Homecare Association

Homecare Association response: DWP Carer's Allowance Call for Evidence

Introduction

The Homecare Association is the UK's leading membership body for homecare providers, representing around 2,100 organisations delivering care and support to people in their own homes. Our members provide services across publicly commissioned, privately funded and direct payment-funded care, supporting people with a wide range of needs to live independently and well at home.

The homecare workforce plays a vital role in enabling people to remain independent and reducing demand on health and care services. It is also a workforce characterised by flexible working patterns, with many care workers employed on a part-time basis or working variable hours to meet the changing needs of the people they support. Alongside their paid employment, many also have unpaid caring responsibilities for family members or friends.

Through our ongoing engagement with members, we regularly hear that the interaction between employment and Carer's Allowance influences decisions about accepting additional hours, overtime and changes to working patterns. Uncertainty about entitlement, particularly where earnings fluctuate, can create financial risk for carers and make it more difficult for providers to offer additional work, despite continued workforce shortages across adult social care.

For homecare providers, unpaid care and the formal care workforce are closely connected. Many people move between, or combine, paid care work and unpaid caring roles during their lives. Policies that enable carers to remain in employment where they are able and wish to do so can strengthen workforce participation, improve financial resilience and contribute to the sustainability of both unpaid care and formal care services. This response draws on the Homecare Association's ongoing engagement with members, policy work and sector networks, alongside published evidence relating to carers, employment and the adult social care workforce.

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

Many people working within the homecare workforce are also unpaid carers. The sector is characterised by part-time working, variable hours, overtime and fluctuating earnings, meaning changes in Carer's Allowance entitlement can be difficult to predict. Through our engagement with homecare providers, we regularly hear that uncertainty about fluctuating earnings influences decisions about accepting additional shifts or overtime because employees are concerned about inadvertently exceeding the earnings threshold or creating overpayments.

A more predictable and transparent approach to averaging earnings would better reflect the realities of modern employment for many carers. It would provide greater certainty about how temporary fluctuations in earnings affect entitlement, enabling carers to make informed decisions about accepting additional work while reducing the risk of unexpected overpayments and financial hardship. This is consistent with the findings of the Independent Review of Carer's Allowance Overpayments[1], which concluded that unclear guidance on averaging earnings, together with a system that does not adequately reflect modern working practices such as irregular earnings, has contributed to confusion, inconsistent decision-making and overpayments. The review also found that these issues can discourage carers from combining paid work with caring responsibilities

This is particularly important in sectors such as homecare, where earnings can fluctuate because of changing care packages, overtime, sickness cover and seasonal demand. A system that better reflects these patterns would support carers to balance employment with significant caring responsibilities while reducing unnecessary administrative complexity.

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[1] Department for Work and Pensions (2025). *Independent Review of Carer's Allowance Overpayments*. GOV.UK. Available at: https://www.gov.uk/government/publications/review-of-carers-allowance-overpayments

More broadly, unpaid care and the paid care workforce are closely interconnected. Many individuals move between, or combine, these roles over the course of their lives, meaning policies affecting one part of the care system inevitably have implications for the other.

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

A fixed averaging period would improve transparency and make it easier for carers to understand how changes in earnings affect their entitlement. Greater predictability would help individuals make informed decisions about accepting additional work while reducing the likelihood of unexpected overpayments.

From a homecare perspective, any averaging mechanism should reflect the realities of flexible employment. Providers report that earnings frequently fluctuate because of changing care packages, additional shifts, sickness cover, annual leave and seasonal variation in demand. A fixed averaging period would provide greater certainty for carers whose earnings vary for legitimate reasons from week to week.

While we have not identified evidence to support a single optimal averaging period, an averaging period of around 8 to 12 weeks appears to offer a reasonable balance between reflecting normal fluctuations in earnings and maintaining a clear connection to an individual's current circumstances. Shorter periods may not adequately capture typical variations in earnings, while significantly longer periods may be less responsive to genuine changes in employment or caring responsibilities.

Whatever period is adopted, it should be applied consistently and communicated clearly. The Independent Review of Carer's Allowance Overpayments highlighted the importance of clear and consistent guidance on how earnings are assessed. A transparent approach to averaging earnings would help carers understand the financial implications of accepting additional work before decisions are made, reducing uncertainty for both carers and employers.[2]

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

A tapered approach, allowing carers to earn more before Carer's Allowance begins to reduce rather than ending entitlement abruptly, would better reflect the realities of combining paid employment with unpaid caring responsibilities.

The current earnings limit creates a cliff-edge effect, where a relatively small increase in earnings can result in the loss of the full allowance. From a homecare perspective, our members report that this can discourage some care workers from accepting additional hours or overtime because of concerns about losing entitlement or inadvertently creating overpayments. A gradual taper would reduce this disincentive while maintaining a clear relationship between earnings and financial support.

