

Poverty and financial hardship of unpaid carers in the UK

A WPI Economics Report for Carers UK

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Executive summary – poverty amongst unpaid carers in the UK

This report looks at the issue of poverty amongst unpaid carers in the UK and what can be done to tackle it. Alongside this report, two smaller reports explore the issue of poverty amongst unpaid carers in Scotland and Wales. This report adds to the work of the Carer Poverty Commission in Northern Ireland.


- Unpaid carers are a large and diverse population, with around 5.7m unpaid carers in the UK according to the Census 2021.
- 1.2 million unpaid carers live in poverty, and 400,000 live in deep poverty in the UK.¹
- In 2021/22 in the UK, the poverty rate for unpaid carers was 50% higher than for those who did not provide care (27% vs 18%).
- Nearly 1 in 10 unpaid carers (9%) live in deep poverty in the UK. The rate of deep poverty amongst unpaid carers (9%) is 50% higher than amongst the rest of the population (6%).
- Poverty rates amongst unpaid carers in 2021/22 are slightly higher in Scotland (28%) than in England (26%) and Wales (26%). In both Scotland and Wales, approximately 100,000 unpaid carers live in poverty, while 1 million unpaid carers live in poverty in England.



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In the UK, there are different groups who are more likely to experience poverty than others:

- For those who care for more than 35 hours a week, the poverty rate is 43%, more than double the poverty rate in people who are not unpaid carers (18%).
- Caring for more than one person increases the rate of poverty: 26% of unpaid carers caring for one person are living in poverty compared to 35% of those caring for two people.
- Unpaid carers who are women are somewhat more at risk of poverty than men (28% vs 25%).
- Unpaid carers from ethnic minority groups have higher rates of poverty than unpaid carers who are white (26%) – with the highest rates amongst Other ethnic groups (53%), Mixed ethnic groups (48%) and Black ethnic groups (44%).
- Carers who live in the North of England and West Midlands are relatively more at risk of poverty, with a poverty rate of 33% in the West Midlands, 32% in the North West, and 31% in the North East, compared to areas such as the East of England (19%) and the South East (21%).²
- Carers aged 25-44 have the highest rate of poverty of any age group, at 38-39%.

For those caring
for more than

35hrs



the **poverty rate is more than double** compared to non-carers

Nearly

2 in 5



unpaid carers **aged 25-44** live in poverty



Predictors and drivers of poverty

An inability to participate in paid work, caring for long hours, and receiving income-related benefits are the strongest predictors of poverty amongst unpaid carers. The main drivers of poverty among unpaid carers identified in this research are:

- Difficulty combining paid work with unpaid care:** There is an employment gap between working-age carers (62% in employment) and non-carers (75% in employment). Carers often have to accompany the person they care for to appointments, have to be available to answer emergency calls, and sometimes need to be available to care and support the person in need of care 24/7. These demands are difficult to combine with paid employment, particularly roles that do not offer flexibility. Being out of work is the single strongest quantitative predictor of poverty for unpaid carers.³ These difficulties are aggravated by the eligibility rules for Carer's Allowance.
- Lack of support and access to social care services:** Paid replacement care is very costly, leaving many families unable to afford it. In addition, the NHS and social services currently struggle to meet the demand for paid care. Having access to affordable and accessible care services, which carers can rely on while they go to work is essential for many people juggling work and care. The high cost and lack of paid care provision leaves many unpaid carers no choice but to provide the care themselves.
- Inadequacy of social security:** Two-thirds (67%) of unpaid carers who receive Universal Credit live in poverty – around 900,000 carers. 62% of Carer's Allowance recipients – approximately 500,000 carers – live in poverty.⁴
- High costs faced by unpaid carers:** Providing unpaid care come with additional costs and can be very expensive due to the costs of transport, food and replacement care that unpaid carers have to take on. Additionally, many end up covering the extra costs of the disabled person's disability out of their own pocket.
- Housing costs:** Unpaid carers are struggling to cover the cost of housing. Many are at risk of losing their home and becoming homeless.



POLICY RECOMMENDATIONS

The recommendations have been split into immediate priorities and longer-term deliverables.

Within the next year

- **The DWP should begin a review of the current support provided to unpaid carers through the social security system, including increasing the level of support to sustainable levels, setting objectives for carers' social security benefits as well as timescales and options for change.** This review should consider Carer's Allowance, Carer Element within Universal Credit, Carer Addition to pensions, and Carer Premium to legacy benefits. The review should particularly investigate interactions between benefits in the current system to understand how they affect individual entitlements. Since Carer's Allowance is regarded as income when calculating other benefit entitlements, for those in receipt of means-tested benefits, any increases in Carer's Allowance will be taken off other benefits. As part of the review, the DWP should set out options for increasing the level of Carer's Allowance. Our analysis shows that those carers who are only in receipt of Carer's Allowance still have a higher rate of poverty (33%) compared to non-carers (18%), with around 90,000 unpaid carers who are only in receipt of Carer's Allowance living in poverty.

In addition to the adequacy of the financial support provided by these benefits, the review should also consider eligibility criteria, processes for claiming and back to work support for carers. We recommend that this review considers setting different thresholds of support based on the number of people that the carer is providing care for. The recommendations and evidence within this report should inform the review process. We also recommend carers are involved in any review process.
- **The DWP should increase the value of Carer Element, Carer Premium and Carer Addition by £11.10 per week.** As an immediate first step towards reducing poverty for unpaid carers, we need to bring the level of carer premia up to the level of what carers receive in Scotland. Our research clearly shows that unpaid carers in receipt of benefits are at a very high risk of poverty – more than three times higher than the general population. Our modelling shows that increasing Carer Element by £11.10 / week could reduce the number of carers in poverty by 20,000 and the number in deep poverty by 40,000 at the cost of £500 million a year.⁵
- **The DWP should set out clear options to fix issues surrounding Carer's Allowance, including:**
 - » **Increasing the Carer's Allowance earnings limit to 21 hours at National Living Wage (£240.42/ week) and peg it to National Living Wage increases.**
 - » **Taking proactive steps to remove the Carer's Allowance cliff edge,** whereby someone loses all of their Carer's Allowance by going over the earnings limit by just a few pence.
 - » **Preventing the accumulation of Carer's Allowance overpayments,** by implementing the recommendations in Carers UK's Carer's Allowance Overpayments report (2024).
 - » **Removing the 21-hour study rule,** whereby someone is not allowed to claim Carer's Allowance and be in full time education of more than 21 hour a week.
- **The UK Government should commit to introducing a National Carers Strategy,** including carrying out a consultation with stakeholders and carers.
- **The UK Government should ensure that the Employment Rights Bill fully implements the commitments from Make Work Pay in full, including provision for day-one rights to flexibility.**
- **The UK Government should introduce a new statutory right to paid Carer's Leave to support more people to balance employment and unpaid care and remain in work.**
- **The UK Government should take steps towards recognising 'caring' as a protected characteristic within the Equality Act 2010.**
- **The UK Government to develop the plan for the National Care Service and deliver much-needed funding to help stabilise social care, particularly in the run-up to winter.**
- **Local Authorities should ensure that they have benefits take-up work targeted at unpaid carers to ensure that carers' incomes are maximised.**
- **The UK Government to build on Skills for Care's proposals to deliver a workforce strategy for the care sector.**
- **Local Authorities should investigate how additional charges for social paid care services are affecting the most vulnerable unpaid carers.**
- **Local Authorities should introduce more housing support for unpaid carers: ensure that Carer's Assessments include an assessment and plan for addressing different housing situations carers could be at risk of or dealing with.**



- **Local authorities and the NHS should routinely identify carers and signpost them to financial and benefits advice and support.**
 - **Employers should implement the Carer's Leave Act 2023 and Employment Relations (Flexible Working) Act 2023 and consider going beyond the statutory minimum.**
 - **Employers should consider joining Employers for Carers and Carer Confident schemes to set up better systems and structures to identify and better support unpaid carers in their workplaces and consider going beyond the statutory minimum.**
- Within the next 2-3 years**
- **The DWP should deliver the outcomes of the review of the current support provided to unpaid carers through the social security system.**
 - **The DWP should raise Carer Addition, Carer Element and Carer Premium to £81.90 / week – the same level as Carer's Allowance.** An uplift of Carer Addition to the same level could reduce the number of people living in poverty and deep poverty by 20,000 at the cost of £300 million. An uplift of Carer Element to £81.90 / week would reduce the overall number of people in deep poverty by 140,000 and the overall number of people in poverty by 110,000, at the cost of £1.8 billion a year.
 - **The Government should support carers' return to employment through:**
 - » Introducing specialist employment support for unpaid carers.
 - » Introducing a specialist fund for re-training and vocational qualifications.
 - » Investing in structural support to enable carers to return to work following a period of absence related to their caring responsibilities, including a new national network of carers' partnership managers, to coordinate and review carers' pathways back into work.
 - **The Government should legislate to recognise 'caring' as a protected characteristic within the Equality Act 2010** in line with the Year 1 recommendation.
 - **The Government should introduce a National Carers Strategy** in line with the Year 1 recommendation.

Within the next 3-5 years

- DWP should continue to deliver the outcomes of the review of carer benefits, eligibility criteria and processes.
- The Government should legislate to provide all unpaid carers with a statutory right to a break from their caring responsibilities and provide funding to ensure that all carers can access the breaks they need when they need them.⁶ Research shows that carer breaks can be an effective way of reducing the pressure felt by unpaid carers, reducing chronic stress and feelings of isolation, and improving emotional wellbeing.⁷
- The Government should legislate to place a new statutory duty on the NHS to have regard for carers and support their wellbeing to ensure systematic identification of carers in all NHS settings. This is particularly important as the move towards technology-enabled care at home (such as the move to Virtual Wards, where doctors can monitor patients remotely in their own home) might place additional stress and demands on unpaid caregivers, making it more important than ever to have them actively involved in the decision-making process.⁸



Introduction



This report looks at the issue of poverty amongst unpaid carers in the UK and what can be done to tackle it. The report shows that carers still face much higher rates of poverty than the general population of the UK, and current measures are not working. It brings together an analysis of a range of data sources and evidence with a programme of interviews and focus groups with unpaid carers to develop a clear set of recommendations for how the Government and wider stakeholders can tackle poverty amongst unpaid carers. Alongside this report, two smaller releases explore the issue of poverty amongst unpaid carers in Scotland and Wales.

Who are unpaid carers?

There are millions of unpaid carers in the UK, with different surveys providing different figures according to slightly different definitions. For example, according to household survey data, there are approximately 5 million unpaid carers in the UK.⁹ However, given individuals who provide unpaid care often do not identify themselves as carers, the true number could be significantly higher – as many as 10.6 million.¹⁰ Caring affects many people over the course of their life. Carers UK estimates that, over the period 2010 to 2020, every year, 4.3 million people became unpaid carers in the UK.¹¹ In the future, as the population ages, the number of unpaid carers is likely to increase as more and more people find themselves providing unpaid care to older, ill or frail family members.¹²

The contribution that unpaid carers make to society should not be underestimated. Recent reports have estimated that the financial value of care amounts to £162 billion per year, a value that is roughly equivalent to a second NHS.¹³ But despite the immense value that they bring, many unpaid carers feel undervalued and unappreciated and do not get the support they need.

Unpaid carers are a diverse population of different genders, ethnic and socioeconomic backgrounds. Each carer has to contend with different circumstances. Some provide unpaid care for only a few hours a week, while others do it around the clock. The needs of the person in their care are distinct and require different levels and types of support. For some, unpaid caring responsibilities are so intense they have to make the difficult decision to reduce their working hours or leave their job. The loss of income is not fully compensated by the social security system and results in many unpaid carers living in poverty that they cannot easily escape.¹⁴ Our analysis of the Family Resources Survey finds that 65% of unpaid carers who receive income-related benefits are in poverty.

The COVID-19 pandemic and the ongoing cost-of-living crisis have also had a devastating effect on unpaid carers. During the pandemic, many unpaid carers faced additional pressure as the person they cared for was at a higher risk from COVID-19. This required more planning, leading to increased stress and emotional exhaustion.^{15 16} Immediately following the pandemic, increasing prices led to costs of essentials, such as food and energy, rising quickly. Those who spent a higher proportion on essentials were hit by inflation the worst – meaning inflation hit those in lower income deciles the most.¹⁷ This meant that people – including unpaid carers – who were already struggling, were most affected by the cost-of-living crisis.¹⁸

Overall, these circumstances have resulted in a ‘perfect storm’ leaving unpaid carers struggling to afford essentials such as housing and food, with rates of poverty amongst unpaid carers increasing in the most recent data.

Given the staggering contribution that unpaid carers make, the question is then how to turn this situation around to ensure that these contributions are recognised, and unpaid carers are better supported, including financially.¹⁹

In this report, we discuss the results of mixed-methods research into the extent, predictors and drivers of poverty for unpaid carers in the UK. We combine insights from the 2023 release of the Family Resources Survey with findings from a series of focus groups and interviews with unpaid carers.²⁰ Alongside this UK-focussed report, we publish separate small releases for Scotland and Wales.

The extent of unpaid carer poverty in the UK

This section shows how poverty rates in the UK differ between unpaid carers and the rest of the population. We present poverty estimates for the UK, England, Scotland and Wales separately.

Unpaid carers are more at risk of poverty than the rest of the population.^{21 22} One of the major drivers of this is that long hours of care make it difficult for unpaid carers to stay in employment.²³ It has previously been estimated that, in the UK, 2.6 million people quit work to care.²⁴ There is a large employment gap between unpaid carers and the rest of the population.²⁵ The loss of income from paid work means many unpaid carers experience financial hardship, and the social security system fails to safeguard them against poverty. Carer's Allowance, the main social security benefit for unpaid carers, is one of the lowest benefits of its kind at £81.90 per week as of April 2024.²⁶ To put that into context, for those having to provide unpaid care equivalent to full-time work, that means they are compensated at an equivalent rate of £2.34 an hour.

It is, therefore, no surprise that the latest State of Caring survey (2023) found an increasing number of unpaid carers are struggling to make ends meet (30%) compared with the year before (27%). A third of unpaid carers have had to cut back on essentials, with 21% struggling to afford the cost of food. 60% are worried about the impact of unpaid caring responsibilities on their finances.²⁷

In addition to low incomes, unpaid carers face additional costs. The additional costs of unpaid caring are difficult to disaggregate from the extra costs of disability. For example, the costs of disability equipment or the additional spending associated with specific dietary requirements of the disabled person.²⁸ For the purposes of this research, we developed an estimate of the minimal marginal costs of unpaid care based on the number of hours spent caring, based on findings from the Caring and Family Finances Inquiry.²⁹ Our detailed methodology can be found in Appendix A.

Poverty rates in the UK

Unless stated otherwise, all poverty estimates presented in the main body of the report show the Social Metrics Commission (SMC) poverty measure, which takes into account incomes as well as inescapable costs of childcare, housing, and disability.³⁰ This is the measure that the Department for Work and Pensions (DWP) is currently developing as a new national statistic to complement the existing measure.³¹ In addition to the costs included in the headline SMC measure, our analysis also includes marginal costs of unpaid care, such as the additional cost of transport and food borne as a result of unpaid caring responsibilities.³²

Table 1 shows the poverty rates for unpaid carers and non-carers in the UK in 2021/22. Please note the below rates take into account the additional costs of caring.

In 2021/22, 27% of unpaid carers lived in poverty. The rate of poverty amongst unpaid carers was 50% higher than amongst people who did not provide unpaid care. 1,200,000 unpaid carers in the UK live in poverty.

