



## Carers and the Welfare Reform Bill

Carers UK has put together the a list of frequently asked questions to explain what the Government's plans for reforming the benefits system will mean for carers and disabled people. The Government have not announced some of the details – so we still do not have answers to some important questions. We are pressing hard for more details and will update this briefing as soon as we have them.

There are four sections:

- 1) **Universal Credit** – this section explains the new Universal Credit the Government is introducing, which benefits are being replaced and when the changes will come in.
- 2) **Carers' benefits** - although Carer's Allowance is remaining as an independent benefit, working-age carers on means-tested benefits will move onto the Universal Credit.
- 3) **Disability Living Allowance** - DLA is being replaced by a new benefit and the budget is being cut, what will this mean for families?
- 4) **What can be done about these changes** - Carers UK is fighting against cuts to disability benefits, and you can help by writing to your MP.

If you are unfamiliar with any of the benefits mentioned they may be explained in the glossary at the end of this document.

### 1. Universal Credit

#### What is the Universal Credit?

To simplify the benefits system, the Government has announced that they are creating a new benefit, called Universal Credit, to replace most existing benefits and tax credits for people of working age – wrapping up all these kinds of payments into one benefit. The benefits being replaced include:

- Working Tax Credit
- Child Tax Credit
- Housing Benefit
- Council Tax Benefit
- Income Support
- income-based Jobseeker's Allowance



- income-related Employment and Support Allowance

The Universal Credit will be 'means-tested' which means that anyone who applies will have their income and savings assessed, and if they, or a partner, earn over a certain amount or have a certain amount of savings they will be unable to get the Universal Credit. These amounts will be set later by the Government so we do not know yet who would be eligible.

Universal Credit will be paid either on an individual basis if claimants are single, or to couples jointly. There will be a basic rate called the 'standard allowance' and extra amounts for people in different circumstances – for example, if they have children, a disability or need help with housing costs.

## **What will happen to me if I am already getting one of these benefits?**

The Government plans to move everyone on the benefits listed above onto the Universal Credit within the next six years:

- People who make new claims for the benefits listed above will begin to receive Universal Credit at the end of 2013.
- But if you are already receiving one of these benefits you will not move onto the Universal Credit until at least 2014. The Government plans to have moved all claimants onto the Universal Credit by 2017.

The Government has said that no-one will be worse-off as a result of moving onto the Universal Credit, because the Government will provide 'cash protection' when individuals switch over to the Universal Credit. So if you were moved onto the Universal Credit and it looked like you would end up worse-off, the Government has said it will provide a top-up payment to keep your income at the same level as your previous benefit.

However this protection would not be permanent - if your circumstances changed your income would no longer be guaranteed. For example, if you were ill and getting Employment and Support Allowance and were moved onto Universal Credit you would be guaranteed the same income. If you were then able to work for six months but fell ill again and went back on Universal Credit, you would not be guaranteed the same income as you had originally from Employment and Support Allowance.

## **2. Carers benefits**

### **What is happening to Carer's Allowance?**

There are currently three main groups of people getting carers' benefits:

#### **1) Carers who currently do not qualify for means-tested benefits and just get Carer's Allowance at £53.90 a week.**

Carers in this group will not be directly affected by the introduction of Universal Credit – this group will remain outside the new system and the Government has not announced any plans to reform the Carer's Allowance they receive.



**2) Carers who receive means-tested benefits like Income Support or Jobseeker's Allowance, with a Carer Premium (an extra amount for carers of £30.05 a week – 2010/11 rate).**

Carers in this group will have their means-tested benefits moved onto Universal Credit, which will also include an additional amount for carers. So carers who are currently on benefits like Income Support or Jobseeker's Allowance will have those benefits replaced by the 'standard allowance' Universal Credit and may get an extra amount for caring, similar to the 'Carer Premium' they currently get. If they also qualify for Housing Benefit or Council Tax Benefit they may receive other additional amounts, to help with these costs.

If carers in this group are able to juggle caring with paid work they may be a bit better off, as the Universal Credit may allow them to keep more of their benefit as they earn. However it is not yet clear how much more of their benefit carers would be able to keep as they earn.

**3) Carers over State Pension age, who qualify for Carer's Allowance but cannot get it at the same time as their State Pension because of the rules of the benefits system. These carers may get a Carer Addition (an extra amount for carers of £30.05 a week – 2010/11 rate) in Pension Credit.**

These carers will also not be directly affected by the introduction of Universal Credit and will continue to receive the same benefits and pension. However the Government has announced that it is simplifying the process for claiming the Carer Addition in Pension Credit. New rules should mean that these carers would not have to apply for Carer's Allowance, even though they cannot receive it, in order to get the Carer Addition.

