SOCIAL SECURITY COMMITTEE

SOCIAL SECURITY AND IN-WORK POVERTY INQUIRY

SUBMISSION FROM CARERS SCOTLAND

The following is a response from Carers Scotland on the above call for views. We have focused our response around poverty amongst carers, including in-work poverty, and the implication of Universal Credit for carer households.

Carers Scotland is the Scottish nation office of Carers UK. Our vision is a society that respects, value and supports carers. Carers are at the heart of everything we do and we work to make life better for carers by:

- Giving expert advice, information and support.
- Connecting carers so no-one has to care alone.
- Campaigning together for lasting change.
- Innovating to find new ways to reach and support carers.

There are 759,000 adult carers in Scotland of which approximately 270,000 are in paid employment. 132,000 people care for 35 hours a week or more and a further 171,000 care for at least 35 hours\(^1\). 3 in 5 of us will become carers at some point in our lives.

Caring can have a significant impact on all aspects of a carer’s life.\(^2\)

- 57% of carers said their physical health has worsened and 74% said they had suffered mental ill-health (e.g. stress, anxiety or depression) as a result of their caring role.
- Over a third (37%) of unpaid carers in Scotland have not had a day off in the last year, whilst one in five (22%) had not received a day away from caring in over five years.
- 23% of carers said they received no practical support with caring

The peak age for caring is 45-65, when carers are often at the peak of their careers. 1 in 5 have given up work to care. Giving up work to care means that carers often struggle to return to the workplace when caring comes to an end and face long term financial hardship into retirement. As the state pension age increases, more former carers will be living on working age benefits, including Universal Credit, for longer, instead of benefits such as pension credit which they would previously have been entitled.

Also as the pension age increases, the likelihood of caring during working life is increasing. Employers, through Carers UK’s Employers for Carers forum, are reporting increasing numbers of employers seeing stress, ill-health and difficulty in juggling work and care amongst their employees and rate this as one of the fastest growing issues in their workforce.

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\(^1\) Scotland’s Carers, Scottish Government, 2015 [https://goo.gl/oMRNNB](https://goo.gl/oMRNNB)

\(^2\) Statistics from the State of Caring in Scotland, Carers Scotland (2017)
Many carers want to combine work and caring but lack the support to be able to do so. Across the UK, 2.3 million UK adults have given up work to care at some point in their lives and almost 3 million have reduced their working hours, causing employers to lose skilled staff, often at the peak of their careers as well as long term financial implications for families.

**The financial impact of caring**

Caring can have a significant impact on finances. Despite saving the state over £10.8 billion per annum in Scotland, evidence from carers on the financial impact of caring shows that far from having their contribution appropriately recognised by the social care and social security systems, people providing unpaid care are struggling to make ends meet and unable to protect their future financial security, are being made vulnerable to poverty and financial hardship both in the short and long-term.

- 38% of Scotland’s carers said they were struggling to make ends meet, with 23% of respondents saying they are or were in debt as a result of caring.
- Most carers who are struggling financially are using their savings to care (89%) whilst 26% have cut back on essentials like food and heating in order to financially survive.

Our State of Caring survey in 2017 found that households in which carers live have monthly incomes well below average. 59% of carers who responded to the survey in 2017 had an average monthly household income £2,000 or less, 1 in 5 (21%) are living on monthly household incomes of £1000 or less each month; significantly below the Scottish average monthly household income of £2,433 (Office of National Statistics, 2017).

The poverty rate among working-age carers at 25% is 4% higher than working-age non-carers and this poverty rate increases with the number of hours cared. There is a particularly significant increase at 20 hours of care or more (35%) rising to 38% for those who care for 50 hours or more.3

As the report notes:

“The high poverty rate among carers who care for at least 20 hours a week is not surprising. Their care commitments will limit the number of hours they are able to work, reducing their income and increasing their risk of poverty. In total 1.4 million [in the UK] working age adults spend at least 20 hours per week caring for someone and 520,000 of them are in poverty. Although most high-intensity carers are not in work, a large minority are: 28% are in full-time and 16% are in part-time work.”

For older carers, single pensioners who are not carers have a higher poverty rate (20%) than single pensioners who are carers (14%) but amongst couples, those caring for a spouse/partner have a higher poverty rate (16%) than non-carer pensioner couples (13%)4

Despite carers’ contribution, the main income replacement benefit for carers, Carer’s Allowance, is the lowest of its kind at just £64.60 per week. This year, the first assistance under the new Social Security Scotland Agency will increase this through the introduction of a Carers Allowance Supplement to increase this to the level of Jobseekers Allowance.

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3 Informal carers & poverty in the UK: An analysis of the Family Resources Survey, JFR 2016
This is a welcome first step but in designing Carers Assistance in the new Scottish social security system there is a need to address some of the qualifying rules which restrict carer’s ability to improve their incomes and take up educational opportunities for future employment. In particular, the earnings threshold of just £120 per week (after certain deductions) means that when carers earn just 1p above this they lose all of their Carer’s Allowance.

Equally, the earnings threshold is linked to a low baseline - a maximum of 15 hours per week at the national living wage – and because other benefits require a minimum working week of 16 hours, leave carers having to make a choice between, for example, working the required 16 hours for Working Tax Credit or the alternative of claiming Carer’s Allowance.