Table 1: Poverty rate in unpaid carers and non-carers in the UK, 2021/22†

Non-carers poverty rate	Unpaid carers poverty rate	Number of unpaid carers in poverty
18%	27%	1,200,000

† Tables 1 - 5 Source: WPI Economics analysis of Family Resources Survey, 2016/17 - 2021/22. Please note years show the final year of data pooled over three years. 2020/21 data is not included due to small sample sizes caused by data collection issues during the COVID-19 pandemic.

Deep poverty rates in the UK

Based on the SMC’s measure of poverty, a person is considered to be in deep poverty when the resources they have available are so scarce it places them more than 50% below the poverty line. This measure captures individuals who live in the very poorest households.

Nearly 1 in 10 unpaid carers (9%) live in deep poverty. This means that rates of deep poverty amongst unpaid carers (9%) are 50% higher than amongst the rest of the population (6%). 400,000 unpaid carers in the UK live in deep poverty.

Table 2: Deep poverty rate in unpaid carers and non-carers in the UK, 2021/22†

Non-carers deep poverty rate	Unpaid carers deep poverty rate	Number of unpaid carers in deep poverty
6%	9%	400,000

Poverty rates in England, Wales, and Scotland

Poverty rates amongst unpaid carers in 2021/22 are slightly higher in Scotland (28%) than in England (26%) and Wales (26%). The number of unpaid carers in poverty in Scotland and Wales is approximately 100,000.

Table 3: Poverty rate in unpaid carers and non-carers in England, Scotland and Wales, 2021/22†

ENGLAND	WALES	SCOTLAND	ENGLAND & WALES
Unpaid carers poverty rate	Unpaid carers poverty rate*	Unpaid carers poverty rate*	Unpaid carers poverty rate
26%	26%*	28%*	26%

* Please note that due to small sample sizes, the rates for Wales and Scotland are indicative.

Table 4: Numbers of unpaid carers in poverty in England, Scotland and Wales, 2021/22, rounded to the nearest 100,000†

ENGLAND	WALES	SCOTLAND	ENGLAND & WALES
Number of unpaid carers In poverty	Number of unpaid carers In poverty*	Number of unpaid carers In poverty*	Number of unpaid carers in poverty
1,000,000	100,000	100,000	1,100,000

*Please note that due to small sample sizes, the numbers for Wales and Scotland are indicative.

How does our measure of poverty compare to other measures?

Looking at headline poverty rates amongst unpaid carers, our measure of poverty is broadly comparable with the Households Below Average Income (HBAI) measure published by DWP. This looks at households whose income falls below 60% of median income. Following the Joseph Rowntree Foundation’s UK Poverty 2024 report, we consider HBAI poverty with Disability Living Allowance (DLA) and Personal Independence Payment (PIP) disregarded as income (as they are not regarded as income when calculating entitlements to other benefits).³³

Although both measures indicate the same poverty rate of 27% amongst unpaid carers, the exact people who are identified as being in poverty may differ. This is because the SMC poverty measure used in this report looks at inescapable costs as well as incomes, as opposed to only looking at income. As such, it is likely to identify a slightly different group of people as ‘in poverty’, with research published by DWP suggesting that the SMC measure more accurately captures those living in deprived households and / or those experiencing food insecurity.³⁴

Table 5: Poverty rate in unpaid carers using SMC with extra costs and HBAI poverty with no DLA/ PIP in the UK, 2021/22†

HBAI	SMC
Unpaid carers poverty rate	Unpaid carers poverty rate
27%	27%

Variation in poverty rates amongst different groups of unpaid carers

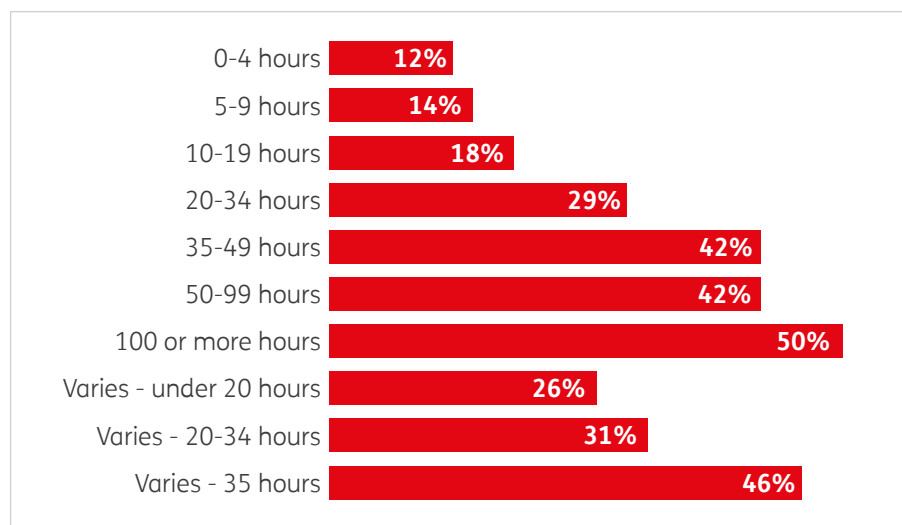
Some groups of unpaid carers are particularly vulnerable to experiencing poverty. Data suggests that certain groups of unpaid carers – particularly those who care for very long hours and those who receive income-related benefits – are at a much higher risk of poverty.³⁵ In this section, we explore the variation in the experience of poverty amongst different groups of unpaid carers.

Number of hours spent caring

The rate of poverty amongst unpaid carers increases with the number of hours spent caring. Those who care for between 35 and 99 hours a week are more than twice as likely to be in poverty than a person who does not provide unpaid care (42% vs 18%). The rate of poverty is the highest amongst those who care for more than 100 hours (50%).³⁶

Long hours of care are associated with a lower likelihood of being in paid employment.³⁷ As caring demands increase, juggling unpaid care and paid work becomes increasingly hard.³⁸ Those who care for longer hours are more likely to be in poverty due to the loss of income. Conversely, those who are poorer might be forced to care for longer hours because they are unable to pay for replacement care - research has found that unpaid carers who live in more deprived areas are more likely to care for longer hours.³⁹

Figure 1: Poverty in carers by hours spent caring per week, UK, 2021/22[‡]



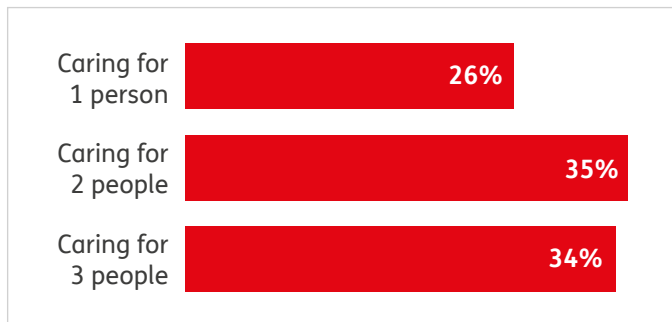
[‡] Figures 1-10 in this report are from WPI Economics analysis of Family Resources Survey, 2016/17 – 2021/22. Please note years show the final year of data pooled over three years. 2020/21 data is not included due to small sample sizes caused by data collection issues during the COVID-19 pandemic.

Caring for multiple people

Unpaid carers who care for more than one person have a higher rate of poverty than those who care for one person (35% vs 26%). Caring for multiple people at once can be extremely demanding in effort and time. Carers may care for multiple people with very different needs, requiring significant planning and travelling and increasing the costs faced by unpaid carers. As caring demands increase, it becomes more and more difficult for unpaid carers to remain in paid employment.⁴⁰

A particular type of caring for multiple people is so-called ‘sandwich caring’. Sandwich carers are those who care for two generations at once, for example, their disabled children and parents. Meeting the needs of two different generations at once can be a particularly complex task.⁴¹ We found the poverty rate amongst sandwich carers to be comparable to the poverty rate amongst carers who care for multiple people (the poverty rate in sandwich carers is 34%).⁴²

Figure 2: Poverty in carers by number of people cared for, UK, 2021/22[‡]



Sex

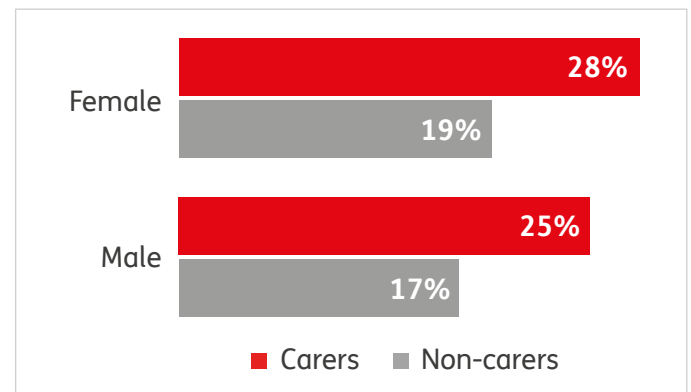
The burden of unpaid caring falls disproportionately on women: they are more likely to care at younger ages and to be sandwich carers,⁴³ and are at greater risk of having to give up work to care.⁴⁴

Highly demanding unpaid caring roles and unfair workplace expectations often result in female carers struggling to balance unpaid caring and paid work. According to the report from Engender, “...women are twice as likely to juggle unpaid caring with low-paid employment, to hold multiple unpaid caring roles, and to provide unpaid care for more than 35 hours per week.”

More broadly, there is a challenge highlighted by other research that unpaid caring can be seen as ‘women’s work’ and perceived to fall outside of the responsibilities of society and the state. It is argued that these prejudices slow down policy progress and influence spending decisions.⁴⁵

Women who provide unpaid care have a higher rate of poverty (28%) than men who provide unpaid care (25%). Both female and male carers are more likely to be in poverty than men and women who do not provide unpaid care, respectively (19% and 17%).⁴⁶

Figure 3: Poverty in carers and non-carers by sex, UK, 2021/22[‡]



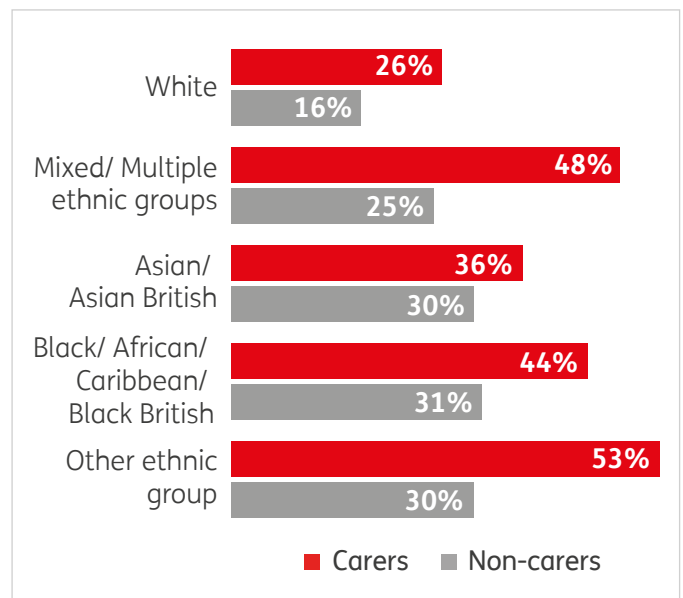


Ethnicity

While unpaid carers are more likely to be in poverty than the rest of the population across all ethnic groups, those from minority ethnic groups are particularly vulnerable. The high rates of poverty amongst unpaid carers from a non-White ethnic group build on the fact that non-White ethnic groups already face significantly higher rates of poverty than those from a White ethnic group. While reasons for this are complex, one contributing factor is that unpaid carers from non-white backgrounds face prejudices and stigma when looking for support.⁴⁷

As a result, when compared with their White counterparts, ethnic minority unpaid carers were more likely to be anxious about their financial situation, be impacted by the closure of local services during the pandemic and respond that the available support services were insufficient in meeting their needs.⁴⁸

Figure 4: Poverty in carers and non-carers by ethnicity, UK, 2021/22[‡]



Please note that due to small sample sizes, the estimates for the following groups are indicative: Carers, Other ethnic groups (n=17), Carers, Mixed / Multiple ethnic groups (N=17), Carers, Black / African / Caribbean / Black British (n=29)

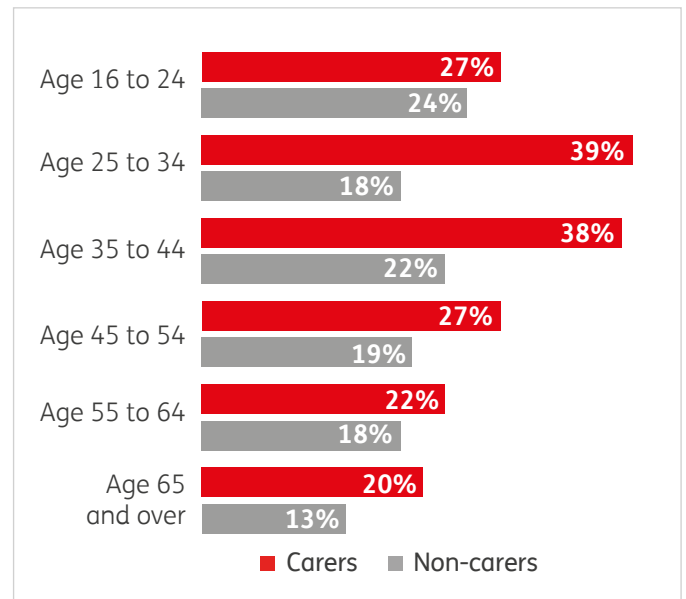


Age

The highest poverty rates are experienced by unpaid carers aged 25 to 44 – around 39% of unpaid carers in this age group are in poverty. This group also shows the largest differences in poverty rates between carers and non-carers (39% vs 20%), with the poverty rate amongst carers roughly double that of non-carers for this age group. 27% of unpaid carers aged 45-54 are in poverty, compared with 19% of non-carers in this age group.⁴⁹

Our qualitative research with unpaid carers in this age cohort found that those unpaid carers who take on a caring role in their late 20s or early 30s are likely to feel that, as a result of their unpaid caring responsibilities, their careers are put on hold, and they are ‘behind’ compared to their non-carer peers of a similar age. Often, they are required to shift to part-time roles or withdraw from further training and educational opportunities in order to provide unpaid care, decisions which restrict their career progression.

