Response to the Carer's Allowance call for evidence (August 2026)

About Contact

Contact is a national change-making charity for the UK's 2 million disabled children and their families. Families face a relentless struggle to secure support – costing them income, wellbeing, and relationships. Parent carers lose £21,174 annually on average, with 62% reducing or giving up work entirely. Contact exists to make the system simpler, kinder, and fairer – providing life-changing advice and using those real-life insights to drive systemic change.

This document sets out Contact's response to the DWP's summer of 2026 call for evidence about the modernisation of Carer's Allowance.

Q3: How could the system be improved to better support carers with fluctuating earnings? Should the Department look to put in place more predictable ways of averaging earnings or keep the current approach?

In Contact's view the current approach to averaging earnings is not working and is a major contributing factor to the high levels of Carer's Allowance overpayments.

> The particular circumstances of parent carers also mean that their capacity to work may fluctuate according to their child's health, education and care arrangements. As one parent told us: *"My daughter has poor health so when she is well or in school I could work more and then less other times."*

As part of our response to the Sayce review, we carried out a survey into parent carers' experiences of Carer's Allowance overpayments, which received over 500 responses. It was clear from the survey results that in many cases lack of clarity about how average earnings are calculated was a major contributor to overpayments. In fact, of those who took part in our survey, 49% hadn't realised that their earnings had gone over the limit.

We don't believe that the current approach to averaging of earnings is clear or consistent. Where there is no recognisable cycle of earnings, the current rules allow decision makers to decide whether to average over a 5-week period or any other period they believe gives a more appropriate reflection of average earnings. While this flexibility could be seen as a strength - it also inevitably results in uncertainty for claimants and lack of consistency in decision making. Two decision makers faced with the same pattern of earnings could conceivably come to different conclusions about the most appropriate period to use.

Many of the employed parents we speak to assume that their earnings can be averaged out over a year, and it comes as a great shock to them when they find out that this is not the case. The lack of clarity and transparency over what period an individual's earnings will be averaged over, is a huge factor in families not realising that they are being overpaid. It makes it difficult not only for parents – but also benefits advisers - to confidently predict how changes in earnings will impact on their Carer's Allowance.

In Contact's view the most important factors in modifying the approach to averaging earnings are that any new rules should be easy to understand and should allow claimants to reliably predict how their earnings will be calculated. Ensuring that there is a predictable and consistent approach to how earnings are averaged will help avoid overpayments and allow carers to make informed decisions about the amount of work they are able to undertake – especially where they are working on a variable-hours contract or have the offer of regular overtime.

Under the current system, the onus falls squarely on carers to notify the Department of relevant changes in their earnings. However, parents tell us that it can be difficult to get through to the Carer's Allowance Helpline, or that when they do get through, notifications about earnings are not acted on in a timely way. This can cause major worry and stress to carers who are already juggling many other time-consuming pressures. The Department should seek to adopt a system where real-time earnings data is used to automatically calculate average earnings, thus reducing the administrative burden on time-pressed carers.

We often see cases where an overpayment occurs because a claimant has received a much higher than normal payment in one month. In fact, 26% of respondents to our 2025 survey said that they had been overpaid as a result of receiving higher earnings during a single month. Commonly this will happen as the result of a backdated pay settlement. Where someone is paid monthly and they have unusually high earnings in a single monthly pay, that month's earnings should be excluded in calculating average earnings, in the same way as a single week's unusually high earnings can currently be ignored (The Decision Makers Guide Volume 3, Chapter 15 para 15456). This should reduce overpayments caused by a single outlier month where earnings are unrepresentative of normal monthly earnings.

Q4: Would averaging earnings over short, fixed periods help carers? For example, always averaging earnings over a period of 8 weeks or 16 weeks. If yes, what might be the best period of weeks?

Contact would support a new system that averages earnings over a fixed period that is transparent and consistent for all carers. In our view this is essential if parent carers are to have confidence and certainty in making decisions about whether they increase their earnings over short temporary periods.

We are open-minded about the fixed period that is used. A longer period such as 16 weeks could help ensure that small temporary increases in pay do not result in the loss of Carer's Allowance. On the downside – and especially if an outlier month of unusually high earnings is not ignored – it could mean that some parents face losing their Carer's Allowance for longer periods. Before making any final decision on the fixed period that should be used, the Department should carry out and publish modelling looking at the impact of the proposed averaging period on different groups of carers.