This approach is consistent with the findings of the Independent Review of Carer's Allowance Overpayments, which recognised that the complexity of the current system can create uncertainty for carers and discourage them from increasing their earnings or remaining in employment.

Supporting carers to remain in employment is particularly important for adult social care. Although overall adult social care workforce vacancy rates have fallen in recent years, Skills for Care estimates that there are still around 96,000 vacant posts in adult social care in England, with vacancy rates remaining around three times higher than the wider economy. Recruitment challenges are particularly acute in domiciliary (homecare) services, where the vacancy rate is around 9.1%, compared with 6.2% across adult social care overall.[3] Enabling unpaid carers who work in homecare to accept additional hours without facing

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[2] Department for Work and Pensions (2025), *Independent Review of Carer's Allowance Overpayments*.

[3] Skills for Care (2026). *The size and structure of the adult social care sector and workforce in England*; and Skills for Care. Available at: https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/workforceintelligence/Reports-and-visualisations/National-information/Size-and-structure-report.aspx

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disproportionate financial risk could therefore benefit individual carers while also helping providers meet growing demand for care at home by supporting workforce participation where people are able and wish to work.

Any taper should preserve a clear incentive to work while remaining straightforward for carers to understand and simple for providers to administer.

What should matter most when designing any changes to how earnings affect Carer's Allowance?

From a homecare perspective, the priority should be to create a system that enables carers to balance employment with caring responsibilities without creating unnecessary financial uncertainty or administrative complexity. Our members consistently report that predictability is particularly important for carers with fluctuating earnings, enabling them to understand the impact of accepting additional work before decisions are made.

The key priorities should therefore be:

- **Clarity and predictability** – carers should be able to understand in advance how changes in earnings will affect their entitlement.
- **Supporting carers to combine employment and caring** – the system should enable carers to remain economically active where they are able and wish to do so, without creating unnecessary disincentives to accept additional work.
- **Fairness and proportionality** – small increases in earnings should not result in disproportionate financial consequences.
- **Reducing the risk of overpayments and debt** – the system should minimise the likelihood of carers inadvertently accruing overpayments because of fluctuating earnings or complex rules.
- **Administrative simplicity** – the system should be straightforward for carers to understand and for the Department to administer.

Taken together, these principles would provide carers with greater confidence to remain in employment while continuing to fulfil their caring responsibilities. From the Homecare Association's perspective, this would benefit carers themselves, employers and the sustainability of care at home.

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

Any earnings taper should support, rather than discourage, employment. From a homecare perspective, providers value the flexibility of a workforce that can respond to changing care needs. However, our members report that some care workers with unpaid caring responsibilities are reluctant to accept additional hours or overtime because they are concerned about the impact on their Carer's Allowance entitlement.

The taper should therefore begin at, or above, the current Carer's Allowance earnings limit rather than below it. Introducing a taper below the current threshold could create new disincentives to work and reduce carers' confidence in accepting additional hours where they are able to do so.

The point at which the taper ends should strike an appropriate balance between supporting carers to remain economically active, ensuring value for money and targeting support where it is most needed. The overall design should avoid introducing new cliff edges or unnecessary complexity and should support gradual transitions as earnings increase.

From a provider perspective, the greatest benefit of any taper will be the confidence it gives carers to make informed decisions about accepting additional work without fear of inadvertently losing entitlement. This would benefit carers themselves while helping providers respond more effectively to fluctuations in demand for care at home.

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

Communication should focus on helping carers understand the practical impact of changes to their earnings rather than explaining the technical detail of how the taper operates. Many carers already balance employment, unpaid caring responsibilities and family commitments. Communication should therefore be straightforward, accessible and easy to apply to individual circumstances.

The Department should consider providing:

- An online calculator showing how changes in earnings affect entitlement.
- Simple worked examples based on common scenarios.
- Clear guidance for people with fluctuating earnings.
- Real-world examples reflecting shift work, overtime and variable hours.
- Integrated guidance covering both Carer's Allowance and Universal Credit.

These recommendations are consistent with the findings of the Independent Review of Carer's Allowance Overpayments, which highlighted the need for clearer guidance and communication to help carers understand how earnings affect entitlement and reduce the risk of overpayments.[4]

From a homecare provider perspective, this is particularly important because our members report that employees frequently seek advice from their employer about how changes to working hours or overtime may affect their Carer's Allowance entitlement. Employers are not benefits advisers, and clearer information and practical tools would enable carers to make informed decisions with greater confidence while reducing reliance on employers to interpret complex benefit rules.