Figure 5: Poverty in carers and non-carers by age group, UK, 2021/22[‡]



Unpaid carers aged 65 and over are also more likely to be in poverty compared with non-carers in that age group (20% vs 13%), which means that 1 in 5 retirement-age carers live in poverty. Older carers (usually women) are likely to be among those caring for the most hours.⁵⁰

Unpaid carers aged 16 to 24 have a relatively high poverty rate (27%); however, in this age group, there is the lowest difference in poverty rates between

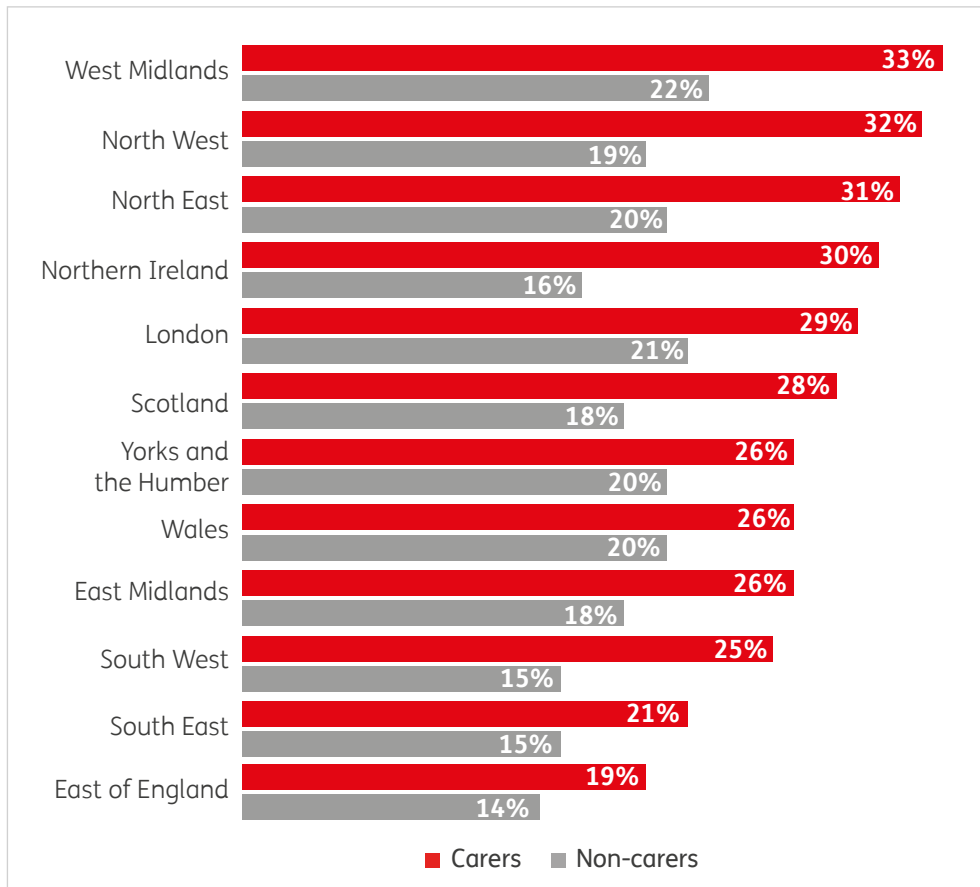
carers and the rest of the population (27% vs 24%, respectively).⁵¹ While the difference in poverty rates might be small, the impact of caring for this group can have significant implications for their future life and opportunities. Young unpaid carers have been found to miss 27 school days on average each year, have a higher prevalence of self-harm and be twice more likely to attempt suicide compared to their peers who are not providing unpaid care.⁵² Young unpaid carers are less likely to obtain a university degree and enter employment compared to those who do not have unpaid caring responsibilities. This is especially concerning given having a university degree may buffer unpaid carers from future job losses that come as a result of unpaid caring (in part because jobs that require a university degree are more likely to afford the flexibility a carer needs to keep the job).⁵³ It has been highlighted that young unpaid carers in rural areas are a particularly vulnerable population, as they face increased barriers to accessing and receiving support due to poor transport, isolation, stigma and lack of privacy.⁵⁴



Region

Poverty amongst unpaid carers varies substantially by region, with the highest poverty in the West Midlands (33%) and the lowest in the East of England (19%).⁵⁵

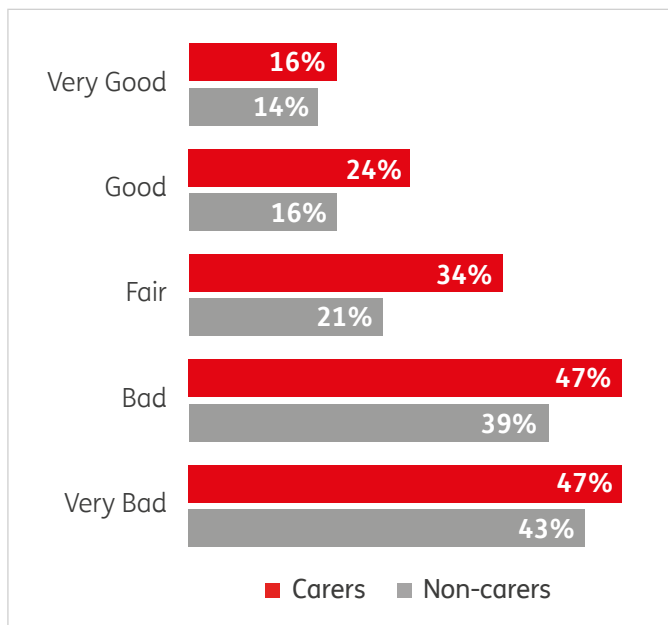
Figure 6: Poverty in carers and non-carers by region, UK, 2021/22[‡]



Self-reported health

Although the sample size is small, meaning that the results need to be treated with some caution, the Family Resources Survey shows that 47% of unpaid carers with bad or very bad health are in poverty. This compares to around 40% of the rest of the population in bad or very bad health being in poverty.⁵⁶ This is particularly worrying when caring itself is a social determinant of health and a risk for poverty, meaning that there are further impacts on carers' health and wellbeing and the risk of a vicious cycle of escalating poor health and poverty.

Figure 7: Poverty in carers and non-carers by self-reported health of the carer, UK, 2021/22*



Please note that due to small sample sizes, the estimates for the following groups are indicative: Carers, Very Bad (n=28).

Additional analysis of the Family Resources Survey also reveals that carers are more likely than the general population to be in poor health – 40% of carers rate their health as less than good, compared to only 30% of non-carers.⁵⁷ The relationship between health and provision of unpaid care may be bi-directional. On the one hand, those in poor health might be more likely to provide unpaid care in the first place. Unpaid carers are, on average, older than the general population, and older people are more likely to experience poor health (51% of carers are aged 55 and over, while only 40% of the general population is 55 and over).⁵⁸ On the other hand, studies clearly show that unpaid caring itself leads to adverse health effects through chronic stress,⁵⁹ and longer hours of care are associated with more significant mental health impacts.⁶⁰ In our qualitative interviews, many unpaid carers spoke openly about the physical and mental stress that they endure from their unpaid caring role and the lack of respite and support services that would help them cope and socialise. It was common for unpaid carers to explain that they often felt stressed, anxious and isolated or lonely, which leads to them losing contact with their friends, family and community due to their role. The latest State of Caring (2023) survey offers a glimpse into the health of unpaid carers providing substantial care. It reveals many struggle with anxiety and worry, as 79% feel stressed or anxious, 49% feel depressed, and 50% struggle with feelings of loneliness. Worryingly, 44% said they put off medical treatment because of their unpaid caring role.⁶¹

The drivers of poverty among unpaid carers

The section above showed that unpaid carers are a particularly vulnerable group with high poverty rates. In this section, we use existing evidence and original qualitative and quantitative research conducted for this report to explore drivers of poverty among unpaid carers from a qualitative and quantitative perspective.



Difficulty staying in paid work

Many unpaid carers face difficulties combining paid employment with unpaid care and have to either cut down hours, move to part-time working or leave the labour market entirely to provide unpaid care. Others have to turn down promotions and other opportunities that halt their career progression.⁶² As well as a financial impact, this loss of work also comes with a profoundly personal sense of loss for a career – we heard that often, unpaid carers give up senior or highly skilled roles to provide unpaid care.⁶³ Others were not able to fully realise their potential and put their qualifications to use, as they are only able to take lower-paid and often part-time roles that fit around their unpaid caring responsibilities.⁶⁴ Despite those difficulties, all of the unpaid carers we spoke to who were in some form of paid work enjoyed paid work for the value it provided in their lives – they saw it as important to have other things to occupy their time as well as their unpaid caring role.⁶⁵

We explore:

- Difficulty staying in paid work.
- High costs linked to caring.
- High housing costs.
- Inadequacy of social security.
- Lack of support and access to formal care services.

Table 6: Employment gap between carers and non-carers amongst those aged 16-64, UK, 2021/22†

	In employment	In full-time employment	In part-time employment
Not a carer	75%	57%	18%
Carer	62%	41%	21%
Caring for 35+ hours	37%	20%	17%

The Family Resources Survey data allows us to investigate differences in employment rates between those with caring responsibilities and those without. When we look at those aged 16-64 who do not report providing any unpaid care, 75% are employed, and 57% are employed full-time. Looking at those who provide unpaid care, the employment rate is much lower at 62%, with full-time employment at just 41%. Zooming in on the sub-group of carers who provide in excess of 35 hours of unpaid care, employment drops to 37%, and the rate of full-time employment, at 20%, is almost three times lower than the full-time employment rate for those who do not provide unpaid care.

The peak of unpaid caring responsibilities can coincide with the peak of a professional career (particularly for women aged 45-54), making the negative impact on earnings even greater. Because the role of unpaid caring tends to fall disproportionately on women, the difficulty of combining paid work and unpaid care is further deepening existing income inequalities between genders.⁶⁶

The impact of this is not just immediate, as the loss of unpaid carer progression compounds the negative effects of unpaid caring on earnings. Unpaid carers express worries about explaining gaps in their employment history and fear that they will have to start at the bottom of the ladder again despite a previously successful career.⁶⁷

Some of these themes were also considered in a recent report by the Centre for Social Justice. This featured a poll which found 41% of working-age unpaid carers to be considering leaving the labour market or reducing their hours over the coming year. The same survey found that more than 60% of working-age carers would return to work or increase their hours with the right support in place.⁶⁸ For example, 40% of respondents not in paid employment would go back to work if their employers were able to grant them five days of paid leave; 40% would go back to paid employment if the Carer's Allowance had a higher earnings limit; and 40% said they would go back to paid employment if the person they cared for received 10 hours of free domiciliary care a week.⁶⁹

During our qualitative interviews, a number of unpaid carers mentioned that, although they would like to work, it was not possible to find paid work that would fit around their unpaid caring responsibilities – it was often the case that the opportunities lacked flexibility, including unwillingness from employers to be more flexible.

Angela's experience

"I'm a carer for my 23 year old daughter. She's neurodivergent and she's got severe mental health difficulties. I was working as a senior mental health social worker myself, worked through the COVID-19 pandemic and I was really struggling. I feel like I was juggling two full-time jobs: looking after my daughter and working.

So, I had to take a massive pay cut. I'm still working for a local authority, but not as a senior social worker. I had to look for a role which was hybrid, because there was no way I could keep being out of the house [for work]. I'm now working in a support officer role.

It's a really difficult situation: juggling being a full-time carer and also being forced to work full-time. It's just me and my daughter on our own. I'm a single parent. I don't get any benefits - I've looked into it. [I considered] cutting down my hours, but I realised I would basically be in poverty. I'm forced to work full-time, but I feel like there's that emotional toll on myself of trying to [manage] financially but also being there for my daughter because she's struggling. So that's basically where I'm at now, working full-time but also caring full-time."

Laura's experience

"So I worked full time and I was working full time on nights when mum was first diagnosed. Because my theory was, once she's in bed, she's kind of safe. She can't go anywhere. However, I was then up and down all day caring for her, doing whatever. So my sleep was broken. And then I would go back to work that night.

I worked for a very big retail company, and their carers policy was non-existent. It was like they've never even heard of it. So if I had to take time off, it went down on my sickness record. The sickness record is you can have 3% of your shifts off in 26 weeks. When you work full time, you can't even have a week off. So I was constantly in and out of disciplinary meetings. They were like, oh, you should do this and you should do that. When I tried to say, I need flexible working, no, can't have that. Needs of the Business. That's all I ever heard. There was no flexibility whatsoever. And, eventually, I ended up leaving. However, if I could find a job that could work more flexibly or they were willing to be more flexible, then I would love to work. I need to work financially, I need to work but I can't. The situation is absolutely ridiculous."

The ability to juggle paid work and unpaid care can be particularly challenging during the onset of the need to provide care. For some, the onset of unpaid caring might be a result of tragic personal events, such as an accident or a sudden onset of illness. In instances like this, unpaid carers are often faced with a large initial shock, which can greatly affect their ability to work in the short term; however, after some time, they adjust to their new situation and, at least in some cases, may be able to return to work with necessary adjustments. Where work is impacted in the long term, situations like this can bring about the loss of two incomes: the unpaid carer and the person in need of care. This makes it even more difficult for families to adjust to their new circumstances, often at times of great emotional strain.⁷⁰

For others, care responsibilities and strains on working ability can go in the other direction. For example, another common pattern is that unpaid caring responsibilities start light and take a long time – months or even years – to reach their peak intensity (for example, when an ageing parent becomes less and less independent). This allows more time for adjustment, but the effects can be greatly prolonged. Supporting unpaid carers to retain employment in such situations will require different forms of support.⁷¹

In general, longer unpaid caring hours are associated with larger penalties. A 2023 report by the Joseph Rowntree Foundation found that “...an average of 210,000 unpaid social-care givers who are providing at least 35 hours of care per week report that their care responsibilities prevent them from working as much as they would like, while 438,000 are prevented from working at all. Together, this encompasses over a third of all carers over the 35-hour threshold.”⁷²

The barriers that unpaid carers face include:

- **Benefit rules act as a disincentive to unpaid carers increasing their income from employment.** Carer’s Allowance, the main social security benefit for unpaid carers, is designed in a way that discourages increasing income from employment. The benefit does not taper with income and, instead, has a cliff edge at a relatively low earnings limit (£151 per week in 2023/24).⁷³ It has strict earnings limit rules which are complex to understand and that carers say are difficult to maintain. Significant numbers of unpaid carers face overpayments and penalties if they do not comply with these rules, which causes additional stress and anxiety.^{74 75 76}

Jane’s experience

“I was working when I had my son. He had to have an operation at three weeks, another one at six months, and it became very apparent with all the hospital appointments, that that wasn’t going to work. Me going back to work. My employer was brilliant, you know, she did her best, but it just wasn’t going to work.

I’m absolutely exhausted, mentally, physically, emotionally, fighting for everything, for him. Everything is a fight. We’re human beings, we’re not robots, do you know what I mean? And they just keep expecting more and more of us.

There’s no support there. I am working really hard, harder than most people work three times the jobs that they’re doing in the hours. So why can’t we just be recognised for that. I’m unable to work because of my caring role. So pay me a wage. If I could go to work, I would, but I can’t. Economically inactive. I’d like to see them try and do what we do so they wouldn’t be able to do it. But we’ve been taken advantage of because we’re looking after people that we love. We can’t go on strike.”



- **The demands of unpaid care are often difficult or impossible to combine with paid employment.** Some unpaid carers need to be with the person they care for most of the day. An unpaid caring role is unpredictable and can change depending on the state of the person being cared for. This can make it difficult to work, particularly when the role does not afford flexibility.⁷⁷
- The lack of flexibility and support from employers, who may not have adequate carers' policies or may not make them sufficiently well-known or used. Unpaid carers may also face discrimination or negative attitudes in the workplace. The attitude of managers can make a big difference to unpaid carers' experiences, for better or for worse. Some unpaid carers are uncomfortable talking to their managers, and some face negative responses when they do. This lack of support made unpaid carers feel undervalued and discriminated against.⁷⁸
- **The impact of unpaid caring on mental and physical health** may make it difficult to maintain employment. Working carers face emotional and mental stress from juggling their paid work and unpaid care roles. They often feel like they never switch off and are at a breaking point from their caring role, which impacts their performance at work. Equally, the stress of juggling paid work and unpaid care can have negative impacts on carers' health.⁷⁹
- **For those who claim Carer's Allowance, low levels of qualifications may make it more difficult to find paid employment.** A recent report from DWP found that over half of Carer's Allowance claimants have GCSEs or no formal qualifications as their highest qualification.⁸⁰

Overall, these challenges with juggling unpaid care and work lead to significant impacts on earnings. A recent report estimated that high-intensity unpaid carers earn £804 per month less on average five years after starting unpaid care. The pay penalty grows over time, and by the end of the sixth year of unpaid caring, unpaid carers forego nearly £20,000 of their income in total.⁸¹ One unpaid carer we spoke to mentioned that they had not been in paid employment in any meaningful way for ten years and suggested that in that time they have most likely missed out on around £250,000 in earnings.