Our recent indicative polling also suggests there may be support for a longer averaging period. Of 62 respondents, 70% selected 16 weeks as the fairest option, compared with 9% who selected four weeks and 1% who selected eight weeks; 20% said they needed more information. While this is a small self-selecting sample and should not determine the policy design, it reinforces the need for the Department to model different options and test them directly with carers before introducing a new system.

Whatever new fixed averaging period is introduced, it is important that this is done alongside the introduction of a new earnings taper to ensure that the current cliff edge is not replicated under the new system.

Q5: The Department is exploring options for replacing the current Carer's Allowance weekly cliff-edge earnings limit with an earnings taper. At the moment, Carer's Allowance payments stop if earnings go above the weekly limit. One possible alternative would be for Carer's Allowance to reduce gradually as earnings rise above a set amount, rather than

stopping in full as now. This is known as an earnings taper.

There are different ways this could work. Decisions would need to be made on the rate of any taper and the level of earnings it is applied to, whilst maintaining value for the taxpayer.

If Carer's Allowance were reduced gradually as earnings increase (an earnings taper), which approach would you prefer?

- **Allowing people to earn more before Carer's Allowance starts to reduce, but then reducing it more quickly**
- **Starting to reduce Carer's Allowance at a lower level of earnings, but reducing it more gradually**
- **Other________**

Rather than the two options presented, Contact's preference would be for a system that as a bare minimum keeps the current earnings limit and combines this with a gradual taper. In our view, there is a strong case for increasing the earnings threshold further – particularly given the reduced opportunities that many working carers have to increase their earnings as a result of their caring role.

Recent indicative polling of Contact's online parent carer community demonstrates the impact that the current earnings limit can have on decisions about paid work. Of 815 respondents, 67% said they had either turned down additional hours or pay because of the Carer's Allowance earnings limit (36%), or reduced or stopped work (31%). A further 29% were not currently in paid work, while only 4% said the earnings limit had not affected a decision about paid work.

These findings suggest that the current cliff edge does not simply create a risk of overpayment. It can also discourage parent carers from taking on additional work or increasing their earnings when they are able to do so.

There is also strong support among the parent carers we polled for replacing the cliff edge with a taper. Of 45 respondents, 84% supported an earnings taper, 11% did not, and 4% said they did not claim Carer's Allowance.

It would seem sensible to align the taper with Universal Credit at a rate of 55%. This would simplify the system and make it more coherent and easier to understand for families – particularly those who are on both benefits.

> As one parent put it: *"Gradual reduction would be much better than the immediate stop, as going over by a few pound isn't worth losing the whole carer allowance."*
>
> Another parent described how the cliff edge affects decisions about hours: *"Work want me to do more hours which is great but the jump from the hours to stay under the allowance to the hours to go without the CA is a big jump."*

However, making changes to Carer's Allowance without also increasing the amount of the carer element in Universal Credit will run the risk that many of the lowest income carers will not benefit from a more generous treatment of earnings under Carer's Allowance, given that any Carer's Allowance received is treated as income for Universal Credit.

Q6: What should matter most when designing any changes to how earnings affect Carer's Allowance? Please rank in priority order what is most important to you

1. Being simple and easy to understand
2. Being predictable (knowing in advance how earnings affect payments)
3. Reducing the risk of overpayments
4. Allowing flexibility for different circumstances
5. Keeping the system affordable

Q7: What factors should determine where an earnings taper starts and ends? For example, should it start at the Carer's Allowance earnings limit (currently £204) or below or above it? How much do you think someone could earn alongside caring before a taper ends?

It is crucial that no carers are left worse off as a result of any proposed changes introduced to the earnings rules. For that reason, as a bare minimum any earnings taper should not start below the current Carer's Allowance earnings limit. This is important to protect the significant gains for working carers made as a consequence of increasing the limit and linking it to 16 hours at National Living Wage.

Ideally, we would like to see the earnings threshold (and consequently any taper start point) increased even further in recognition of the very high levels of financial hardship faced by families with disabled children and the barriers they face in moving into full-time employment.

Although the number responding to our poll on the taper starting point was small, the results point strongly in one direction: 10 of the 11 respondents favoured the taper starting at a higher earnings limit, one preferred the current limit and none supported a taper from the first pound earned. Given the small sample, we regard this as indicative rather than representative evidence, but it supports our view that any reform should protect the gains made by linking the current threshold to 16 hours at the National Living Wage.

Decisions on the start and end point of any taper, and the taper rate itself should be based on detailed modelling of the various options under consideration.