The 21 hour study rule means that carers have to choose between education and skills development and claiming Carer’s Allowance. In State of Caring, a third of carers said that they would like to return to work but more than half said it would be difficult or very difficult. They cited outdated skills, confidence and gaps in their CV (sometimes with years out of the workforce) as barriers. Access to education and the opportunity to update their skills, alongside dedicated employability support, particularly for carers at the end of their caring role, could support carers to return to employment and the current Carers Allowance study rule is a barrier to this.

**Carers and in-work poverty**

Approximately 270,000 working age carers are in full or part-time paid work. However, the overall employment rate for carers is some 10% less (64%) than for non carers.\(^5\)

Working carers of both sexes are much less likely to be in high level jobs. Almost 45% of men and 55% of women who are in paid work and caring for 20 hours or more a week are in elementary occupations, sales, customer services or personal services. Carers earn less per hour than non carers.\(^6\). Caring also has an impact on labour mobility (with families unable to move away from ageing parents or disabled loved ones) and on career progression. A third (34 per cent) of carers surveyed had missed out on the chance of a promotion and Census data indicates that carers of both genders, but particularly female carers, are more likely to be in elementary occupations – often taking the most local job possible to making juggling work and care possible\(^7\).

However, being in employment does not protect carer households from the financial impact of caring. For those carers living in a household where they or another member of the household is in work, 39% have an average monthly household income of £2000 or less and just over 1 in 10 have an average monthly household income of £1000 or less each month.

Our State of Caring survey in 2017 found that carers in work also struggled to make ends meet (33%), were in debt (22%) and found it difficult to meet essential cost such as utilities, mortgage and rent (16%).

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\(^5\) Informal carers & poverty in the UK: An analysis of the Family Resources Survey, JFR 2016


\(^7\) Carers UK (2006) More than a job: working carers: evidence from the 2001 Census
As the State Pension Age increases there will be a greater number of older carers, juggling work and care or surviving on working age benefits, including Universal Credit, for longer, instead of the state pension and benefits such as pension credit that they would otherwise have been entitled to. The State Pension Reviewer, John Cridland highlighted the employment barriers faced by carers and the impact on their short and long term finances.

Among other measures for carers to smooth the transition to a later retirement age, John Cridland recommended that the Government implement Statutory Carers Leave at least ten years before the change to the State Pension. This would mean introducing a new right to Statutory Carers Leave in 2018.\(^8\) Whilst employment law is not devolved, the Scottish Government can encourage good practice amongst employers, particularly through the Carer Positive\(^9\) award scheme and the Scottish Business Pledge, by promoting examples of paid carer leave and support for older and carer employees.

### Carer households and universal credit

With the ongoing roll out of universal credit, this year’s State of Caring has not yet provided significant levels of responses from carers on universal credit in Scotland. However, we have drawn from UK wide responses which include a proportion of carers in Scotland. It is also worth noting that many carer households will be affected by the move to transfer “legacy benefits” to Universal Credit. This will apply where a household is claiming one or more benefits including as income related Employment Support Allowance, income support and tax credits.

Our survey found that of those currently on universal credit almost 40% had someone in the household in work. However, the experience of carers on universal credit found higher levels of those struggling to make ends meet (57%), who are in debt (33%) and who are struggling to pay utility (24%) and housing bills (11%).

Worryingly, higher levels of these carers are also cutting back on essentials like food and heating (42%) than other carers to make ends meet. They also report that, as well as savings (25%), they are using credit cards (30%), food banks (11%) and building up arrears in housing (16%) and utilities (16%) to make ends meet.

The issue of the transfer of those on “legacy benefits” over the Universal Credit is of significant concern. In our State of Caring survey, large percentages of carers are claiming legacy benefits including housing benefit (59%), Child Tax Credit (84%) or income support (82%). For carers in paid employment, the picture is equally stark with most (84%) claiming child or working tax credits, 1 in 10 (12%) claiming income support and almost a quarter (22%) claiming housing benefit.

Even where a carer and the person they care for are not in the same household for universal credit purposes, they will be greatly concerned. Our survey found that amongst the people they care the majority were claiming one or more legacy benefits.

The issue of legacy benefits is of great concern going forward. Carers will need advice and support to assist them in making their own claims and in supporting the person they care for to make their claim for Universal Credit.

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\(^8\) State Pension age independent review: final report

\(^9\) More information on the Carer Positive award scheme can be found at [www.carerpositive.org](http://www.carerpositive.org)
Recommendations for the Social Security Committee

Carers Scotland would make the following suggestions of areas for further consideration by the Committee.

- undertake analysis of the consequences of caring on income, the longer term effects of caring on carers' income including the ability to save and prepare for retirement and what measures across all policy areas could help reduce poverty, including poverty of opportunity, for carers. This includes, but is not limited to the role of social care, employability and social security that can alleviate and carer poverty.
- consider what changes could be made to improve Carers Assistance when fully devolved to better support carers incomes and to help them to remain in or return to employment or study.
- consider what support can be put in place for carers who wish to return to work and for those at the end of their caring role to enable them to return to work, training or further education. This could include additional support for working age carers including tailored back to-work support, specialist careers advice and in returner schemes.
- examine the impact of Universal Credit on carer households and measure this regularly over time and consider ongoing ways to alleviate negative impacts.
- seek to respond to proposals from the UK Government on the transfer of legacy benefits including whether there is scope for automatic transfer and additional capacity in advice providers in both the voluntary and statutory sector. Consider what support will be needed by carers and disabled people who have to make a claim for Universal Credit through this process.
- Consider the impact that later state retirement age including universal credit will have on older carers.

23 August 2018

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