Barbara's experience

"So there is that longer term impact. I haven't worked in any meaningful way for ten years. I'm nearly 58 now. My dad's quite frail, frankly, I don't think we'll have him for much longer. So when he goes, I will have to try and get back into the workplace after ten years out [caring], which a lot of employers will look at and think, well, you know, pretty menial, you know, nothing terribly skillful. I don't have a lot of confidence in what job opportunities will actually be open to me at that point.

If I count up how much earnings I haven't had in ten years, I mean, that is a serious amount of money. Must be about quarter of a million I've missed in earnings. It's a lot of money. I don't think I've actually had anyone put a number on it before. And when you do, , it kind of hits you, when you actually put like a pounds and pence number onto it. And I think, as you say it is, there's a lot that could have been done with, that sort of level of earnings."



The difficulty maintaining and finding employment also has consequences for the unpaid carer's future as it impacts their earnings potential, savings and pensions.

- The loss of experience and confidence is an additional penalty which is very difficult to quantify. Our qualitative interviews highlighted that unpaid carers may struggle to return to employment after a prolonged break, especially if faced with a lack of understanding from employers. Many end up in roles which are less senior than the ones they had to give up. Because of this, the income penalty of caring can stay with carers throughout their entire life.⁸²
- Savings that had been set aside – either for emergency funds or for use in retirement – become a vital source of immediate income.⁸³ One unpaid carer explained that they were unable to think about savings or pensions because they were struggling to get through the week financially.
- In addition, research points to decreases in pension contributions if the incomes of unpaid carers fall (and the subsequent decrease in payouts) as an important driver of poverty in retirement in current and former unpaid carers.⁸⁴ Former unpaid carers we spoke to explained that the all-encompassing nature of unpaid caring often meant that future financial matters were not prioritised at the time, and these become difficult to resolve in later life.

Given these findings, it is unsurprising that our analysis shows that unpaid carers have higher rates of poverty across all types of working status: full-time employed, full-time self-employed, part-time employed and self-employed. It also shows that unpaid carers who are out of paid work have a substantially higher rate of poverty than those who manage to remain in employment.⁸⁵

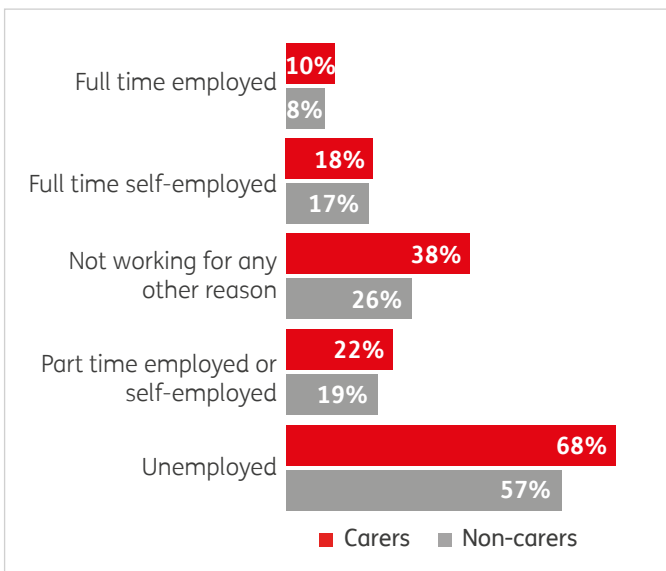
Linda's experience

“Yeah, I think for me, it's that awkward thing where, having been looking after my mum for six years and I'm 59 now, so I'm sort of, you know, I've got, what, maybe just under ten years before I retire, but actually, I'm putting nothing, no money into either savings, and there's definitely nothing going into a pension. At a point when I'm no longer caring, it's like then there's a whole new set of problems: how do I then safeguard my future? Because I don't have any children, my parents managed to save a bit of money. Not a lot of money, but it's sufficient that it takes you above the £23,000 threshold, which means that any care that my mum needs, she has to pay for.”

Fiona's experience

“At some point in the future, if my dad will pass away, [caring] will be a huge gap on the CV. But I think, the skills that you have to be a carer, it needs its own sort of CV building. You need to be an advocate with the budgeting. You need the financial skills. You know, there's a lot of communication dealing even with pharmacies within the healthcare system, you have so many skills and just finding some way of recognizing that. And even if you're not looking to build a CV, for your own mental health, your esteem, you need to be recognised. Everyone who's doing this has these unique skills.”

Figure 8: Poverty in carers and non-carers by employment status, UK, 2021/22[†]



High costs linked to caring

Unpaid carer families report paying more than other families for clothing, specialist food (for example, lactose or glucose-free diets), technology, toiletries, and replacing household items that might wear down more quickly due to the needs of the disabled person and the carer.⁸⁶ Many have to buy specialist equipment, educational materials, and equipment related to the condition of the person in need of care.⁸⁷ Unpaid carers may also shoulder costs of hiring formal paid care.

Unpaid carers and the person they care for often share these costs, and there is a blurring between what is strictly a cost of caring and an extra cost of disability. The lines between disability and caring costs can be particularly blurred in instances where the unpaid carer is providing care to someone within the same household.⁸⁸ For example, one unpaid carer mentioned that her husband used his own money to purchase a disability car, but she is responsible for the petrol – the cost of which has become, she said, ‘astronomical’.

There have been some attempts at an objective categorisation of caring and disability costs. The Caring and Family Finances Inquiry (2013) argued costs of care are the incremental additional costs that are directly associated with a carer providing care.⁸⁹

The authors of that report pointed out that many unpaid carers cover direct disability costs out of their own pocket when the person in need of care cannot afford them, which further complicates the issue. In this report, we use the above definition to construct a measure of additional costs of unpaid care as an addition to disability costs, which are accounted for separately.⁹⁰

Costs might be even higher for those unpaid carers who live rurally, as was strongly highlighted during our qualitative interviews. Longer travel distances and lack of access to public transport mean fuel and maintenance costs can be very large.^{91 92} In addition, in our interviews with unpaid carers, we found that those who live rurally might lack access to larger shops, and finding products which stem from dietary requirements of the disabled person might be very difficult for them. Unpaid carers who are short on time might be unable to travel further distances to shop and may pay high premiums if they rely on food purchased in local shops.



Anne's experience

“I receive Carer’s Allowance and I receive Universal Credit, but my Carer’s Allowance is deducted from my Universal Credit and so it is a real, real struggle. My mum does live with me, but she feels cold, so my heating is on all day, every day. And she has lots and lots of medical equipment that has to be on 24/7 that is through the electric, two of which actually are classed as life-saving by her doctor, but according to the electric company they are not. So I get no help. And it has been an absolute struggle. My average gas and electric bill a month is nearing £500, which is about £22 less than what Universal Credit and Carer’s Allowance provide me a month. So I have £22 left, basically.”

Diane's experience

“I’ve just completed my annual budget and I’ve put in all the increases to the rent, the fuel costs, the gas and electric, the council tax and everything else. All the bills that come in have increased and the cost of food has increased. A couple of years ago, I would budget about £400-500 a month for food. That has easily gone up to over £800 a month now, plus petrol. I would budget £120 a month for petrol. Now, that’s got to go up to £200, if not more, because I’m using the car more. There’s more hospital appointments, there’s more doctor’s appointments, there’s more demand on my time. I’ve got to run here, I’ve got to run there, because you can’t walk anymore, you haven’t got the time to walk, you need the car. The cost of living crisis this year is in the news, but we’ve always been in a cost of living crisis as carers.”

High housing costs

Housing is a major cost that unpaid carers face, especially in the context of limited financial income.⁹³ Of the unpaid carers we spoke to during interviews, many were living in unsuitable accommodation that did not adequately meet their caring needs. Some had also experienced significant housing flux as a result of caring – often having to give up owner-occupation and move into the rented sector.

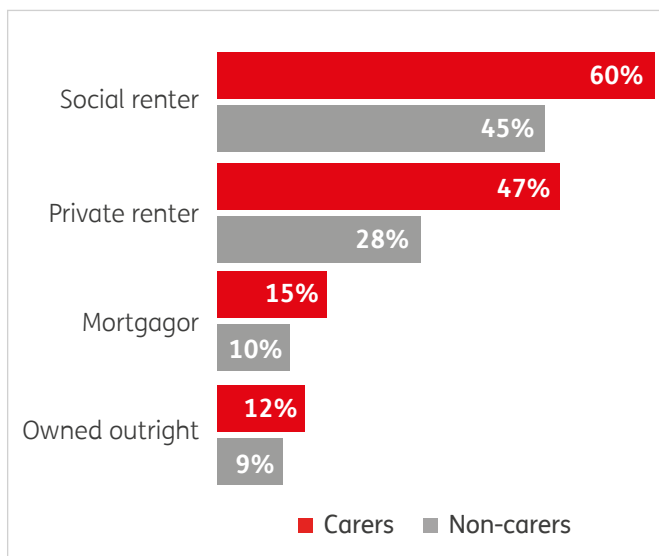
Others were concerned about their ability to sustain housing costs in the longer term, and there was a significant fear of homelessness. If the unpaid carer and the disabled person live together, being forced to move away into a different home can be a particularly stressful situation. Finding suitable accommodation may be very difficult, and any adjustments put in place for the comfort of the disabled person can be lost or very costly to move.

The Family Resources Survey clearly shows that unpaid carers who rent either socially or privately have a higher rate of poverty than unpaid carers who mortgage or own their houses. When looking at data from 2019/20 and 2021/22, the difference is already very stark. 60% of social renters and 48% of private renters who provide unpaid care live in poverty, compared to only 12% of owner-occupiers.⁹⁴ This data does not yet capture the increases in interest rates which have caused mortgage repayments to rise significantly; nor the large increases in rents that occurred since 2021/22, meaning the situation could be even worse.⁹⁵

Alex’s experience

“I’ve been an unpaid carer for my now late partner, who passed away in January after he suffered four strokes. I’ve now recently started caring for another person who lives in the house where I am at the moment, who suffers with COPD [chronic obstructive pulmonary disease]. Myself and my partner, we were made homeless after the last lockdown. So currently I’m in what they call temporary accommodation, where I’ve been for the last three years, nearly three years in July. Currently claiming Universal Credit and Carer’s Allowance. So, my financial situation, it’s not great. I’ve recently started receiving PIP myself as well, due to a bad back, which does make the caring duties a little bit more difficult. But I manage. As long as I kind of look after myself, I can look after other people. So that’s my situation.”

Figure 9: Poverty in carers and non-carers by tenure, UK 2021/22*



Rates of poverty are 68% higher for carers in privately rented accommodation compared to non-carers in private rented homes.⁹⁶ A small number of unpaid carers we spoke to had experienced homelessness as a result of unpaid caring, including one unpaid carer who had been in temporary accommodation for a number of years. Others raised concerns about a future whereby homelessness was a distinct possibility, especially if there was a major change in circumstances to their unpaid caring role (in particular, the death of the person they were caring for).

Another issue highlighted in qualitative interviews with carers was lack of support following bereavement. Carers who live with someone with a disability or illness are on priority register for social housing; however, if someone is bereaved, that is no longer the case.⁹⁷ Some properties have age restrictions, and bereaved carers are not just faced with the loss of a loved one – they also have limited time to find new suitable accommodation, as they can no longer remain in their home following the death of the person that they cared for.

Inadequacy of social security

Carer's Allowance, the main benefit set up to help unpaid carers, is one of the lowest benefits of its kind.⁹⁸ Those eligible for Carer's Allowance can receive up to £81.90 / week (at 2024/25 rates). This falls far short of the income level needed to guarantee even bare essentials (which the JRF estimated to be £120 / week in 2023⁹⁹), let alone ensure long-term financial resilience against chance events such as the breakdown of white goods.

To be eligible for Carer's Allowance, carers have to provide unpaid care for at least 35 hours each week. If unpaid carers were to work a paid job for 35 hours a week, they would be entitled to the National Living Wage at the minimum: £11.44 / hour from April 2024.¹⁰⁰ Carer's Allowance is paid at an equivalent rate of £2.34 / hour assuming a carer cares for 35 hours each week. That's almost five times less. A recent review published by DWP revealed that more than half of Carer's Allowance claimants actually cared in excess of 65 hours a week, meaning they were compensated at a rate of just £1.26 / hour for their care.¹⁰¹

Florence's experience

"I live with my mother in social housing. My mother is in her 70s, I am currently in my 30s. The house we are in has an age category on it; you have to be over 60 to be on tenancy. So if I don't make it to 60 – and let's face it, mum is not going to live another 20+ years – I am given a week to move while dealing with everything. I will also be planning my mum's funeral, sorting out my mum's estate, grieving, sending all her equipment back. I'm supposed to find the time to find a house, get a house, move, have a deposit waiting in the bank. Let's be realistic here. It's never going to happen. I don't even have savings. I haven't got money to have savings. And all my benefits will stop and all my mother's benefits will stop. And if I stay more than a week, I have to pay full rent, not the reduced rent for social housing and that's somewhere in the region of £800 a month. Tell me where I am going to find that, because I haven't got a clue. But I can't do anything about it. I literally cannot do anything about it. And I know it's coming."



The eligibility criteria are very stringent. In order to qualify for the benefit:

- The unpaid carer must care for at least 35 hours a week;
- The unpaid carer must earn under £151 / week after expenses in 2024/25 (it is worth noting that this threshold is not tapered with income, and going £1 over means an immediate loss of Carer's Allowance);
- Only one unpaid carer per a disabled person can claim Carer's Allowance;
- The person being cared for must be in receipt of the right level of disability benefit;
- The unpaid carer cannot be in full-time education or studying 21 hours a week or more; and
- The unpaid carer must be 16 or over.¹⁰²

Furthermore, recipients of Carer's Allowance can run into issues with overpayments – a problem which has received a lot of recent publicity.¹⁰³ The House of Commons Work and Pensions Committee's report on "Overpayments of Carer's Allowance" from 2019 explains that prolonged staffing shortages in DWP were causing delays in processing new claims and claimants' reports of changing circumstances.¹⁰⁴ The current social security system for unpaid carers leaves many with high debts due to overpayments of Carer's Allowance and high penalties.