Clarification is also needed on how any proposed taper will interact with the rules limiting the amount of alternative care costs a carer can deduct from their earnings. Currently the maximum amount that a Carer's Allowance claimant can deduct for alternative care costs is a maximum of half of what would otherwise be their earnings. What this means in practice is that anyone whose net earnings are above £408 per week don't currently qualify for Carer's Allowance no matter how high their childcare costs are. Presumably the addition of an earnings tariff may change this to some extent although there has been little information about this issue thus far.

The costs of childcare for a disabled child are often significantly higher than for children without disabilities. Considering this, Contact would like to see a situation where the full amount of any childcare costs can be deducted from earnings for Carer's Allowance, where that family incurs childcare costs for a disabled child.

Q8: How should the Department communicate an earnings taper? What would help people understand how a gradual reduction in Carer's Allowance payment would affect them in practice?

With such a significant change to the treatment of earnings under Carer's Allowance it will be crucial that detailed information about how the new system will work is provided to all claimants well in advance of its introduction.

It will also be very important to ensure that the communications provided to carers provide clear worked examples covering a variety of common scenarios, allowing carers to see how the taper would work in practice.

All communications should be produced in a range of accessible formats to meet the needs of carers with additional needs or who are digitally excluded.

We also believe that it will be necessary for the Department to develop some form of online calculator as part of this process. This should serve two purposes – firstly to work out what their average weekly earnings are when these fluctuate – and secondly to estimate how earnings above the threshold will lead to a reduction in their Carer's Allowance payments. We believe that the need for a calculator of this type will be pressing – particularly in light of the fact that most employees are paid calendar monthly and may not correctly calculate what their equivalent weekly earnings are.

> The need for practical tools was also reflected in parent feedback. One parent told us: *"There is no calculator online either it's horrendous to calculate the implications of work, pensions, childcare etc."*

Q9: How should the Department ensure that support for unpaid carers through Carers Allowance and Universal Credit works more effectively together for those who receive both?

In Contact's opinion, aligning the taper rate at 55% of 'excess' earnings, in line with the rate used by Universal Credit, would simplify the system for carers claiming both benefits and make the impacts of earnings and the taper itself easier to understand.

However, to ensure that working carers on Universal Credit also benefit from changes to the Carer's Allowance earnings rules, it will be crucial that the value of the carer's element within Universal Credit is also significantly increased. A failure to do so will mean that changes to the Carer's Allowance earnings rules don't lead to any increase in the income of some of the lowest income carers, given that Carer's Allowance is treated as income and deducted from Universal Credit.

> The interaction between the two benefits is a source of frustration for families. As one parent put it: *"you get it in one hand but universal credit will take it off you in the other hand."*

We favour aligning the treatment of pension contributions for Carer's Allowance with the Universal Credit rules, so that 100% of contributions are deducted rather than only 50%. Not only would this help simplify the system for carers claiming both benefits but we also believe that it would help reduce overpayments within Carer's Allowance. In our experience some claimants end up with earnings that are marginally above the earnings threshold because they have wrongly assumed that all of their pension contributions can be deducted in calculating their earnings for Carer's Allowance.

Apart from ensuring that Carer's Allowance and Universal Credit work better together there are some changes that need to be made to Universal Credit, to ensure that it meets the needs of claimants caring for a severely disabled child.

Missing carer elements from the start of the UC claim

The Contact Helpline has come across numerous cases where parent carers are missing out on the carer element, simply because they did not identify themselves as a carer when completing their initial claim form. Unfortunately, it appears that many parents with a disabled child simply see themselves as a parent and not as a carer.

The current explanation given of caring within the UC claim form states that you are a carer if you look after "a family member, partner of friend". We believe that the reference to family member should make explicit that this can include a child with disabilities. The notes to the form also list activities that are considered care such as washing, shopping and cooking and cleaning. However, it would be helpful if this was expanded to give examples that might prompt parents with a disabled child to identify themselves as a carer. This might include examples such as "helping your child manage behaviour that challenges" and "helping your child overcome difficulties in communicating with others".

The notes on the claim form should also make explicit that carer's allowance does not have to be in payment in order to qualify for extra help as a carer, and that you can be treated as a carer even if your earnings are too high to get Carer's Allowance.