[4] Department for Work and Pensions (2025). *Independent Review of Carer's Allowance Overpayments*.

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

The interaction between Carer's Allowance and Universal Credit should be as straightforward and transparent as possible for carers. From a homecare perspective, our members report that employees often find it difficult to understand how changes in working hours or earnings affect their overall entitlement when receiving both benefits. This uncertainty can influence decisions about accepting additional work or overtime.

The Department should seek greater alignment between the two systems so that carers receive a clear and consistent explanation of how Carer's Allowance and Universal Credit interact. Where possible, reporting requirements should be simplified, information shared across systems and carers provided with a single, coherent view of their overall support rather than having to navigate separate processes.

Research by Carers UK found that 47% of working carers are considering reducing their working hours or leaving employment altogether because of the pressures of combining work and unpaid care.[5] Making the interaction between Carer's Allowance and Universal Credit simpler and more transparent would help remove one source of uncertainty for working carers and better support those who wish to remain in employment.

From a provider perspective, clearer and more integrated information would enable employees to make informed decisions about work without relying on employers to interpret complex benefit rules. This would benefit carers while helping providers respond more effectively to fluctuations in demand for care at home.

[5] Carers UK (2026). *The Tipping Point: when unpaid carers can no longer combine caring with paid employment*. Based on responses from over 10,500 carers in the 2025 State of Caring survey.

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

Paying Carer's Allowance in arrears could offer some administrative benefits, including reducing the risk of overpayments and allowing greater use of verified earnings information before payments are made.

However, from a homecare perspective, these potential benefits need to be balanced against the financial impact on unpaid carers who are also participating in the workforce. Many care workers combine paid employment with significant unpaid caring responsibilities and rely on regular income to manage household finances. Delaying payments by four weeks could create cash flow difficulties, particularly for lower-income households or those experiencing fluctuating earnings. This is particularly important given wider evidence from Carers UK highlighting the financial pressures experienced by many unpaid carers and the importance of supporting them to remain in employment where possible.[6]

If payment in arrears is introduced, careful consideration should be given to transitional arrangements to ensure carers are not placed under unnecessary financial pressure during implementation. The Department should also consider whether the administrative benefits of paying in arrears outweigh the potential impact on carers' financial resilience and confidence to remain in employment.

How can we best identify and support unpaid carers to combine study with their caring responsibilities where they can? How does the 21-hour rule influence decisions around study?

The ability to undertake education and training can play an important role in supporting carers' long-term employment prospects, career progression and financial resilience. From a homecare provider perspective, access to flexible learning also supports workforce recruitment, retention and professional development, helping care professionals build the skills needed to respond to increasingly complex care needs.

[6] Carers UK (2026). *The Tipping Point: when unpaid carers can no longer combine caring with paid employment.*

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The current 21-hour rule should be reviewed in light of modern learning models, including flexible, online and blended approaches to study. It may no longer reflect how education and training is delivered or how people combine learning with employment and caring responsibilities.

Our members support employees to access flexible learning and continuing professional development alongside work. Skills for Care's Workforce Strategy highlights the importance of ensuring that everyone working in adult social care has opportunities to develop, learn and progress throughout their career.[7] Policies that unintentionally restrict access to flexible education and training risk limiting workforce development and career progression at a time when providers are working to attract, retain and develop skilled care professionals.

Policy should therefore support carers to access flexible learning while maintaining their caring responsibilities. The focus should be on the nature and flexibility of learning rather than simply the number of study hours undertaken. This would better reflect contemporary approaches to education while supporting providers to develop a skilled, confident and sustainable workforce.

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

As the representative body for homecare providers, the Homecare Association recognises the close relationship between unpaid care and the formal care workforce. Through our engagement with members, we consistently hear that many care workers also have unpaid caring responsibilities, balancing employment with caring for family members or friends. Providers value the flexibility and experience these employees bring to the workforce but report that uncertainty around Carer's Allowance can influence decisions about accepting additional hours, overtime or changes to working patterns.

Unpaid carers make a vital contribution to helping people live independently and reducing demand on health and care services. Supporting carers to remain in employment, where they are able and wish to do so, benefits not only individual

[7] Skills for Care (2025). *Workforce Strategy for Adult Social Care in England*.

carers and their families but also the resilience of the wider care system. For homecare providers, policies that give carers greater confidence to combine paid work with caring responsibilities can support workforce participation while helping providers respond to increasing demand for care at home.

This consultation provides an opportunity to modernise Carer's Allowance so that it better reflects contemporary patterns of employment, learning and caring. A clearer, more predictable and flexible system would help carers make informed decisions about work, strengthen household financial resilience and support the development of a skilled, sustainable homecare workforce.