Finally, many unpaid carers do not realise that they are eligible for support. As of April 2024, an estimated £2.2bn of Carer's Allowance goes unclaimed.¹⁰⁵

Other benefits that may be available to unpaid carers include:

- Universal Credit, which may include extra money (Carer Element worth £198.31 per month) if the individual is caring for someone receiving a benefit. However, any Carer's Allowance the person receives will be deducted from their Universal Credit;
- Carer's Credit, which an individual qualifies for if they are caring for someone for 20 hours a week or more and under pension age. It provides them with National Insurance credits, which helps to protect their state pension;
- Pension Credit, which tops up any income from state pension, private pension, and assumed income from savings¹⁰⁶ to £218.15 a week, plus an additional £45.60 weekly Carer Addition if the person cares for at least 35 hours a week.¹⁰⁷

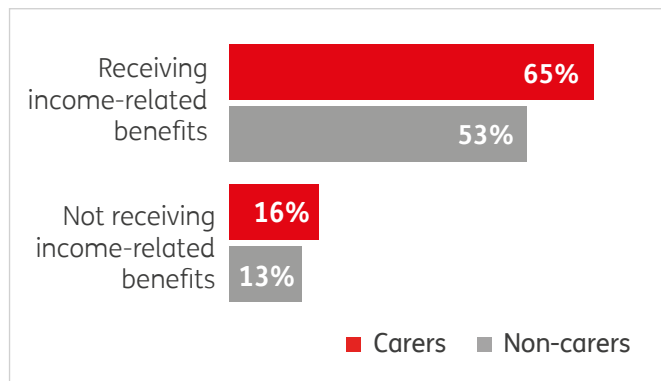
Overall, it is apparent that the current social security system is not adequately meeting the needs of many families, especially those with unpaid caring responsibilities. Nearly 6 in 10 carers in receipt of Carer's Allowance, and 65% of unpaid carers who receive income-related benefits, live in poverty.¹⁰⁸

James's experience

"Your Carer's Allowance comes out of your Universal Credit and then they give you Carer Element, which is about half of what you would get in Carer's Allowance. I worked out that there is a shortfall of £146.72 a month. At one point I was living on £270 a month and struggling to look after myself, let alone somebody else. Now, considering the amount of money that [unpaid] carers save the Government, I think Carer's Allowance should be a disregard benefit. It shouldn't be deducted from anything like Universal Credit, because it's not fair. It leaves us on the bottom rung of the poverty scale. Even in my situation, where I haven't got the bills associated with running a household at the moment, I'm worried sick that when that happens, I'm not going to be able to cope. I mean, I've already had to write off nearly £22,000 worth of debt because I can't afford to pay it."



Figure 10: Poverty in carers and non-carers by income benefits, UK, 2021/22[‡]



During qualitative interviews with unpaid carers, there was widespread negativity expressed towards how the social security system supports unpaid carers. This primarily stemmed from a widely held view that through unpaid care, carers save the Government a significant amount of money but are not provided with adequate support. This sentiment is supported by evidence, as research suggests unpaid carers provide support worth £162 billion per year, which is equivalent to a second NHS.¹⁰⁹ However, unpaid carers felt that the social security system does not reflect this value or the costs they face.

There was also a concern with how unpaid carers are viewed by government. At best, it was explained that government sends mixed messages: on the one hand, carers are encouraged to work, but on the other hand, there is no support for them to be able to do this. Some carers felt that they were regarded as ‘a burden’, rather than providing a vital service to society. Some felt that they were stigmatised as being a ‘benefit fraud / scrounger’ and felt that government did little to tackle the social stigma and perception that unpaid carers choose not to work and therefore do not deserve support. As a result, many called for a general shift in societal attitude towards unpaid carers as the public largely didn’t understand what unpaid carers have to endure and what people do for their family members.

Susan’s experience

“Let’s face it, Universal Credit really should be only a temporary stopgap in a benefit system. And we’re having to try and survive on the bare minimum that is supposed to be a short term support for 20 years, 30 years, whatever. And I’ve got to say, as time goes on, it’s a case whereby that minimum runs out. So therefore, when the car needs replacement, when the TV needs replacement, when white goods need replacement, you just haven’t got the money because you are only being given the minimum. I’m 62 years of age. I paid into a work based pension, which I decided to take early because we were financially so poor. We live in private rented accommodation. And the fact that my wife cannot work because she is sick means that we don’t even have the option to work our way out of debt. We’re surviving, as far as her part of income is concerned, on £100 a week. And I don’t know how somebody is supposed to pay rent, pay food, pay national insurance, pay for all the things that you need in a day, on £100 a week, because that’s all that’s left.”

Rowan’s experience

“Me and my wife used to do some media work for various charities, highlighting the plight of caring. But the backlash we got on social media was horrendous. It’s easy, they say, oh, you’re lazy. Get out there and work and pay for carers.

I’ve also got my wife’s dignity to think about. She doesn’t want strangers coming in and out for an hour or so a day. She needs, you know, somebody with her quite a lot. So, yeah, like you said about the public’s perception of carers, I just don’t think they even get it. I mean, even one of my good friends said to me once, Rowan, sort out your life and get a job. Like, really, they just don’t understand what carers have to endure and what we do for our loved ones.”

Aside from the level and structure of the benefits themselves, unpaid carers also spoke about facing a complex and uncertain assessment process for benefits, which can cause them stress and anxiety.¹¹⁰ The earnings limit, interaction between Carer's Allowance and other benefits, and the inability to claim Carer's Allowance for multiple unpaid caring roles were especially problematic. In interviews, unpaid carers also mentioned the savings threshold, the penalising impact of this and the expectation that people use their savings to cover care costs. Moreover, unpaid carers said they were expected to survive on the bare minimum through a benefit system designed to give short-term support that did not allow them to properly budget or respond to shocks in costs.

There has been considerable ongoing interest in the transition of disabled children to adult services and the implications for carers. Improved survival rates in younger people with complex disabilities or health needs mean that many carers of disabled children will continue to care for them into adult life.¹¹¹ Worryingly, our qualitative research indicates carers may find this transition difficult to navigate, support often drastically changing between child and adult services and the financial penalty associated with this transition can be significant.

Lack of support and access to formal care services

Literature firmly establishes that the single most effective intervention to improve unpaid carers' wellbeing, health and capacity to go back to work is an increase in provision of paid care services.¹¹² However, the vacancy rate for formal paid carers is very high, and there is a significant backlog of Carer's Assessments.¹¹³ Improving access to support is key to enable unpaid carers to successfully participate in the labour market and improve their overall quality of life.

One of the key problems is that funding for social care services and the NHS more widely has not kept pace with inflation over the last couple of decades. A National Audit Office report found that at a local level, there was a 49% reduction in government funding between 2010 and 2018 (in real terms), with tragic consequences for people and communities.¹¹⁴ Reversing this change would require a significant amount of government spending.¹¹⁵

More recent analysis shows that local authority gross expenditure on services for carers has reduced, with an 11% drop in 2020/21 compared with 2015/16. "This has translated into a reduction in the support offer available to unpaid carers, with local authorities providing fewer direct support payments and directing 36,000 more unpaid carers to information and advice only."¹¹⁶ This falls far short of keeping up with the growth in the number of people providing unpaid care, as the population ages. The proportion of unpaid carers

Mary's experience

I've been a unpaid carer for nearly 21 years, since 2003 for my disabled son. I'm absolutely exhausted, mentally, physically, emotionally, fighting for everything, for him. You naively think that because your child has got a disability or they've got an illness, all this support's going to be there. But everything is a fight. Even now he's gone from children's services over to adult services. There's nothing. It's like being pushed off the edge of a cliff. We can't get anything for him. I can't get speech and language, even though he still can't speak, and we're trying to progress his speech. So I'm having to do what I think to keep something up. Because of the lack of support I'm a physiotherapist, I'm an occupational therapist, I'm a behaviour therapist. All these jobs we do, we're human beings, we're not robots, and they just keep expecting more and more from us. There's no support there.

who report it is easy to find support has been steadily declining year-on-year, from 66% in 2014/15 to 58% in 2021/22.¹¹⁷

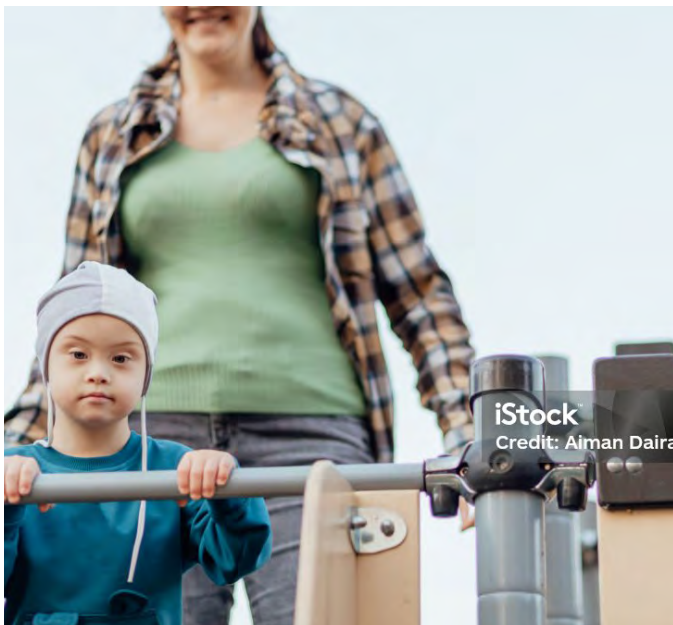
The literature points to the limitations of the health care system and lack of formal care and support for unpaid carers as a major reason for high poverty rates amongst unpaid carers and the large employment gap for unpaid carers. The growing needs of the ageing population have not yet been met with an adequate increase in funding, and unpaid carers are left to fill the gap.¹¹⁸

Since the pandemic, local authorities are also increasingly introducing charges for care services, such as day services and respite care.¹¹⁹ The charges mean some families may be unable to access support, as they deem it too expensive. This may harm unpaid carers' chances to remain in employment and cause them to incur additional costs at home, as the person in need of care remains there longer.

Unpaid carers feel underappreciated because they have difficulty accessing respite and support services that would enable them to take a break, look after their own health, and socialise with others. Many services are either unavailable, inadequate, or too expensive. Some unpaid carers also face bureaucratic hurdles and delays in getting Carer's Assessments and funding. A more adequate system of high-quality care would go a long way in alleviating hardship felt by unpaid carers as well as enabling them to juggle work and care.¹²⁰

In interviews, unpaid carers highlighted that the care provided by care agencies is sometimes not sufficient to allow them to go back to work. Unpaid carers also point out that they lack informal 'backup care', as the unpaid carer is often missing friend and family support. This presents challenges if the unpaid carer has certain work requirements and responsibilities and also prevents them from going off sick or taking holidays. Due to the lack of support they face, unpaid carers we engaged with during qualitative interviews felt undervalued and unappreciated. They felt that they are misunderstood by society and that the Government did not understand or listen to their struggles. There was a belief that unpaid carers are seen as a 'silent group' and that, because they do not protest or strike, they go 'under the radar'. Unpaid carers expressed frustration and anger towards the Government and local councils, who fail to acknowledge their contribution, do not provide adequate social security and services, and have not addressed the social care crisis.

This fed through into a wider feeling of social stigma and isolation from their friends, family, and community. For example, one unpaid carer mentioned that their friends made comments about them being the 'lady who does lunch' and not understanding the work they do as an unpaid carer. Some unpaid carers also lose contact with their social network because they are too busy or exhausted to maintain relationships.



Robert's experience

"So I've tried to go back to work a number of times since I've been caring for my wife over the last 15 years. And a number of times I've tried to go back to work, but what I find is that is always sabotaged by stand-in paid carers.

So, you'll be in contact with a caring agency that will give [paid] care. But their idea of paid care is very different to the care that we, as unpaid carers, give our family members. So they'll do things such as pop in to give my wife a meal, pop in to give her a cup of tea or whatever. And that's not quite how it should be. You need just a little bit more than that. And that is my greatest problem with going to work, is the fact that my wife really can't be left on her own for any length of time. And the [paid] care and support that we're given through government services really isn't sufficient to allow me to go back to work."

Gaby's experience

"Social life, yeah. What's that? I mean, I used to have a pretty good social life, I'd go out with, my siblings, I'd go out with my husband, we'd go out with friends. Then my youngest daughter came along and things just went haywire with the autism. Took us over ten years to get her diagnosed and as we thought we were settling down with that and into a routine. Then chaos struck with my husband. An accident in work resulted in a bad bit of PTSD and then the Parkinson's diagnosis. Put social life on hold. I got to the stage about three years ago now where I really couldn't cope. I was finding it really, really difficult. And then I found a little community group [for] parent carers and they've been my lifeline, really. It's a group of other parent carers, all have children with some form of disability and they took me under their wing and within about six months I was feeling so much more supported. So they are basically my social life."

Another major issue raised during qualitative interviews was the regional variation in access to support and the strong belief there should be a 'level playing field' in support. One unpaid carer living in a rural area explained that even if an unpaid carer were to have a care budget, they couldn't afford Personal Assistants (PAs) because the local social services say that they have to pay £160 a week to have them. In another area, it was explained that there was a huge internal variation, with some services 'bending over backwards to get everything done yesterday', while in other services there was a lack of timely support – for example, it took two and a half years for one unpaid carer to get an occupational therapist to come to their home.

Along with social care systems, changes to availability of NHS services are having a devastating effect on unpaid carers. The NHS is moving towards further outsourcing patient care to the home, in particular through the planned increases in the use of Virtual Wards – a system that allows for more intensive patient monitoring and support.¹²¹ While this move is designed to alleviate the pressure on the crumbling NHS, concerns have been raised over the effect this will have on patient families – only 14% of unpaid carers said they received sufficient support at the point of discharge to protect their own health and wellbeing.¹²² Early discharge may necessitate unpaid carers taking time out of employment; increased energy and similar charges and in some cases broadband costs for digital monitoring. If the unpaid carer does not live with their relative, then transport costs may be considerable, particularly in rural areas where there is very limited public transport.

Interviews with former unpaid carers found that they often feel that the level of support they receive from both formal and informal services and support networks drastically reduces as they become former unpaid carers. When becoming a former unpaid carer is the result of the death of the person who was being cared for, it can be a difficult and traumatic experience. Former carers believed that more could be done to prepare and support unpaid carers for when their caring role ends – both emotionally, but also with financial and workplace re-integration support – to help ease the difficult transition period upon becoming a former unpaid carer, particularly for those who were bereaved.

Rachel's experience

“It just seems to me that on a sort of wider question, as a society and a political class and an economy, we've recognised the value to individuals and society and the economy of helping parents get into work. So there's child allowance, regardless of your income, there's paternity leave, there's maternity leave, there's funded childcare, and yet we fail to make that connection with unpaid carers. And it's exactly the same. You know, if unpaid carers were supported, we'd be out there, we'd be working, we'd be paying tax, we'd be paying less insurance, we'd have better, hopefully mental health, better physical health. You know, we've made that recognition for parents, particularly for mothers who traditionally stayed at home, let's do the same thing for unpaid carers, because the potential benefits to everybody, you know, could be huge.”



Modelling the effects and costs of key recommendations

In this section, we explore the effect of a set of reforms to the social security system on poverty rates as it relates to unpaid carers. These are assessed as they lend themselves to formal modelling and could be options taken forward by the new government.



The reforms include:

- Increasing the value of Carer's Allowance;
- Increasing the value of Universal Credit Carer Element;
- Increasing the value of the Pension Credit Carer Addition; and
- Increasing the income threshold of Carer's Allowance.

An uprating in the value of carer benefits would reduce poverty rates for unpaid carers, help reduce inequalities and give recognition of their work. Of course, there are other much broader areas of policy that would have a significant impact on unpaid carer poverty. It is clear that an effective response across varied areas could have a really significant impact on the scale and nature of poverty amongst unpaid carers.