## **What if my partner gets Income Support and I get Carer's Allowance?**

This situation is quite complicated because of the interaction of Carer's Allowance and Income Support – but moving onto Universal Credit should not leave you worse off.

If you are in a couple, you receive a couple's rate of Income Support which is £102.75. As a carer you will also be entitled to a Carer Premium (an extra amount) in this payment, of up to £30.05 – which could give a total of £132.80 in Income Support.

However your Carer's Allowance is not paid *on top* of the Income Support. Instead Income Support tops up your Carer's Allowance of £53.90 to £132.80. So that £132.80 Income Support total is made up of £78.90 in Income Support and Carer Premium, alongside your £53.90 of Carer's Allowance (these figures are all based on 2010/11 rates). You may be receiving these two payments separately, one of you may receive the Income Support and the other may get Carer's Allowance.

There are two possibilities for what will happen under the new system – and we have called on the Government to urgently clarify which will happen:

1. Carer's Allowance would continue to be claimed as an independent benefit by the carer, whilst their partner would get Universal Credit to replace Income Support – this Universal Credit would be reduced by the amount of Carer's Allowance (as Income Support is currently)



2. Under the new system, the payments for income support and caring may be wrapped up together – so you would get a single payment including the standard allowance of Universal Credit with an extra amount for caring responsibilities. Whilst you may no longer get a separate payment of Carer's Allowance, the total you get as a couple should be a similar amount as now.

## **But if I am moved onto Universal Credit, won't I be forced to look for work?**

It is made very clear in the new laws the Government that the Department of Work and Pensions **will not be allowed** to force anyone with 'regular and substantial caring responsibilities' to do any 'back to work' activity.

This is very important, because the Government plans to introduce much tougher measures for people on Universal Credit who are forced to look for work – including the removal of their benefits if they are not considered to be trying hard enough.

However we know that sometimes Department of Work and Pensions staff are not always aware of the rules when they are dealing with applicants, so Carers UK will be working hard to make sure that these staff are well trained to recognise carers.

## **2. Disability Living Allowance**

### **What is happening to Disability Living Allowance?**

The Government plans to replace Disability Living Allowance (DLA) with a new Personal Independence Payment, which will have a new structure and new assessment process.

The Personal Independence Payment will have two parts:

- a) A *daily living component* for disabled people whose ability to carry out daily living activities is limited by their physical or mental condition. This is similar to the existing care component of DLA. But it will have two rates - standard and enhanced - rather than the three DLA rates lower, middle and higher rates. It is not clear how existing DLA claimants will fit into these new categories.
- b) A *mobility component* for individuals ability to carry out mobility activities is limited by their physical or mental condition. Again, this will have two rates, standard and enhanced – this seems similar to the higher/lower rates of DLA mobility component.

### **What if someone is already claiming Disability Living Allowance?**

The new Personal Independence Payment will be introduced in 2013 and 2014. All new claims will be assessed as Personal Independence Payment claims after this point.

From 2013 the Government will start to reassess everyone who is already on DLA to begin to transfer people to the new Personal Independence Payment. Existing DLA claimants will have to



apply for the new benefit and evidence will be gathered from a range of sources on their condition. The Government has said that they will give people already receiving DLA plenty of notice, but, unlike with the Universal Credit, they have not guaranteed that people will not be left worse-off.

## **Isn't the Disability Living Allowance budget being cut?**

Yes, whilst the Government has said that the rates of DLA will remain the same (how much claimants get each week), when they first announced that they would be changing DLA, they said that they would be cutting the whole DLA budget by 20%, around £1 billion. It is not clear how many people this will affect and whether it means that 20% of people who get DLA will not be entitled to the Personal Independence Payment. Disability Alliance have estimated that hundreds of thousands of disabled people could be affected.

Carers UK completely opposes this cut and know that it is causing a lot of fear amongst people who rely on DLA, because they do not know if they might lose their benefits. We continue to call on the Government to urgently which groups and how many people will be affected.

