



National Audit Office

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## **Report**

by the Comptroller  
and Auditor General

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**Department for Work & Pensions**

# Investigation into overpayments of Carer's Allowance

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Department for Work & Pensions

# Investigation into overpayments of Carer's Allowance

Report by the Comptroller and Auditor General

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to be printed on 25 April 2019

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National Audit Act 1983 for presentation to the House of  
Commons in accordance with Section 9 of the Act

Sir Amyas Morse KCB  
Comptroller and Auditor General  
National Audit Office

24 April 2019

We conducted this investigation because of concerns raised by Members of Parliament about overpayments of Carer's Allowance, which is paid to carers who care for people on a qualifying disability benefit, and the impact that the recovery of these overpayments is having on carers and those they care for.

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## **Investigations**

We conduct investigations to establish the underlying facts in circumstances where concerns have been raised with us, or in response to intelligence that we have gathered through our wider work.

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# What this investigation is about

- 1** The Department for Work & Pensions (the Department) pays £66.15 a week in Carer's Allowance to people who earn less than £123 a week and provide at least 35 hours of care a week to someone who receives a qualifying disability benefit. In 2017-18, the Department paid £2.9 billion in Carer's Allowance to 826,000 carers. The number of people in receipt of Carer's Allowance has increased by 50% since 2010-11, in part due to the growth in the number of people receiving qualifying benefits, such as Personal Independence Payment.
- 2** The Department sometimes overpays or underpays Carer's Allowance, so the claimant receives more or less than they are entitled to. This can be due to claimant fraud or error, or error by the Department, known as official error. The Department's estimate of total overpayments in 2017-18 was £160 million (5.5% of Carer's Allowance expenditure).
- 3** We undertook this investigation because Members of Parliament (MPs) have expressed concerns about the level of Carer's Allowance overpayments and the impact on claimants of the Department's attempts to recover them.
- 4** In August 2018, a whistleblower contacted the current permanent secretary of the Department alleging that ongoing issues in Carer's Allowance had not been resolved, and that millions of pounds in overpayments were going undetected because of reduced compliance checks. The whistleblower expressed concerns that the Department had recently announced the discovery of a large backlog of compliance and fraud cases, with over 1,000 cases being considered for either prosecution or administrative penalties.
- 5** This investigation examines both the concerns about the recent increase in identified errors and attempts to recover overpayments, and how the Department has managed fraud and error in Carer's Allowance over time. It sets out:

  - the recent increase in detected overpayments and how the Department is attempting to recover overpayments (Part One);
  - the Department's understanding of the causes of overpayments in Carer's Allowance (Part Two); and
  - the Department's progress in improving detection and prevention of overpayments (Part Three).

# Summary

## Key findings

Recent increase in detected overpayments and repayments

**1 The Department is detecting significantly more Carer's Allowance overpayments than before.** The Department detected 93,000 overpayments in 2018-19 compared with an average of 41,000 a year detected in the previous five years. Many overpayments were for just one week. In some cases, overpayments went on for more than a decade before they were discovered. The Department is detecting overpayments now that it could have detected earlier because it has in the past year put in place more people and new systems to detect overpayments and is resolving backlogs generated by a previous shortage of staff. We discuss this further in paragraphs 12 to 18 below. The Department will seek to reclaim overpayments over £65 that it deems to be the carer's fault, whenever they occurred (paragraphs 1.6, 1.7 and 3.5 to 3.8 and Figures 3 and 12).

**2 The Department is seeking more repayments from carers for overpayments of Carer's Allowance, in some cases for large amounts.** The Department aims to recover around £150 million from carers where the Department deems the carer was at fault for an overpayment over £65. It is seeking repayments from just under 80,000 carers for overpayments detected in the years up to now. Just over half of these debts are under £1,000 but some carers have much larger debts. There were 133 individuals with outstanding debts of over £20,000 at the end of March 2019 (paragraphs 1.10 and 1.11 and Figures 4 and 5).

**3 Legislation caps the amount that carers have to repay each week.** In line with legislation, the Department reclaims overpaid Carer's Allowance by reducing benefits or through deductions of up to 20% from employee earnings (or 40% for fraudulent cases). It caps deductions from benefits to £11.10 a week (or £29.60 a week for cases of fraud) (paragraph 1.12).

**4 It will take a long time for carers to repay these overpayments.** The Department has reclaimed £22 million of overpaid Carer's Allowance in 2018-19 by reducing people's benefits and through mandatory deductions from employee earnings. At the standard rate of repayment for those on benefits, it will take an average of three and a quarter years for carers to repay their debt. For those on benefits with an overpayment of £20,000 this could require repayments for the next 34 years. The Department will not normally write-off this debt until it is repaid (paragraph 1.13).

**5 The Department does not know how these repayments affect carers or the disabled person they care for.** Under legislation, the Department does not need to assess the impact on carers when seeking repayments and deductions from benefits. It has not conducted any recent evaluation of the impact of its debt recovery policies. The Department does offer hardship rates of recovery to those struggling with repayments. There are currently just under 1,000 carers receiving hardship rates (paragraphs 1.14 and 1.15).

**6 The Department may need to pay arrears of other benefits to the disabled person if their carer was overpaid Carer's Allowance.** For example, when making their claims, many disabled people and their carers will need to choose between the disabled person receiving a severe disability premium or the carer receiving Carer's Allowance. Where a carer claiming Carer's Allowance is later found to be ineligible for that Carer's Allowance (and thus overpaid), the Department may need to pay arrears of severe disability premium to the disabled person. The weekly payments are similar. The Department has processes to identify such cases but does not record how often it pays arrears of other benefits as a result of overpaid Carer's Allowance (paragraphs 1.17 to 1.21).