We modelled increases in the award of Carer's Allowance (CA) and other carer benefits using the Institute for Public Policy's Tax-Benefit Model. Three following scenarios for increases in the level of benefits in the financial year 2024-25 were considered:

Social security benefit and its current value	Description	Modelled uprates to original level	Rationale
Carer's Allowance £81.90 / week	Carer's Allowance is the main social security benefit designed to support unpaid carers and the lowest benefit of its kind. ¹²³ In order to receive Carer's Allowance, a carer has to provide unpaid care for at least 35 hours a week. At the current rate, this means unpaid carers are compensated £2.34/hour for their unpaid care.	£11.10 / week	This increases UK Carer's Allowance by a value equivalent to the Scottish Carer's Allowance Supplement.
		£81.90 / week	This doubles Carer's Allowance, bringing it close to the level of Statutory Maternity Pay.
		£318.50 / week	This brings CA to the level of the minimum wage for a 35-hour working week.
Universal Credit Carer Element £45.60 / week	Paid to those in receipt of Universal Credit who meet the eligibility criteria for Carer's Allowance	£11.10 / week	This adds additional value equivalent to the Scottish Carer's Allowance Supplement.
		£36.30 / week	This brings the Carer Element to £81.90 / week, which is the same level as Carer's Allowance.
Pension Credit Carer Addition £45.60 / week	Additional amount that Pension Credit tops up for those over state pension age who meet the eligibility criteria for Carer's Allowance	£11.10 / week	This adds additional value equivalent to the Scottish Carer's Allowance Supplement.
		£36.30 / week	This brings the Carer Addition to £81.90 / week, which is the same level as Carer's Allowance.
Carer's Allowance income threshold	Currently, the threshold is set at £151 / week – equivalent to 13.2 hours / week at National Living Wage. Anyone earning above this threshold loses Carer's Allowance.	Increasing the threshold to 21 hours at NLW (£240.42 as of 2024/25)	This increase would allow carers to increase their hours in paid employment without losing their benefits.

The modelling is based on 2021-22 HBAI microdata. Prices and incomes are uprated to the financial year 2024-25 based on the relevant OBR uprating series, and benefit amounts are uprated according to legislation. For more information, please see Annex B.

Uplifting the value of Carer's Allowance

Firstly, we consider the poverty effects of uplifting Carer's Allowance, assuming that the increase will count as income when calculating other benefit entitlements (as Carer's Allowance does currently). This means that, for example, where an unpaid carer is receiving Universal Credit and Carer's Allowance, the additional amount awarded in Carer's Allowance will be taken off Universal Credit at a 1:1 rate. Since many Carer's Allowance claimants are also on Universal Credit, this means many claimants may not get some or all of the additional value of Carer's Allowance. This could be prevented if Carer's Allowance uplifts were combined with an equivalent increase in the carer premia paid with means-tested benefits or, if the increases were not treated as income when calculating other benefit entitlements, as is the case with the Scottish Carer's Allowance Supplement.¹²⁴

It is important to highlight that those who are only in receipt of Carer's Allowance could still benefit from these reforms. Data analysis of the Family Resources Survey shows that those in receipt of only Carer's Allowance are a relatively vulnerable population with a poverty rate of 33%, equivalent to around 90,000 people in poverty across the UK.

Due to the way in which Carer's Allowance interacts with other social security benefits, the results of the modelling are mixed.

Increasing Carer's Allowance by £11.10 / week

An uplift of Carers Allowance by £11.10 a week would have little effect on poverty, with no difference to poverty and deep poverty rates. As discussed above, this is most likely due to the overlapping benefits resulting in unpaid carers who are on Universal Credit having this additional payment taken off Universal Credit.

We estimate this reform would cost approximately £300 million per annum to implement.

Increasing Carer's Allowance by £81.90 / week

Increasing Carer's Allowance by £81.90, effectively doubling it, would reduce poverty by around 2pp amongst Carer's Allowance claimants, with the number of Carer's Allowance Claimants in poverty reduced by around 10,000 and the population net poverty by around 20,000. Deep poverty would fall by 1pp, from 18% to 17%. The number of Carer's Allowance claimants in deep poverty would reduce by 10,000, while the population-wide net reduction in deep poverty would be around 30,000.

The impacts on poverty seem relatively modest. This might be because, for those who are also claiming Universal Credit, the benefits are reduced pound for pound with Universal Credit. However, these effects are still substantial considering the population of people in poverty who only get Carer's Allowance – and are thus not affected by the overlapping benefits rule – is only 90,000, and the impact on this group is likely to be disproportionately large.

We estimate this reform would cost approximately £1.3 billion per annum to implement.

Increasing Carer's Allowance by £318.50 / week

Increasing Carer's Allowance by £318.50, bringing the level to earnings when working 35 hours at National Living Wage at 2024/25 rates, would have a sizeable effect on poverty. Poverty amongst Carer's Allowance recipients is reduced by 19pp, from 59% to 40%. The overall number of people in poverty is reduced by 340,000, of which 150,000 would be Carer's Allowance recipients. This reform also has a significant effect on deep poverty rates. Amongst Carer's Allowance claimants, deep poverty is reduced from 18% to 10% – a nearly 50% reduction in deep poverty. The number of Carer's Allowance claimants in deep poverty reduces by 70,000, while the population-wide net reduction in deep poverty is around 150,000.

We estimate this reform would cost approximately £5.5 billion per annum to implement.

Table 6: Modelled change in poverty rates amongst Carer’s Allowance recipients after uplifts to the value of Carer’s Allowance, UK, 2024

Carer’s Allowance uprate (per week)	Number of CA recipients in poverty	Base poverty rate amongst Carer’s Allowance recipients	Fall in poverty rate amongst Carer’s Allowance recipients	Poverty rate after reform amongst Carer’s Allowance recipients	Fall in the number of Carer’s Allowance recipients in poverty due to reform	Overall net change in the number of people in poverty due to reform
£11.10	500,000	59%	-0pp	59%	---	---
£81.90	500,000	59%	-2pp	57%	-10,000	-20,000
£318.50	500,000	59%	-19pp	40%	-150,000	-340,000

Source: WPI Economics modelling based on Family Resources Survey 2019/20 – 2021/22.

Table 7: Modelled change in deep poverty rates amongst Carer’s Allowance recipients after uplifts to the value of Carer’s Allowance, UK, 2024

Carer’s Allowance uprate (per week)	Number of CA recipients in deep poverty	Base deep poverty rate amongst Carer’s Allowance recipients	Fall in deep poverty rate amongst Carer’s Allowance recipients	Deep poverty rate after reform amongst Carer’s Allowance recipients	Fall in the number of carers in poverty due to reform	Overall net change in the number of people in deep poverty due to reform
£11.10	140,000	18%	-0pp	18%	---	---
£81.90	140,000	18%	-1pp	17%	-10,000	-30,000
£318.50	140,000	18%	-9pp	10%	-70,000	-150,000

Source: WPI Economics modelling based on Family Resources Survey 2019/20 – 2021/22.

Table 8: The modelled costs of uplifts to the value of Carer’s Allowance, UK, 2024

Carer’s Allowance uprate (per week)	Policy cost
£11.10	£300 million
£81.90	£1.3 billion
£318.50	£5.5 billion

Source: WPI Economics modelling based on Family Resources Survey 2019/20 – 2021/22.



Uplifting the value of Carer Element

Here, we consider poverty effects of uplifting Universal Credit Carer Element, which is currently worth £45.60 / week. We also wanted to consider an increase in Carer Premium in legacy benefits, such as Jobseeker’s Allowance and Employment and Support Allowance. However, the sample sizes of carers receiving those legacy benefits are very low, and so we were not able to model these accurately.

Increasing Carer Element by £11.10 / week

An uplift of Carer Element by £11.10 a week would have a moderate effect on poverty and a stronger effect on deep poverty, meaning this reform could potentially help the most vulnerable.

The poverty rates amongst Universal Credit Carer Element recipients fall by 1pp from 67% to 66%. This means approximately 10,000 Carer Element recipients are no longer in poverty, and there is a population-wide reduction in poverty of about 20,000.

The change is more pronounced when we consider deep poverty rates. Here, deep poverty rate falls from 22% to 21% amongst Carer Element recipients. The overall net reduction in poverty in the population is around 40,000, of which 10,000 are Carer Element recipients.

We estimate this reform would cost approximately £500 million to implement per annum.



Increasing Carer Element by £36.30 / week

Increasing Carer Element by £36.30 / week would bring the level of support up to the value of Carer’s Allowance.

The effect on poverty and deep poverty of this reform is quite substantial in relation to the cost, which suggests that this reform might be particularly well-targeted.

This reform would reduce poverty by around 3pp amongst Carer Element recipients, with the number of Carer Element recipients in poverty reduced by around 40,000 and the population net poverty by around 110,000. Deep poverty has fallen by 5pp, from 22% to 17%. The number of Carer Element claimants in deep poverty reduced by 70,000, while the population-wide net reduction in deep poverty is around 140,000.

We estimate this reform would cost approximately £1.8 billion to implement per annum.

Table 9: Modelled change in poverty rates amongst Universal Credit Carer Element recipients after uplifts to the value of Carer Element, UK, 2024

Carer Element uprate (per week)	Number of Universal Credit Carer Element recipients in poverty	Base poverty rate amongst Universal Credit Carer Element recipients	Fall in poverty rate amongst Universal Credit Carer Element recipients	Poverty rate after reform amongst Universal Credit Carer Element recipients	Fall in the number of Universal Credit Carer Element recipients in poverty due to reform	Overall net change in the number of people in poverty due to reform
£11.10	900,000	67%	-1pp	66%	-10,000	-20,000
£36.30	900,000	67%	-3pp	64%	-40,000	-110,000

Source: WPI Economics modelling based on Family Resources Survey 2019/20 – 2021/22.

Table 10: Modelled change in deep poverty rates amongst Universal Credit Carer Element recipients after uplifts to the value of Carer Element, UK, 2024

Carer Element uprate (per week)	Number of Universal Credit Carer Element recipients in deep poverty	Base deep poverty rate amongst Universal Credit Carer Element recipients	Fall in deep poverty rate amongst Universal Credit Carer Element recipients	Deep poverty rate after reform amongst Universal Credit Carer Element recipients	Fall in the number of Universal Credit Carer Element in deep poverty due to reform	Overall net change in the number of people in deep poverty due to reform
£11.10	300,000	22%	-1pp	21%	-10,000	-40,000
£36.30	300,000	22%	-5pp	17%	-70,000	-140,000

Source: WPI Economics modelling based on Family Resources Survey 2019/20 – 2021/22.

Table 11: Modelled change in deep poverty rates amongst Carer Element recipients after uplifts to the value of Carer Element, UK, 2024

Carer Element uprate (per week)	Policy cost
£11.10	£500 million
£36.30	£1.8 billion

Source: WPI Economics modelling based on Family Resources Survey 2019/20 – 2021/22.

Uplifting the value of Pension Credit Carer Addition

In this section, we consider the impact of uplifting the Pension Credit Carer Addition, which is currently equivalent to £45.60 / week. Pension Credit Carer Addition increases the minimum income threshold for State Pension by the equivalent of £45.60 / week. This means pensioners who are unpaid carers could receive more in Pension Credit if their total income is below the threshold.¹²⁵

It is worth noting that sample sizes in this analysis were relatively small, so the estimates have to be treated with caution.

Increasing Carer Addition by £11.10 / week

An uplift of Carer Addition by £11.10 a week would have a moderate effect on poverty, but no effect on deep poverty.

The poverty rates amongst Carer Addition recipients have fallen by 4pp from 59% to 55%. This means approximately 10,000 Carer Addition recipients are no longer in poverty.

We estimate this reform would cost approximately £80 million to implement per annum.

Increasing Carer Addition by £36.30 / week

An uplift of Carer Addition by £36.30 a week would have a moderate effect on poverty and a stronger effect on deep poverty.

The poverty rates amongst Carer Addition recipients have fallen by 6pp from 59% to 53%. This means approximately 10,000 of those benefitting from Carer Addition are no longer in poverty, and there is a population-wide reduction in poverty of about 20,000.

The change is more pronounced when we consider deep poverty rates. Here, deep poverty rate falls from 19% to 8%, meaning this reform could potentially halve the rate of deep poverty amongst Carer Addition recipients. The overall net reduction in poverty and deep poverty in the population is around 20,000.

We estimate this reform would cost approximately £300 million to implement per annum.

Table 12: Modelled change in poverty rates amongst Carer Addition recipients after uplifts to the value of Carer Addition, UK, 2024

Carer Addition uprate (per week)	Number of Pension Credit Carer Addition recipients in poverty	Base poverty Rate amongst Carer Addition recipients	Fall in poverty rate amongst Pension Credit Carer Addition recipients	Poverty rate after reform amongst Pension Credit Carer Addition recipients	Fall in the number of Pension Credit Carer Addition recipients in poverty due to reform	Overall net change in the number of people in poverty due to reform
£11.10	120,000	59%	-4pp	55%	-10,000	-10,000
£36.30	120,000	59%	-6pp	53%	-10,000	-20,000

Source: WPI Economics modelling based on Family Resources Survey 2019/20 – 2021/22.

Table 13: Modelled change in deep poverty rates amongst Carer Addition recipients after uplifts to the value of Carer Addition, UK, 2024

Carer Addition uprate (per week)	Number of Pension Credit Carer Addition recipients in deep poverty	Base deep poverty rate amongst Pension Credit Carer Addition recipients	Fall in deep poverty rate amongst Pension Credit Carer Addition recipients	Deep poverty rate after reform amongst Pension Credit Carer Addition recipients	Fall in the number of Pension Credit Carer Addition recipients in deep poverty due to reform	Overall net change in the number of people in deep poverty due to reform
£11.10	40,000	19%	0pp	19%	---	---
£36.30	40,000	19%	-11pp	8%	-20,000	-20,000

Source: WPI Economics modelling based on Family Resources Survey 2019/20 – 2021/22.

Table 14: Modelled change in deep poverty rates amongst Carer Addition recipients after uplifts to the value of Carer Premium, UK, 2024

Carer Addition uprate (per week)	Policy cost per annum
£11.10	80 million
£36.30	300 million

Source: WPI Economics modelling based on Family Resources Survey 2019/20 – 2021/22.



Comparing cost-effectiveness of policies

Benefit	Modelled uprates to original level	Reduction in number of people in poverty	Reduction in number of people in deep poverty	Cost per annum	Cost per one person no longer in poverty	Cost per one person no longer in deep poverty
Carer's Allowance £81.90 / week	£11.10 / week	---	---	£290 million	---	---
	£81.90 / week	20,000	30,000	£1.3 billion	£65,000	£43,000
	£318.50 / week	340,000	150,000	£5.5 billion	£16,000	£37,000
Universal Credit Carer Element £45.60 / week	£11.10 / week	20,000	40,000	£500 million	£25,000	£12,500
	£36.30 / week	110,000	140,000	£1.8 billion	£16,000	£13,000
Pension Credit Carer Addition £45.60 / week	£11.10 / week	10,000	---	£80 million	£8,000	---
	£36.30 / week	20,000	20,000	£300 million	£15,000	£15,000

Discussion

Our microsimulation modelling shows that small to medium increases in the level of Carer's Allowance (uprates of £11.10 / week and £81.90 / week) have a relatively modest effect in terms of poverty impact.

This is likely caused by the fact that the most vulnerable people in receipt of Carer's Allowance are affected by the overlapping benefits rule. Since Carer's Allowance is regarded as income when calculating other benefit entitlements, for those in receipt of means-tested benefits, any increases in Carer's Allowance will be taken off other benefits. In particular, for those in receipt of both Carer's Allowance and Universal Credit, any increases in Carer's Allowance will result in a pound-for-pound reduction in Universal Credit.

This means that unpaid carers in receipt of both Carer's Allowance and Universal Credit will miss out on at least a portion of the new support. This means that the overlapping benefits rule is essentially blocking some carers from reaping the benefits of any increases in Carer's Allowance, as the additional money they get is taken off other benefits.