Missing carer elements where DLA was first awarded sometime after UC was put in payment

Our Helpline also comes across a large number of cases where DLA was first awarded after Universal Credit was claimed and where a carer element is missing. However, in many of these cases, the family is receiving a disabled child addition. This means that Universal Credit is already aware that the household includes a child in receipt of a qualifying disability benefit. Despite this, there appears to be no process in place to routinely check whether a parent is acting as that child's carer. The number of underpayments of this nature that Contact advisers come across, suggests that this is a significant systemic failure.

We believe that it is unreasonable to expect busy parents to know that they must report a separate change of circumstances that they are a carer, when they have already notified Universal Credit that a child in their household has been awarded a qualifying disability benefit. Instead, Universal Credit should put in place a process whereby they automatically contact the parent claiming extra Universal Credit child amounts to check whether they are their child's main carer and whether they meet the qualifying conditions for the carer element.

Couples on UC caring for the same disabled child

The current Universal Credit rules mean that where two parents both provide more than 35 hours a week care to the same severely disabled child, only one of them is automatically placed in the UC no conditionality group as a carer. The other parent will be subject to work search conditions despite their full-time caring role – unless UC staff agree to use discretionary powers found at regulation 89(1)(b) of the UC Regulations to also place that second parent in the no work conditions group. The problem is that Regulation 89(1)(b) is not well publicised and is little understood, not only by parents but unfortunately also among DWP staff.

Contact has spoken to several parents who have been told by Universal Credit staff that it is not possible for more than one person to be exempt from work related conditions as a carer for the same child. In some cases, they have continued to insist that this is the case even when a parent has specifically mentioned the existence of regulation 89(1)(b) to them. The Department needs to take action to raise the awareness of regulation 89(1)(b) among work coaches and case managers.

In the longer term Contact would like to see consideration given to allowing more than one carer to receive carer's allowance and or the carer element, where two carers are both providing full time care to someone in their household. Contact talks to many families where both parents have either had to give up work or reduce their hours significantly due to the care needs of a severely disabled child, causing financial hardship.

A work allowance for carers on Universal Credit

The absence of a work allowance for carers under Universal Credit has been a cause for concern since the benefit's introduction. It is true that most of the parent carers we are in touch with can instead receive a work allowance as the parent of a dependent child. However, this work allowance is lost once the household's youngest child reaches an age where they cease to be a qualifying young person.

Families in this position can already face a sharp reduction in household income because of Universal Credit child elements coming to an end, but if either partner works this is further exacerbated by the loss of a work allowance. Carers of disabled children now too old to be treated as a qualifying young person continue to incur significant costs due to their caring role and continue to face formidable barriers to increasing their working hours. These carers should qualify for a dedicated Universal Credit Work Allowance as a carer, in recognition of how their on-going caring role restricts their ability to work.

> This was also raised directly by parents responding to our social media engagement, including the succinct call: *"We need a work allowance added for carers like employed people."*

Allowing disabled carers to receive both the health element and the carer element within Universal Credit,

Consideration should be given to amending the Universal Credit rules to allow carers with disabilities of their own to receive both the carer element and the LCWRA element. This would help recognise the significant numbers of parents with severe disabilities of their own who nevertheless provide full time care to a disabled child, and who face multiple barriers to employment.

Q10: What would be the benefits and disadvantages of paying Carer's Allowance four weeks in arrears?

Currently, Carer's Allowance is either paid weekly in advance or four-weekly in arrears. Moving to a system where everyone is paid four-weekly in arrears could have some advantages. For instance, it may help avoid overpayments by allowing a longer window within which claimants can report a change of circumstances that might impact on their entitlement to the benefit.

However, some carers may rely on more regular weekly payments to help them budget and may struggle to manage a shift to payments that are four-weekly in arrears. Despite this, some may be supportive of this change if it allows the Department to introduce a system of real-time information which would remove the administrative burden and anxiety for parents of having to notify regular changes in circumstances.

If weekly payments are to be ended there would need to be some system of transitional support put in place to ensure that no carers are left facing hardship, to avoid a replication of the challenges many faced when moving from legacy benefits to a Universal Credit system paid monthly in arrears.

The Contact Helpline regularly speaks to parents on both Carer's Allowance and Universal Credit – who despite being no better off financially – chose to continue claiming Care's Allowance because they receive it weekly thus helping them budget more effectively between their monthly Universal Credit payments.

Q11: Carer's Allowance is available to students on part-time courses of less than 21 hours a week. Full-time students who are providing care of 35 hours or more a week are supported through the student finance systems in England and Wales. This creates a distinction between those studying below and above this threshold.

