government's overall benefit expenditure.	Rejected. The Department has noted the Committee's continuing interest in a taper. But as set out in our responses to two reports from the Committee now, there are currently a range of policy and delivery issues to consider which militate against such an approach.	Whilst this was a rejected recommendation, DWP is now carrying out work to test the feasibility of a taper, but it has suggested it is likely to be several years before any taper could be introduced as it involves major change.

Recommendation	DWP Response 2019	Review's assessment of progress
10.Limit recovery of overpayments to one month in specified circumstances If it will not do this, we recommend that where claimants' earnings are within 5% of the earnings threshold the Department should limit the period that an overpayment is recoverable for to one month. The Department expects its new systems to be more efficient at identifying overpayments, and on that basis we do not expect it would need to make these adjustments in many cases.	Rejected. As set out in our formal response we are looking to simplify the benefit system where possible. A "tolerance" approach has the potential to sow confusion.	Whilst this was a rejected recommendation, it was an option that would have helped many carers with their overpayments. Moreover, DWP's VEPS system has not been as effective as many would have hoped in identifying overpayments earlier.
11.Treatment of fluctuating earnings We recommend that, as part of its review into how it treats carers with fluctuating income, DWP should use the data it holds on carers' earnings patterns to look at whether assessing carers' income over a different time period from the current default weekly payments would work better for the majority of carers. It should report these findings to the Committee.	Accepted. We are already reviewing the treatment of fluctuating earnings and will report back to the Committee during 2020	Work began on this in 2019, but was stopped during the pandemic, and not restarted until summer 2024.
12.Communications on averaging earnings	Partially accepted. We believe that the onus should remain with DWP to calculate the initial actual	The review has seen no evidence that DWP has undertaken any work informing carers that they can ask for

Recommendation	DWP Response 2019	Review's assessment of progress
We further recommend that the Department makes it clear to claimants that they can ask for their earnings to be averaged if they have fluctuating income, and makes it easy for them to do this. This information should be presented in a clear and accessible way on the GOV.UK website and in the letters the Department sends to carers. Once an averaging pattern has been identified, claimants should be told how to average their earnings across this period.	average earnings figure for benefit purposes in such cases, but we accept the need to improve communications to claimants, including what they should do where their earnings change from those previously reported.	their earnings to be averaged or making it easy for them to do so; or giving carers information on how to average their earnings when a pattern has been accepted, in order that they know what they need to report as a change. As the report sets out in detail, communication to carers around earnings remains very unclear.
13.Improving communications and working with stakeholders We recommend that the Department continues to work with stakeholders such as Carers UK to improve the information it provides to claimants including both direct communications to individual claimants (e.g. letters) and generic communications such as those on the GOV.UK website. It should also ask carers themselves to give feedback on its communications and how they could be improved. If it cannot upgrade its computer system, it must find another way to ensure all claimants get the	Accepted.	Review's combined assessment for recommendations 13 and 14: The review has seen evidence of DWP making improvements to communications, including informal work with stakeholders, and has heard from DWP that particular focus was given to the annual uprating letter. However, as described in the report, communications with carers – including letters and guidance on GOV.UK – are still not sufficiently clear, especially on how DWP treats earnings and what that means for

Recommendation	DWP Response 2019	Review's assessment of progress
information they need in a form that is easy for them to access and understand.		reporting changes. The review heard that the outdated systems still mean changing letters is very slow and onerous.
14.Improving communications As part of its work with stakeholders, the Department should consider how best the letters sent annually and at the start of a claim to carers could make clear that claimants lose their entitlement to CA in every week in which their net earnings exceed £123 per week. It should also consider how best to communicate the allowable deductions to carers—perhaps with a list in the letter of the main allowable deductions, and a link to the full list on GOV.UK to enable claimants to work out their net earnings. The Department must also give carers clear details at every opportunity of how claimants must report a relevant change of circumstances, including earning above the threshold in any one week, even if they have already informed other DWP departments of the changes, and give the relevant phone number, email or web link.	Accepted. As set out in our formal response, we are in the process of improving claimant communications so as to remind carers, at each appropriate opportunity, of the importance of reporting changes of circumstances, including to their earnings.	In its response to the report DWP spoke of an end user testing group for its communications with carers. The review has not seen any evidence that this is still in use.