## **What will the other changes to Disability Living Allowance mean for disabled people?**

There will be a lot of changes as DLA is replaced, and Carers UK have written a full response to the Government's plans for changing DLA, which you can find at [www.carersuk.org/Professionals/ResourcesandBriefings/Responsestogovernment](http://www.carersuk.org/Professionals/ResourcesandBriefings/Responsestogovernment) - but here is a summary of three of the main points:

- A new assessment will be introduced, including evidence from an 'independent medical professional' which is likely to include a face to face interview. Everyone on DLA and all new claimants will be assessed with this new process. We are worried that this new assessment will focus on a small amount of medical evidence from this independent assessor and will fail to fully understand disabled people's needs – we want a wide range of evidence used, including what carers think.
- Instead of having to wait 3 months to qualify for the Personal Independence Payment (as you do for DLA) claimants will have to wait 6 months. Carers UK has urged the Government to reconsider, as having to wait for even longer to get financial support could push families into debt and poverty.
- People living in residential care that is paid for by the state will no longer be able to claim the mobility component of DLA or the new Personal Independence Payment. We are working with a large group of disability charities to oppose this.

## **Do these changes apply to everyone on DLA?**

Yes, the Government has announced that *all* working-age claimants will have to be reassessed under the new process or when they make a new claim. This would include people with life-long



conditions which will not improve - Carers UK have big concerns about the new test, particularly whether it is appropriate to reassess people with the most serious conditions.

The Government may look at implementing the Personal Independence Payment changes for disabled children on DLA at a later date – but that is not part of current plans. It is not yet clear what the situation will be for people over 65 who get DLA.

## **What will the changes to DLA mean for carers?**

We also do not know how many carers will be affected by this change. Currently, in order to qualify for Carer's Allowance you need to be caring for someone on the middle or higher rate care components of DLA. The DLA care component is being replaced with a daily living component of the Personal Independence Payment at standard and enhanced rates – but the Government has not decided whether both of these rates will lead to qualification for Carer's Allowance. We know that losing Carer's Allowance would be devastating for many families so are putting pressure on the Government to make sure that carers can qualify for Carer's Allowance if they are caring for someone on either rate of the Personal Independence Payment.

Also, if 20% of people on DLA lose their benefits as a result of the cut this could mean lots of carers losing Carer's Allowance. We have said that this would be unacceptable and asked the Government to urgently check how many carers would be affected.

## **What if changes to the benefits of the person I care for mean that I lose Carer's Allowance?**

In a worst case scenario at reassessment, a disabled person could see their benefits reduced or removed which would mean that someone looking after them would no longer be entitled to Carer's Allowance. Not only would this have a devastating impact on family incomes many carers will be worried that they'll be forced to look for work even though they still need to care.

It is not clear whether this could happen under the Government's proposals, and whether carers would have to take part in 'work focussed' activity if they started to claim Universal Credit. Carers UK are making it clear to the Government that this would be completely unacceptable and would lead to the breakup of families, increased debt and poverty and would ultimately put huge pressure on the NHS and care services as families are pushed to breaking point.

## **What is Carers UK doing?**

- We gave a detailed response to the Government's consultation on the Universal Credit, and won the fight to ensure that all of Carer's Allowance would not be taken into the Universal Credit.
- We have also compiled a full response to the Government's consultation on replacing Disability Living Allowance – giving case studies of how carers in specific circumstances



would be affecting. This response makes it clear that some of the proposed changes could be devastating for families and calls on the Government to reconsider key aspects of their plans.

- We are meeting with officials and Ministers at the Department for Work and Pensions to tell them what the impact of these plans would be on families, and to call for an urgent assessment of what these proposals will mean for carers.
- We are working with over forty other disability, illness and condition-specific organisations in the Disability Benefits Consortium to lobby MPs and the Government, campaign in the media and build a mass public campaign against the cuts in benefits for disabled people and their families.
- We are gathering new evidence from carers about their financial situation and how they use benefits through our State of Caring survey. This will help us make the case to Government about how important DLA and Carer's Allowance are to families.

## What can I do?

- **Write to your MP** MPs will be debating these proposals throughout March 2011, now is the time to tell your MP what these changes would mean for your family and why they need to speak up for you.
- **Join Carers UK** so that we can keep you up to date with all the latest details and how to get involved with our campaigns against cuts to benefits and services.

## Glossary

For additional details and rules around qualifying for the following benefits please visit [www.carersuk.org/Information/Financialhelp](http://www.carersuk.org/Information/Financialhelp)

**Carer's Allowance** is the main carers' benefit, which is paid at £53.90 a week. Carers must be caring for over 35 hours a week for someone in receipt of the middle or higher rate care component of Disability Living Allowance, Attendance Allowance (or certain other disability benefits), and must not earn over £100 a week, along with other conditions.