At the same time, for those claiming only Carer's Allowance (around 90,000 people in our data), there is likely a disproportionately large impact, as 10,000 people (or 11%) are no longer in poverty following an increase in Carer's Allowance of £81.90 / week. Considering that the poverty rate amongst those who claim only Carer's Allowance is 33% (much higher than the poverty rate amongst those without unpaid caring responsibilities, 18%), the increase in the value of Carer's Allowance still likely has a substantial impact on reducing poverty in this vulnerable group. However, as described above, increases in Carer's Allowance will likely fail to reach those who receive other means-tested benefits.

Given the detrimental effect of the overlapping benefits rule, we believe that a more fundamental review of Carer's Allowance and its purpose is necessary to understand its interactions with other elements of the benefit system, with the ambition of increasing the overall level of support received by unpaid carers to a sustainable level. Simply increasing Carer's Allowance without taking into account the way it interacts with Universal Credit would mean some unpaid carers are going to miss out on at least part of the new support.

Our modelling suggests that a larger increase in the value of Carer's Allowance – to the level of National Living Wage paid for 35 hours / week, or £400.40 / week – could reduce poverty in carers who receive Carer's Allowance from 59% to 40% and reduce the overall number of people in poverty in the UK by 340,000. While this reform has the biggest effect on poverty of all the policy proposals modelled, it is also the most expensive to implement, costing £5.5 billion per year to implement. However, it is important to note that this reform is also very cost effective per person lifted out of poverty, but is less cost effective at tackling deep poverty. We believe the reason why this reform has such a large effect on poverty is due to the additional payment being so large that unpaid carers in receipt of Universal Credit end up receiving support over and above the amount taken off Universal Credit, and so are reached by at least a portion of the support.

Reforms to other benefits, such as Carer Element and Carer Addition, have more straightforward effects. Our microsimulation modelling shows that an uplift of Carer Element to £81.90 / week would reduce the overall number of people in deep poverty by 140,000, and the overall number of people in poverty by 110,000, at the cost of £1.8 billion. An uplift of Carer Addition to the same level could reduce poverty numbers and deep poverty numbers by 20,000 at the cost of £300 million. According to our modelling, an uplift in the Carer Element and Carer Addition to £81.90 / week are the most cost-effective of the policies modelled in this section given the current set-up of the benefit system.



Increasing the Carer's Allowance earnings threshold

In this section, we attempt to model the impact of policies designed to increase labour market participation among carers. We assume that the earnings threshold of Carer's Allowance is raised to the level of earnings equivalent to 21 hours at National Living Wage (£240.24 in 2024).

Due to technical limitations related to small sample sizes of carers in paid employment and those receiving Carer's Allowance in the tax-benefit model, this set of scenarios was modelled outside the tax-benefit model. This means that these estimates represent the gross impact of policy intervention on income and poverty rather than the net impact after accounting for subsequent changes in tax liability and benefit entitlement. To this end, estimates from these models are more indicative in nature.

It is crucial to note that because of the differences in methodology, **these estimates are not directly comparable to the microsimulation modelling outputs produced above.**

In our modelling, we assume that all carers who receive Carer's Allowance and have net employment earnings within 25% of the 2024/25 earnings limits (between £113 and £151 a week) are going to reach a new level of earnings at the new limit of 21 hours at the National Living Wage.

We identify the target sample based on the conditions above and then increase the total available resources for each household within the sample by the difference between the target carer's employment earnings and new earnings limit. We then recalculate the poverty threshold and find the difference between the carer poverty rate in the modelled data and the carer poverty rate in the base (unchanged) data.

Our results indicate that increasing the threshold to 21 hours / week at National Living Wage could reduce the number of people in poverty by approximately 50,000.

While we have not estimated costings for this policy, a written parliamentary answer from January 2023 has supplied an indication of the cost of increasing the weekly earnings limit to 16 hours a week (estimated to be approximately £30 million) and 21 hours a week (estimated to be approximately £90 million) in 2023/24.

Recommendations

The analysis in this report has shown that poverty amongst unpaid carers in the UK is a complex issue driven by a range of different factors. This complexity means that responses aimed at tackling poverty amongst unpaid carers will need to address the full range of issues identified. In short, there is no silver bullet.

Throughout the research undertaken for this work, we have drawn ideas and insights from a range of sources, including from existing research and unpaid carers themselves, in terms of what might make an impact on poverty amongst unpaid carers. A range of these are highlighted below, focussing on helping carers to stay in and return to work, improving the social security system and providing more support through the NHS and the social care system.

A range of options for increased support through the social security system have been modelled in Annex A. For other parts of the overall package that we suggest, on the basis of qualitative evidence and existing literature, more detailed work will be needed to create a fully designed and costed approach. To take these forward, we believe that the Government, those who work with unpaid carers, as well as carers themselves and other stakeholders, should work together to develop a comprehensive package of reforms to drive a significant reduction in poverty amongst unpaid carers in the UK. Recommendations have been divided into three timelines.

Case study: Carer's Allowance in Ireland

The experience of Ireland shows that a different system of support for unpaid carers is possible. Carer's Allowance in Ireland is a means-tested benefit, unlike in the UK; however, the level of support is much more generous, and the benefit scales up with the number of people in need of care. In addition, carers can get extra money if they provide care to someone and also have a dependent child. The maximum weekly rates range from €248 to €429 every week – nearly 4.5 times more than the UK's Carer's Allowance.

Similarly to the UK, Carer's Allowance is available to those who provide care for at least 35 hours a week.

Unlike the UK, this benefit is only available for those who are not in employment for more than 18.5 hours a week and who have passed a means test (income of at most €450 a week for a single person or €900 a week for a couple; and capital not exceeding €50,000 for a single person and €100,000 for a couple).

Source: <https://www.citizensinformation.ie/en/social-welfare/carers/carers-allowance>



Within the next year

- The DWP should begin a review of the current support provided to unpaid carers through the social security system, including increasing the level of support to sustainable levels, setting objectives for carers' social security benefits as well as timescales and options for change.** This review should consider Carer's Allowance, Carer Element within Universal Credit, Carer Addition to pensions, and Carer Premium to legacy benefits. The review should particularly investigate interactions between benefits in the current system to understand how they affect individual entitlements. Since Carer's Allowance is regarded as income when calculating other benefit entitlements, for those in receipt of means-tested benefits, any increases in Carer's Allowance will be taken off other benefits. In particular, for those in receipt of both Carer's Allowance and Universal Credit, any increases in Carer's Allowance will result in 1:1 reduction in Universal Credit. We believe this interaction should be understood and addressed, especially because the poverty rate amongst those in receipt of both Universal Credit and Carer's Allowance is extremely high at 74% - translating into 450,000 people in poverty.¹²⁶

As part of the review, the DWP should set out options for increasing the level of Carer's Allowance. Our

analysis shows that those carers who are only in receipt of Carer's Allowance still have a higher rate of poverty (33%) compared to non-carers (18%), with around 90,000 unpaid carers who are only in receipt of Carer's Allowance living in poverty.

In addition to the adequacy of the financial support provided by these benefits, the review should also consider eligibility criteria, processes for claiming and back to work support for carers. We recommend that this review considers setting different thresholds of support based on the number of people that the carer is providing care for. The recommendations and evidence within this report should inform the review process. We also recommend carers are involved in any review process.

- The DWP should increase the value of Carer Element, Carer Premium and Carer Addition by £11.10 per week.** As an immediate first step towards reducing poverty for unpaid carers, we need to bring the level of carer premia up to the level of what carers receive in Scotland. Our research clearly shows that unpaid carers in receipt of benefits are at a very high risk of poverty - more than three times higher than the general population. Our modelling shows that increasing Carer Element by £11.10 / week could reduce the number of carers in poverty by 20,000 and the number in deep poverty by 40,000 at the cost of £500 million a year.¹²⁷

- **The DWP should set out clear options to fix issues surrounding Carer's Allowance:**

- » **The DWP should increase the Carer's Allowance earnings limit to 21 hours at National Living Wage (£240.42/ week) and peg it to National Living Wage increases.** Increases in the level of the earnings threshold for Carer's Allowance (£151 per week as of 2024/25) have not kept pace with National Living Wage increases. This means carers can work fewer hours now compared to five years ago whilst still remaining below the threshold (currently, it is a maximum of 13 hours and 12 minutes at the National Living Wage; down from just under 15 hours in 2019).¹²⁸ This discourages carers from employment, causes stress and hardship, and leaves them vulnerable to accidentally accruing overpayments in the event they become ineligible for Carer's Allowance. Only 16% of Carer's Allowance claimants were currently in paid work, while seven in ten (72%) were not in paid employment – a drastic drop from the 52% of claimants who were in paid employment before they started caring.¹²⁹ An indicative modelling exercise using the Family Resources Survey revealed that, if Carer's Allowance recipients who have a level of earnings within 25% of the current earnings threshold increased their earnings up to 21 hours at National Living Wage, poverty numbers would fall by 50,000.

- » **The DWP should prevent the accumulation of Carer's Allowance overpayments.** Unpaid carers have a responsibility to inform DWP about any change in circumstances, such as crossing the earnings threshold of £151 per week (as of 2024/25). If they fail to do so, and the benefits do not stop, overpayments begin to accrue – and eventually have to be paid back to DWP.¹³⁰ Many carers are unaware that they are being overpaid until the sum they have to repay becomes very large. This is made worse by the fact that increases to the earnings thresholds are lagging behind National Living Wage increases, meaning some carers who work the same number of hours earning the National Living Wage suddenly become ineligible for Carer's Allowance.¹³¹ Currently, the Government is seeking to recover £250 million from 135,000 carers, 68% of whom are women.¹³²

DWP has been aware of this issue following a 2017-2019 inquiry into overpayments of Carer's Allowance.¹³³ The inquiry recommends a host of measures to prevent the accumulation of overpayments, including reforms within DWP to address backlogs in the checking process caused by prolonged staff shortages and issues with their internal systems, and criticises the lack of firm internal targets for how quickly the reports about

changes in circumstances should be processed.¹³⁴ More recent recommendations include informing carers as soon as potential overpayments happen so they can get in touch with DWP and check their earnings. A recent Carers UK report on Carer's Allowance overpayments also makes a number of recommendations to the DWP on improving processes to reduce the risk of overpayments.¹³⁵

- » **The DWP should take proactive steps to remove the Carer's Allowance cliff edge.** The current design of Carer's Allowance creates perverse incentives – the benefit payments stop suddenly once earnings cross the £151 per week threshold (2024/25), such that a carer can work more hours but still be worse off.¹³⁶ This situation discourages carers from increasing their earnings and hours of work. Carer's Allowance processes should be urgently reviewed, and clear options for removing the Carer's Allowance cliff edge should be set out.
- » **The DWP should remove the 21-hour study rule.** Currently, those who claim Carer's Allowance cannot be in full-time education (for more than 21 hours a week). This rule is counterproductive, as it makes it more difficult for unpaid carers to (re)join the labour market and develop skills for a successful career.¹³⁷ This is especially harmful to younger unpaid carers, particularly given that jobs which require more education tend to be more flexible, and thus carer-friendly.¹³⁸



- **The Government should commit to introducing a National Carers Strategy**, including carrying out a consultation with stakeholders and carers.
- **The UK Government should ensure that the Employment Rights Bill will implement commitments from Make Work Pay in full, including provision for day-one rights to flexibility.** We welcome this provision for the positive benefits it will bring to carers' ability to remain and take up paid employment opportunities. Currently, workers have a Right to Request Flexible Work from day one,¹³⁹ although 7 out of 10 employees were unaware of this right.¹⁴⁰ Moreover, even though the employee can make the request right away, employers have two months to respond.¹⁴¹ This might discourage them from re-entering the labour market or changing jobs.
- **The UK Government should introduce a new statutory right to paid Carer's Leave to support more people to balance employment and unpaid care and remain in work.** Evidence shows that access to paid leave can significantly improve a carer's ability to remain in employment, as carers are able to fit caring responsibilities around their work much more effectively.^{142 143} In our interviews with carers, many cited using sick leave and paid annual leave to be able to provide necessary care, such as taking the person they cared for to appointments.¹⁴⁴
- **The Government should take steps towards recognising 'caring' as a protected characteristic within the Equality Act 2010.** Currently, 'carer' is not a protected characteristic under the Equality Act.¹⁴⁵ This means that the law does not protect employees against discrimination on the grounds of being an unpaid carer. We found that many carers have indeed faced discrimination and lack of understanding caused by their caring role. For many, this discrimination means they have to give up employment.¹⁴⁶
- **The UK Government to develop a plan for the National Carer Service and deliver much needed funding to help stabilise social care, particularly in the run-up to winter.** This is to ensure that there are enough skilled social care staff to provide social care, lessening the amount of unpaid care that family and friends are currently providing.
- **The UK Government to build on Skills for Care's proposals to deliver a workforce strategy for the care sector.**¹⁴⁷ Research overwhelmingly shows that access to paid care is the most significant way to improve unpaid carers' ability to work and wellbeing.¹⁴⁸ Access to reliable, good quality social care allows unpaid carers opportunities to remain in employment or find work, which helps protect carers against poverty. Paid care allows carers to decompress and find time to take care of their own health and wellbeing, which can pay great dividends in the long run.¹⁴⁹
- **Local Authorities should ensure that they have benefits take-up work targeted at unpaid carers to ensure that carers' incomes are maximised.** Recent research by Policy in Practice has found that around 529,000 low-paid unpaid carers are missing out on more than £2.2bn of support each year.¹⁵⁰ This means that there is often a lag between the onset of an unpaid caring role and acquiring access to benefits to financially support them, with the possibility that some people lose out on the entitlements they are eligible for.
- **Local Authorities should investigate how additional charges for social paid care services are affecting the most vulnerable unpaid carers.** At the moment, many Local Authorities are increasing charges for paid social care services,¹⁵¹ but the extent of the issue has not yet been studied. The increase in cost is likely to have a negative effect on the most vulnerable.
- **Local Authorities should introduce more housing support for unpaid carers: ensure that Carer's Assessments include an assessment and plan for addressing different housing situations carers could be at risk of or dealing with.** Our research identified issues with housing affordability as a problem many carers are struggling with. Unaffordability of mortgages and fear of losing their homes was a major cause of worry amongst carers we interviewed and was clearly linked to the recent rise in interest rates and private rents. At the same time, data shows those in private rented accommodation (where housing costs are often very high) – have a relatively higher risk of poverty compared to the rest of the population.¹⁵² In addition, our research shows that unpaid carers can find themselves in precarious situations upon the death of the person they care for, as this can mean that they lose their social rented home. Urgent action is needed to address these issues and avoid homelessness amongst carers.
- **Local Authorities and NHS should routinely identify carers and signpost them to financial and benefits advice and support.**
- **Employers should implement the Carer's Leave Act 2023 and Employment Relations (Flexible Working) Act 2023 and consider going beyond the statutory minimum.** All employers should ensure that they implement the Carer's Leave Act proactively and positively, including signposting carers to sources of information and advice such as Carers UK. Where possible, employers should look to go beyond the Carer's Leave Act and take the opportunity to implement paid Carer's Leave within their workforce as a cost-effective positive business measure.