Recommendation	DWP Response 2019	Review's assessment of progress
15. Linking the CA earnings limit to 16 hours work at National Living Wage levels We recommend that the Government links the CA earnings threshold with the National Living Wage. For as long as 16-hour rules exist in the benefits system, the CA earnings threshold should be equivalent to no less than 16 hours at the National Living Wage.	Partially accepted. The Government is proud of the National Living Wage and the significant increases that have been made to it. UC flexes to take increased earnings into account. CA has a weekly earnings rule. Subject to Parliamentary approval, this will increase from £123 to £128 net a week from April 2020, in line with average earnings growth. In terms of a formal link to 16 hours work at National Living Wage levels, DWP is to undertake research into carers employment and potential barriers to working. We will look at the findings from the research and other evidence with an open mind when the level of the earnings limit is next considered.	The Government increased the earnings limit from £151 to £196 a week in April 2025 and the earnings limit will now be set each year based on a formula of 16 hours work at National Living Wage Levels (which DWP has said will be reflected in regulations as soon as is practicable)
16. Level of Small Overpayments which are written off We recommend that the Department links any increase in Carer's Allowance to the small overpayments limit, so that it is not	Rejected. As set out in our formal response, the Small Overpayment (SMOP) limit is not tied to the weekly rate of CA, or indeed any other benefit. Its close proximity to the weekly rate of CA has been	Rejected by DWP, so no work undertaken.

Recommendation	DWP Response 2019	Review's assessment of progress
seeking to recover overpayments of just one week.	coincidental, and there are many benefits where the weekly entitlement is already in excess of the SMOP limit.	
17.Measuring underpayments and overpayments We recommend that the Department take the advice of the National Audit Office on how often it should measure the rates of underpayments and overpayments in Carer's Allowance, and that it should comply with that advice.	Partially accepted. As the Committee would expect, DWP will discuss future measurement programmes with the NAO.	CA was measured for fraud and error in 2019/20 and then in 2024/25¹⁶⁶. The review has found it challenging to obtain detailed data on overpayments on Carer's Allowance from DWP.
18.Reducing fraud and error and targets We recommend that the Department assesses the levels of reductions of fraud and error which are achievable across all of its benefits, and sets individual targets for underpayments and overpayments for each of the benefits it administers.	Partially accepted. We already have an extensive programme to reduce incorrect payments resulting from fraud and error. We are currently working with the NAO to establish what the lowest feasible level of fraud and error will look like going forward.	Out of scope of the review

¹⁶⁶ [Fraud and error in the benefit system, Financial Year Ending \(FYE\) 2025 - GOV.UK](#)

Recommendation	DWP Response 2019	Review's assessment of progress
19.Improving capacity to listen to feedback We recommend that the Government set out, in response to this report, an action plan for improving the Department's capacity to listen to feedback—from its own staff, its customers, and outside organisations—and how it will measure success	Partially accepted. As set out in our formal response we are already introducing a range of measures in this area. This includes setting up a new dedicated team looking to improve our capability in this area, which involves setting up a Serious Case and Learning Panel for example. We are also bringing together our customer insight functions to provide a more holistic understanding of what is working for our customers, what isn't and what the opportunities for improvement might be.	Out of scope of the review

Annexes:

A: Independent Review of Carer's Allowance overpayments: Terms of reference¹⁶⁷

Purpose

1. This independent review is commissioned by the Secretary of State for Work and Pensions to establish how overpayments of Carer's Allowance linked to earnings have occurred, what can best be done to support those who have accrued them, and how to reduce the risk of these problems occurring in future.
2. The review is non-statutory and is convened to provide recommendations within its scope to the Secretary of State for Work and Pensions.

Context

3. The number and value of overpayments of Carer's Allowance linked to earnings has been an issue of political and public interest for some years. The nature of the benefit, where exceeding the weekly earnings limit means an individual is no longer eligible to receive any Carer's Allowance in that week, means that overpayments can build up relatively rapidly.
4. Reports of carers accruing large amounts of overpayments of Carer's Allowance due to their earnings have been widely reported in the media. The Work and Pensions Select Committee in the last Parliament took evidence on Carer's Allowance overpayments and commissioned work by the National Audit Office.
5. This review has been commissioned to obtain an independent view of the situation and its causes, and to recommend potential solutions for the Government to consider.