Contact believes that the restriction of full-time students claiming Carer's Allowance should be scrapped.

Where a full-time student can provide 35 hours a week care to a disabled person alongside their studies, they should be able to receive Carer's Allowance. This seems only fair given that their caring role may severely limit their ability to work and secure earnings, something that is often a necessity for many of their student contemporaries.

The current rules can force some carers to choose between claiming Carer's Allowance or education. It can lead to some full-time carers giving up education or choosing not to pursue a course, with consequent long term negative consequences for future employment prospects.

Scrapping the 21-hour study rule would also help in tackling the high prevalence of young carers who are NEET and would thus contribute to the government's wider aim of tackling the high numbers of 16–25-year-olds who are NEET.

The student restrictions have already been scrapped under the new Scottish benefit replacing Carer's Allowance and this seems to have worked well in Scotland.

Q12: We recognise that people may have wider views on Carer's Allowance and the way it works. Are there other aspects of Carer's Allowance that you think it would be helpful for the Department to understand?

Increasing the amount of Carer's Allowance

Despite being currently categorized as an 'earnings replacement benefit', Carer's Allowance is only paid at the rate of £86.45 per week. This is clearly an inadequate figure, which fails to support those carers unable to combine work with caring and who are often incurring significant additional costs in their role as a carer.

Financial hardship among families with disabled children and other carers remains stubbornly high, and any increase in the benefit would be welcome in tackling carer poverty, as well as providing a much-needed acknowledgement that the many sacrifices made by carers are recognised and appreciated by policy makers. Carers UK estimates that carers currently save the UK taxpayer around £184 billion per year, so an increase in the benefit payment rate appears both equitable and proportionate.

> Parent comments underline the strength of feeling about the adequacy of the benefit. One parent told us*: "We sacrifice a lot as a family in order for me to not work. Carers allowance, whilst I appreciate it exists, is nowhere near the amount it should be."*

Increase the Universal Credit Carer Element

However, to ensure that those on Universal Credit also benefit, any increase in Carer's Allowance would also need to be mirrored by an equivalent increase in the amount of the Universal Credit carer element. This would be imperative to ensure that carers on the very lowest incomes did not simply see any increase in Carer's Allowance swallowed up by an equivalent increase in deductions from their Universal Credit.

Introducing an additional payment for carers looking after more than one severely disabled person

Contact would like to see the introduction of an additional Carer's Allowance payment – to be ignored as income for means-tested benefits – to recognise the intensive demands placed upon parent carers who are providing care to more than one severely disabled person e.g two or more disabled children. This could mirror provision already found in Scotland and would recognise the increased barriers to employment that those with multiple caring roles face.

Extend run-on in Carer's Allowance following a bereavement

Currently Carer's Allowance can run on for the first 8 weeks following the death of the cared for person. We believe that this run-on should be extended to 12 weeks to allow bereaved carers more financial stability while they come to terms with their loss and the changes in their circumstances that will result.

Simplifying allowable expenses

We also believe that the treatment of expenses is poorly understood by parents. In our experience, Carer's Allowance claimants who aren't self-employed are often oblivious to the fact that certain costs can be deducted from earnings, such as childcare costs, tools and specialist clothing. However, even where there is an awareness of this general principle, problems remain. For example:

• The DWP's own guidance is not clear over what period a large expense such as the costs of specialist tools should be spread over.

• There is little or no guidance on how decision makers will apportion expenses that have both a business and a personal use.

• Parents find it difficult to understand which expenses they can deduct as it is not always obvious what would be considered as expenses 'wholly, necessarily and exclusively incurred' in their employment. For example, someone who must buy black dress trousers and a white blouse as a work uniform in the hospitality sector may consider this to be covered, but the DWP do not as it is not specialist protective clothing. Many parents also assume that the costs of their commute can be covered and not just travel costs incurred when carrying out their duties.

Aligning national insurance contributions for full-time carers

Under the current system full-time carers who receive Carer's Allowance receive class 1 national insurance contributions, protecting their entitlement to all contributory benefits. However full-time carers who claim Universal Credit but not Carer's Allowance, only receive class 3 contributions, protecting their entitlement to state pension and widowed parents allowance only. This difference in treatment is difficult to justify and Contact would like to see carers who get Universal credit only also qualify for class 1 rather than class 3 contributions, thus ensuring equal protection for all full-time carers to future contributory benefits.

For more information about this response please contact una.summerson@contact.org.uk