- **Employers should consider joining Employers for Carers and Carer Confident schemes to set up better systems and structures to identify and better support unpaid carers in their workplace.**

Within the next 2-3 years

- **The DWP should deliver the outcomes of the review of the current support provided to unpaid carers through the social security system in order to increase the level of social security support to a sustainable level and peg the level of support to increases in inflation.** Carers Allowance, paid at a rate of £2.34 / hour, is the lowest benefit of its kind, and past increases have not kept pace with inflation.¹⁵³ Nearly 6 in 10 carers in receipt of Carer's Allowance live in poverty.¹⁵⁴ A recent review published by DWP reveals that Carer's Allowance claimants are a particularly vulnerable population, often having a long-term health condition, few or no formal qualifications, and caring intensively for long periods of time.¹⁵⁵ Our microsimulation modelling shows that small to medium increases in the level of Carer's Allowance (uprates of £11.10 / week and £81.90 / week) have a modest impact on poverty overall. This is likely caused by the fact that Carer's Allowance is regarded as income when calculating other benefit entitlements. This means that, for those in receipt of other means-tested benefits (those who are likely to be the most vulnerable), any increases in Carer's Allowance will affect wider benefit entitlements. However, the modest impacts still likely have a substantial effect on poverty reduction for those who are only in receipt of Carer's Allowance. As such, we believe that a more fundamental review of Carer's Allowance is required. This should assess and clarify the purpose of Carer's Allowance and analyse its interactions with the other elements of the benefit system. The overall ambition should be to increase the level of support received by unpaid carers to a sustainable level and ensure it keeps pace with inflation. We recommend that, as part of this review, DWP sets out options for increasing Carer's Allowance and assesses whether different levels of support are required for carers who care for more than one person, as our research shows that caring for multiple people is associated with a much higher risk of poverty (35% vs 26%).
- **The DWP should raise Carer Addition, Carer Element and Carer Premium to £81.90 / week – the same level as Carer's Allowance.** An uplift of Carer Addition to the same level could reduce the number of people living in poverty and deep poverty by 20,000 at the cost of £300 million. An uplift of Carer Element to £81.90 / week would reduce the overall number of people in deep poverty by 140,000 and the overall number of people in poverty by 110,000, at the cost of £1.8 billion a year.

- **The Government should support carers' return back to employment through:**
- **The Government should legislate to recognise 'caring' as a protected characteristic within the equalities legislation** in line with Year 1 recommendation.
- **The Government should deliver a National Carers Strategy** in line with the Year 1 recommendation.
- **The Government should legislate to place a new statutory duty on the NHS to have regard for carers and support their wellbeing to ensure systematic identification of carers in all NHS settings.** This is particularly important as the move towards technology-enabled care at home (such as the move to Virtual Wards, where doctors can monitor patients remotely in their own home) might place additional stress and demands on unpaid caregivers, making it more important than ever to have them actively involved in the decision-making process.¹⁵⁸ Some useful models of carer engagement have been developed in the past, stressing the importance of fully developed strategies and staff training in dealing with unpaid carers.¹⁵⁹

Within the next 3-5 years

- **The DWP should continue to deliver the outcomes of the review of carer benefits, eligibility criteria and processes.**
- **The Government should legislate to provide all unpaid carers with a statutory right to a break from their caring responsibilities and provide funding to ensure that all carers can access the breaks they need when they need them.** Research shows that carer breaks can be an effective way of reducing the pressure felt by unpaid carers, reducing chronic stress and feelings of isolation, and improving emotional wellbeing.¹⁵⁶ As a way to improve carers' wellbeing and mental health, caring breaks are an important way to ensure carers are able to remain attached to the labour market.¹⁵⁷



Conclusion

This report explored the extent and drivers of poverty amongst unpaid carers in the UK. Overall, it is clear that poverty rates amongst unpaid carers (27%) are significantly higher than amongst the rest of the population (18%), taking account of the costs of caring. This difference is even higher for those who care for longer hours.

The impacts of this on unpaid carers, those they care for and their wider family, friends and communities should not be underestimated. There are also significant economic and social costs for all of us, as lack of support leaves unpaid carers unable to keep or find paid employment and struggling with negative health consequences.¹⁶⁰

Tackling this should be a priority for the Government. Doing so would mean putting forward a programme of reform that can tackle the drivers of poverty amongst unpaid carers identified by this report, including the difficulties in juggling unpaid care with paid work, inadequacies in the social security system, high costs of housing and extra costs of care and a lack of support from the state.

Importantly, this report has shown that, whilst the challenge is significant, something can be done. Throughout the course of this work, we heard a range of policies and approaches that could be implemented to tackle poverty amongst unpaid carers. This report has summarised the most promising of these. If taken forward by the Government, in partnership with those who work with and for unpaid carers, as well as unpaid carers themselves, we believe that we could see a significant and sustained reduction in poverty amongst unpaid carers in the UK.



Appendix A: Methodology

Quantitative methodology

Our poverty measure

Throughout the report, the poverty rates presented use the Social Metrics Commission (SMC) metric of poverty. In contrast to the standard Households Below Average Income (HBAI) poverty metric, SMC poverty takes into account not just income but also inescapable costs and is defined at the sharing unit level.

Total Resources Available are at the heart of the Social Metrics Commission poverty metric. They are equal to the sharing unit's income and liquid assets minus the inescapable costs that the household faces.

Total Resources Available = income + liquid assets – inescapable costs

Inescapable costs include costs of housing, childcare, disability and additional costs of care. To see how additional costs of care are calculated, please see the section below.

Total Resources Available are then used to define a poverty line:

Poverty line = 0.54 * median Total Resources Available over the last three years

This makes SMC poverty a relative poverty measure in that it pegs the poverty line to the population median.

Deep poverty is defined as Total Resources Available below 50% of the poverty line.

For more detailed information about the Social Metrics Commission poverty metric and how it is derived, please see [the Social Metrics Commission 2023 report](#).

Our approach to costs of care

Costs of care are very difficult to define, and the line between additional costs of care and costs of disability can be very blurred. For the purpose of this report, we developed a way to estimate costs of care based on work done in 2013 in the Caring and Family Finances Inquiry, which offered a neat disaggregation of costs of care and disability:

Cost	Disability-related	Carer cost
Utility bills	More prolonged and intensive use of energy as a result of needs related to disability.	Additional usage as a result of carer being at home as well.
Personal care products	Cost of products and services required for personal care irrespective of by whom that care is provided (e.g. latex gloves).	Cost of products which result from carer, rather than care services, providing personal care.
Food bills	Additional costs resulting from higher calorie intake, wastage related to appetite and food preferences; cost of specialist dietary or medical nutrition.	Higher costs of inefficient food purchasing resulting from a lack of time for food preparation - convenience foods and snacking.
Household goods and adaptations	Mobility equipment and adaptations; more frequent purchasing of white goods as a result of high usage.	Adaptations and services which enable the carrier to provide care – e.g., hoists, telecare services. Time-saving devices like tumble driers, dishwashers.
Transport	Costs resulting from frequent trips to access health and social care services and the need to use high-cost transport like taxis or private ambulances.	Cost of accompanying disabled or older person; costs of travel associated with 'distance caring'.
Care services	Cost of care and support services not provided by, or where ineligible for, local authority or NHS support.	Provision of replacement care where the costs are borne by the carer in order to have time off from caring or additional care support whilst caring.

Source: Carers UK, Caring and Family Finances Inquiry, 2014

In estimating caring costs, we look at five of the six categories from the inquiry:

- **Utility bills:** We allow additional utility usage for in-house unpaid carers at a rate of an additional hour of usage per two hours spent caring, based on values from the Minimum Income Standard budget tables. We assume this additional cost comes from carers having to stay in the house longer than an average person in order to provide care, as well as due to additional usage of household goods caused specifically by caring. The value ranges between £2 and £12 a week.
- **Personal care products:** We allow for between £2.50 - £10 weekly spent on care products that are needed specifically to carry out caring responsibilities, such as blue roll, latex gloves and hand sanitiser. The amount scales with length of time caring, with £10 allocated to those who care for 35 hours or more.
- **Food costs:** We allow an additional premium for the cost of ready meals for unpaid carers who do not have time to prepare food from scratch. The value goes up with costs of caring and is also higher for out-of-house carers. It goes up with hours spent caring between £4 and £16 for out-of-house carers, and between £2 and £8 for in-house carers.
- **Transport:** We allow for transport costs of up to £16 a week for those who care for more than 35 hours a week. £16 is the weekly transport spent from the JRF Essentials Guarantee. We assume those costs scale up with hours of care linearly, from £4 to £16, and are half for those who care in-house.
- **Care services:** Estimates here are very conservative, allowing for only up to 15 hours of respite care each year for high-intensity carers. We assume the hours needed go up with hours spent caring and are slightly higher for out-of-house carers.

Given these assumptions, costs of care are estimated as follows:

Type of carer	Hours caring	Additional cost of care a week
In-house	Under 10 hours	£16
In-house	10-19 hours	£31
In-house	20-34 hours	£47
In-house	35+ hours	£62
Out-of-house	Under 10 hours	£14
Out-of-house	10-19 hours	£26
Out-of-house	20-34 hours	£38
Out-of-house	35+ hours	£50

These costs are subtracted from the Total Resources Available of carer households prior to our poverty calculations.

Microsimulation modelling: Carer's Allowance, Carer Element and Carer Addition

The microsimulation modelling considers increases in the award of Carer's Allowance (CA), Carer Element (CE) and Carer Addition.

These increases are modelled using the Institute for Public Policy's Tax-Benefit Model. Eight scenarios for increases in benefits in the financial year 2024-25 were considered:

- Carer's Allowance increased by £11.10 a week. This increases CA by the level of Scottish Carer's Allowance supplement.
- Carer's Allowance doubled by £81.90 a week.
- Carer's Allowance increased to £400.40 a week. This brings CA to the level of the minimum wage, for a 35-hour working week.
- Carer Element increased by £11.10 a week. This increases CE by the level of Scottish Carer's Allowance supplement.
- Carer Element increased by £36.30 a week. This brings Carer Element to the same value as Carer's Allowance.

- Carer Addition increased by £11.10 a week. This increases Carer Addition by the level of Scottish Carer's Allowance supplement.
- Carer Addition increased by £36.30 a week. This brings Carer Addition to the same value as Carer's Allowance.

The modelling is based on 2021-22 HBAI microdata. Prices and incomes are uprated to the financial year 2024-25 based on the relevant OBR uprating series, and benefit amounts are uprated according to legislation. For each scenario, the baseline considers CA at the current amount for the 2024-25 financial year: £81.90 a week; CE and Carer Addition at the current amount for the 2024-25 financial year: £45.60 a week.

Eligibility for CA is *not* modelled, but instead based on self-reported receipt of the benefit in HBAI. In particular, this assumes that there has been no change in the population receiving CA since the fieldwork for the 2021-22 survey year was completed. It should also be noted that we are *not* considering dynamic or behavioural changes resulting from increases in CA generosity. For example, while we might expect that increased generosity would increase take-up of the benefit, this is not modelled here.

Poverty estimates are calculated according to the SMC's approach to poverty measurement. Two different methods of estimation were used, set out earlier in this appendix.

Qualitative methodology

To support our quantitative analysis, we conducted qualitative research with unpaid carers throughout March, April and May 2024. In total, 41 unpaid carers took part in qualitative research. The experience and perspective of unpaid carers were gathered through three means:

- Firstly, through five focus groups made up of 5-8 carers. Each focus group has a focus on a geographical part of the UK, as well as different income circumstances:
 1. England – Carers in receipt of Universal Credit (5 carers).
 2. England – Carer in receipt of Carer's Allowance (6 carers).
 3. England – Working Carers (6 carers).
 4. Scotland (8 carers).
 5. Wales (6 carers).

The unpaid carers who took part in the focus groups covered a range of caring responsibilities, intensities of care, tenure types, work statuses and level of social security support. The majority of carers we spoke to were of working age, and the majority were white women – although there was a small minority of male unpaid carers and female unpaid carers from an ethnic minority who took part in focus groups.

- From the focus group participation, we identified three clear gaps in our coverage: older / pensionable-age unpaid carers, former unpaid carers and young unpaid carers. To plug these gaps, we conducted five interviews with unpaid carers from these demographics.
- Finally, five unpaid carers attended a meeting of the project's External Advisory Group, and part of this meeting allowed them space to share their experiences and perspectives.

Focus groups and interviews followed a semi-structured discussion focused upon:

- Understanding the key drivers and risk factors of unpaid carer poverty that emerged within existing literature and our quantitative analysis from the perspective of lived experience;
- How poverty has impacted unpaid carers' quality of life and lived experiences across a range of key outcome areas; and
- The levels of support amongst unpaid carers for different policy solutions designed to tackle unpaid carer poverty.

We conducted a content analysis methodology on the transcripts generated for all qualitative research to identify the presence of key words, themes and concepts – both those identified in our desk-based research and quantitative analysis, as well as those that organically arose from the qualitative research itself. This process of carrying out thematic analysis allowed us to identify key patterns within the qualitative data and to compare and contrast the relative importance unpaid carers placed on different drivers, risk factors, outcomes and policy proposals.

Appendix B: External Advisory Group and stakeholder engagement

An External Advisory Group, chaired by Baroness Ruth Lister, was brought together to provide guidance and advice on this research project. The group convened four times during the research phase. This included a meeting with carers which informed the group's thinking.

Name	Title	Organisation
Baroness Lister	Emeritus Professor of Social Policy	Loughborough University/House of Lords
Dame Philippa Russell DBE	Vice-President and carer	Carers UK
Beverley Tarka	President	Association of Directors of Social Services
Dr Victoria Winckler	Director	Bevan Foundation
Dr Helen Barnard	Director of Policy, Research and Impact Chair	Trussel Trust Carers Poverty Commission NI
Professor Les Allamby	Member	Carers Poverty Commission NI
Dr Juliet Stone	Research Fellow Member	Centre for Research in Social Policy, Loughborough University Carers Poverty Commission NI
Nicola Smith	Head of Economics, Employment Rights and Social Affairs	TUC
Andrew Harrop	General Secretary	Fabian Society
Ryan Shorthouse	Executive Chair	Bright Blue
Geoff Fimister	Co-chair	Disability Benefits Consortium
Vivienne Jackson	Programme Manager	Abrdn Financial Fairness Trust
Abby Jitendra	Principal Policy Analyst (Care, Family and Relationships)	Joseph Rowntree Foundation
Sally West	Policy Manager	Age UK
Emily Holzhausen OBE	Director of Policy and Public Affairs	Carers UK

We would like to thank all the unpaid carers who have shared their experiences to inform this research project. Case studies in this report have been anonymised.

We would also like to thank the following for their input during our stakeholder roundtable in May 2024 to consider early draft recommendations for the report: Andy McGowan (Carers Trust), Phil Mawhinney (Independent Age), Ceri Smith (MS Society), Peter Lloyd (MNDA), Sam Tims (New Economics Foundation), Silvia Galandini (Oxfam), Nye Cominetti (Resolution Foundation), Katy Styles (We Are Campaign) and Hilary Land (Women's Budget Group).

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Contact



Carers UK

Carers UK is a charity set up to help the millions of people who care unpaid for family or friends. We are a membership organisation of carers, run by carers, for carers. We provide information and advice about caring alongside practical and emotional support for carers. We also campaign to make life better for carers and work to influence – using carers’ insights and lived experiences – policy makers, employers, and service providers, to help them improve carers’ lives. Carers UK is a registered charity number 246329 (England and Wales) and SC039307 (Scotland).

carersuk.org



abrdn Financial Fairness Trust

abrdn Financial Fairness Trust funds research, policy work and campaigning activities to tackle financial problems and improve living standards for people on low-to-middle incomes in the UK. It is an independent charitable trust registered in Scotland (SC040877).

financialfairness.org.uk



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Poverty and financial hardship of unpaid carers in the UK

A WPI Economics Report for Carers UK

September 2024



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