Scope

6. The independent review will outline how the current situation has arisen and explore what the Government can do in future to ensure that carers do not accrue large overpayments of Carer's Allowance because of their earnings. It should consider:

¹⁶⁷ [Review's Terms of Reference](#)

- a. How overpayments of Carer's Allowance linked to earnings accrued and why this has happened;
 - b. What changes can be made to reduce the risk of such overpayments accruing in future; and
 - c. With respect to overpayments already made, how we can best support those who have accrued them.
7. The review should give due regard to the potential sustainability and long-term impacts of any recommended changes.
8. The review should be limited to Carer's Allowance overpayments related to earnings. The review will not cover eligibility requirements for Carer's Allowance, or broader support for unpaid carers, financial or otherwise.
9. The review will cover England and Wales. Carer's Allowance is a devolved matter in Scotland, and a transferred one in Northern Ireland.
10. The review is not a substitute for legal proceedings and the existence of the review does not prejudice any business-as-usual action by DWP.

Review team and operation of the review

11. The Independent Reviewer will be Liz Sayce OBE, former Disability Rights UK Chief Executive and interim chair of the Social Security Advisory Committee, now visiting professor in practice at LSE.
12. The Independent Reviewer will convene a small advisory panel to provide advice and act as a critical friend to the review. The panel will be chaired by Liz Sayce as Lead Reviewer, with the following panel members:
- Ben Baumberg Geiger – Professor in Social Science and Health, King's College London
 - Jeremy Moore CB– Chair of Board at Learning and Work Institute and previously DWP Director General
 - Seyi Obakin OBE – Chief Executive of Centrepoin and previously a commissioner at the UK Commission for Employment and Skills, a commissioner on the Family Commission and a commissioner to the national inquiry into lifelong learning
 - Imelda Redmond CBE– Non-Executive Director and Co-chair of the Health and Care Devolution Commission and previously Chief Executive of Carers UK

- Sue Yeandle OBE – Professor of Sociology, University of Sheffield

13. Secretariat support will be provided by the Department for Work and Pensions.

14. The Independent Reviewer and panel will comply with all relevant confidentiality provisions and requirements.

15. The review will include a process for individuals and stakeholders to input their evidence and views, and these will be taken into account in drawing conclusions and developing recommendations. This will include roundtable events to test the lines of enquiry for the review and emerging conclusions.

16. All Government departments and/or agencies are expected to cooperate with this review, and to provide the Independent Reviewer with access to all relevant information necessary.

Deliverables

17. The review's findings and recommendations must be submitted to the Secretary of State for Work and Pensions at a date determined by the Minister for Social Security and Disability, expected to be in early summer 2025. The content of the report is the sole responsibility of the reviewer appointed to conduct the work, who will have the final say on all key outputs and recommendations. The timing and manner of the publication of the independent report will be determined by the Secretary of State for Work and Pensions.

B List of contributors

The review held a series of virtual roundtables with carers (both those affected by overpayments and more widely), especially from England and Wales, the focus of this review, but also involving people from Northern Ireland and Scotland. There were roundtables with carers' organisations, affiliates to Carers UK and Carers Trust, benefits advisers, DWP staff, and wider stakeholders including civil society organisations and academic experts. A link to submit evidence to the review was widely shared and the review received written submissions from a broad range of individuals and organisations. Alongside this, the review examined written documents including previous reports and DWP materials, and observed DWP interactions with claimants.

The following contributed evidence:

Unpaid carers and their families

Advice NI

All-Party Parliamentary Group (APPG) on Carers

Business Disability Forum

Cardiff Council

Care Full

Carers Leeds

Carers Northern Ireland

Carers Scotland

Carers Support West Sussex

Carers Trust

Carers UK

Carers Wales

Carmarthenshire Citizens Advice

Centre for Care

Citizens Advice Wirral

Deidre Costigan MP

Department for Communities, Northern Ireland

Disability Advice Project

Disability Charities Consortium

Disability Rights UK

Department for Work and Pensions staff and wider government officials

IMPACT (Improving Adult Care Together)

Joseph Rowntree Foundation

Law Centre NI

Learning and Work Institute
Marie Curie
Money Saving Expert
Motor Neurone Disease Association
National Audit Office
Open University
Organise
Public Law Project
Royal Mencap Society
Royal Voluntary Service
Rt Hon Sir Edward Davey MP
Scottish Government
Social Security Advisory Committee
Social Services Swansea
The National Unpaid Carers Union and Forum
The Ripple Pond
Welsh Government
Welsh Women's Aid