**Carer Addition/Premium** are not benefits but an additional amount included in the calculation of Income Support, income-based Job Seekers' Allowance, income-related Employment and Support Allowance, Housing Benefit and Council Tax Benefit (called Rate Rebate in Northern Ireland). The same amount is used in the calculation of Pension Credit (it is called the Carer Addition in Pension Credit and the Carer Premium in all other benefits). Carers need to apply for the Carer's Allowance to receive the Carer Premium. There will be a similar extra amount of money within the Universal Credit for carers who are moved onto the Universal Credit.

**Child Tax Credit** is for people looking after a child under 16 (or under 20 in education). The amount you get depends on your income and personal circumstances. You may get extra credit if you have a disabled child.



**Council Tax Benefit** is available to pay all or part of your Council Tax If your income is relatively low and your savings are not more than £16,000. Even if your savings are more than £16,000, you will still qualify for Council Tax Benefit if you qualify for Pension Credit Guarantee Credit.

**Disability Living Allowance (DLA)** is a crucial benefit for disabled people, as it provides tax-free financial support for disabled people if they have care and/or mobility needs – it is not related to their ability to work. DLA has two components; the care component (at lower, middle and higher rates) and the mobility component (with lower and higher rates)

**Housing Benefit** is a means-tested benefit paid to help people on a low income pay their rent. The amount you get will depend on who is in your family, your income and savings, and the level of your rent. You will not get Housing Benefit if you have savings of more than £16,000 although if your savings are more than £16,000, you will still qualify for Council Tax Benefit if you qualify for Pension Credit Guarantee Credit.

**Income Support** is for people under the 'qualifying age' for Pension Credit (see below) with savings less than £16,000, a low income or no income at all, who are not in paid work or are working less than 16 hours a week. Carers can receive it if they fulfil these and several other conditions and have 'regular and substantial caring responsibilities.

**Pension Credit** is a means tested benefit paid to a person where they or their partner are of the 'qualifying age'. For women this is their state pension age (which depends on their date of birth). For men this is what their state pension age would be if they were a woman. Pension Credit has two elements: Guarantee Credit and Savings Credit. The Guarantee Credit is calculated in a similar way to Income Support but is more generous. The Savings Credit is applicable if you or your partner are aged 65 or over and have a certain level of income and/or savings.

**Personal Independence Payment** will replace Disability Living Allowance. It will have two parts: a daily living component (paid at standard or enhanced rates) and a mobility component (also paid at standard or enhanced rates).

**Jobseeker's Allowance** is the main benefit for people of working age who are out of work or work less than 16 hours a week on average.

**Employment and Support Allowance** replaced Incapacity Benefit (and Income Support which was awarded on the grounds of incapacity for work) and is a benefit for people who cannot or struggle to work because of illness or disability.

There are two types of Jobseeker's Allowance and Employment and Support Allowance:

- a) You can get 'contribution-based' Jobseeker's Allowance or contributory Employment and Support Allowance if you have made enough National Insurance contributions.
- b) If you have not made enough National Insurance contributions you may be able to get income-related/based versions of these benefits if you are on a low income.



The plans for reforming the benefits system would mean that income-related versions of these benefits would be included in the Universal Credit, whilst the contribution-based versions would remain outside, as independent benefits.

**Working Tax Credit** is a means-tested payment for people who are working at least 16 hours a week and meet certain other criteria), and the amount you get depends on your circumstances and the amount you earn.

**Universal Credit** is a new benefit which will be introduced in 2013 to replace Working Tax Credit, Child Tax Credit, Housing Benefit, Council Tax Benefit, Income Support, income-based Jobseeker's Allowance and income-related Employment and Support Allowance.

## Getting help

This briefing includes as much information as we currently have, we will update our website with the latest news as soon as it becomes available.

**Carers UK's website** provides detailed advice and information on all aspects of caring at [www.carersuk.org/information](http://www.carersuk.org/information)

**Carers UK Adviceline** provides advice and information by email at [adviceline@carersuk.org](mailto:adviceline@carersuk.org) and by telephone on 0808 808 7777 (Wednesday and Thursday 10am – 12pm and 2pm – 4pm)

**Carers UK online forum** is a community of nearly 3,000 carers who discuss the latest news for carers, share stories and provide support to each other.

### Keep up to date with our campaigns and research:

Web: [www.carersuk.org](http://www.carersuk.org)

Facebook: [www.facebook.com/carersuk](http://www.facebook.com/carersuk)

Twitter: [www.twitter.com/carersuk](http://www.twitter.com/carersuk)

Email newsletter: Sign up at [www.carersuk.org/Newsandcampaigns/BecomeanEcarer](http://www.carersuk.org/Newsandcampaigns/BecomeanEcarer)



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