The causes of overpayments

**7 The Department has a limited understanding of underlying rates of fraud and error.** The Department uses sampling to estimate the underlying levels of over and underpayments in benefits beyond the specific cases it detects. The assumed rates of overpayment (5.5%) and underpayment (0.1%) for Carer's Allowance are based on measurements from more than 20 years ago. We have previously recommended that the Department updates its estimates, and it is now working on a new estimate for 2020 (paragraphs 2.4 and 2.5 and Figure 7).

**8 Most detected overpayments arose because carers failed to notify the Department with the correct information about their earnings.** The Department classifies 89% of the value of overpayments as fraud or claimant error – these overpayments are the carer's fault and need to be repaid. By value, around 70% of identified cases of overpayments are because carers' earnings are over the earnings limit. Where carers' circumstances change, the regulations state that carers should notify the Department as soon as 'reasonably practicable' (paragraphs 2.6 and 2.7 and Figures 7 and 8).

**9 The Department acknowledges that it needs to improve its communications with carers to increase their understanding of their obligations.** Some carers are involuntarily caught out by eligibility rules which create a 'cliff edge': carers are either entitled to the whole allowance or none of it. Uncertainty about what are allowable expenses can also lead to overpayments. The Department is reviewing its initial and annual letters to carers, as well as the online guidance, to clarify carers' obligations (paragraphs 2.9 and 2.10).



**10 Few overpayments are proven fraud.** The number of people the Department referred for prosecution for fraud fell from 1,176 in 2014-15 to 483 in 2018-19. In 2018, the Department cleared a backlog of 1,000 cases it was considering for referral to the Crown Prosecution Service, partly by applying more administrative penalties. These involve the claimant admitting fraudulent behaviour and paying a financial penalty of up to half the overpayment, capped at £5,000. The Department agreed 1,253 administrative penalties in 2018-19 compared with an average of 860 in the previous four years (paragraphs 2.11 to 2.14 and Figure 9).

**11 Some errors are the Department's fault.** Official error is where the Department has the information to assess an award but makes a mistake. The Department has internal estimates of official error rates based on samples of new claims and changes in circumstances. These showed an overpayment rate of 1.8% and an underpayment rate of 0.8% in 2017-18 (paragraphs 2.15 and 2.16).

### Progress in detecting and preventing overpayments

**12 The Department's strategy for reducing fraud and error in Carer's Allowance focuses on matching claims to earnings data.** It does not attempt to detect every overpayment, and its compliance activity is partly intended as a deterrent. Its main compliance activity is to match claims to earnings data provided by employers and pension providers to HM Revenue & Customs (HMRC). This flags cases where carers may be earning more than the earnings limit (paragraphs 3.2 to 3.4).

**13 Potential overpayments flagged in data matching need to be followed up manually.** The Department uses data matching to flag cases, but it also needs to check these with the carers themselves, as many matches are false positives. Over the past five years the Department has improved its systems of data matching so that they are more timely and more of the cases investigated lead to a detected overpayment (paragraphs 3.4 and 3.5).

**14 In the past the Department has not had enough staff to follow up every case flagged by data matching.** For example, between 2016 and 2018, data matching on earnings identified a monthly average of 3,220 cases worthy of investigation; the Department investigated an average of 380 cases. Around two-thirds of carers with debts for earnings-related overpayments over £2,500 would have had their overpayments stopped earlier if the Department had put in place sufficient staff. As the Department has improved its data matching, it has chosen not to investigate all remaining cases flagged under previous systems because it believes ongoing overpayments will be caught by the new systems (paragraph 3.6 and Figures 11 and 13).

**15 Staffing shortages in recent years also created administrative backlogs, leading to delays in identifying overpayments.** The Department underestimated both staff turnover and how much claims for Carer's Allowance would increase. This led to backlogs which peaked at 52,000 unprocessed new claims in September 2017 and 104,000 unprocessed changes in circumstances in November 2018. Delays in processing claims and changes meant that overpayments were not identified in a timely manner (paragraphs 3.10 and 3.11).

**16 In clearing backlogs, the Department has identified more overpayments and arrears.** By March 2019, 181 more staff were processing changes in circumstances than in April 2017. Outstanding changes to be processed fell in December 2018 for the first time since November 2016 and currently stand at 67,000. Processing these changes is leading to more incorrect payments being identified. Since late 2018, the Department has also brought in an additional three operational centres across the country to investigate potential overpayments flagged by data matches (paragraphs 3.8 and 3.13).

**17 The Department may suspend payments to carers when it needs to process changes in circumstances that could affect the claim.** In such instances, officials looking at the case will usually suspend payments of the benefit to mitigate against the risk of overpayments. If it is found that the carer remains eligible they will then need to be paid arrears. As a result of backlogs, it has taken several months, and in some cases years, for some of these cases to be properly resolved. The Department does not measure how many people it has to pay such arrears to (paragraphs 3.10 to 3.12).

**18 The Department has recently introduced a new system that flags data matches more promptly.** Since September 2018 it has received alerts whenever HMRC earnings data show a carer exceeding the earnings limit. The Department estimates that the system will produce additional savings of £136 million by 2025-26 by reducing fraud and error but it has limitations:

- **The new system produces more matches which need to be investigated.** The Department has put in place a team of 33 full-time equivalent staff to process these alerts, over three times those working on previous earnings data matches. However, they will each need to process around 190 cases a month compared to the previous rate of 47 a month. The Department currently has no plans to automate any of this work.
- **The new system will not detect all overpayments.** The Department has stopped processing some previously flagged potential overpayments on the basis that they will now be caught by the new system. Where carers are no longer paid Carer's Allowance, the system has no means of detecting historical overpayments. The Department is also currently unable to register 254,000 carers (30%) due to software issues but is trying to resolve these. It is currently relying on old detection methods for this group (paragraphs 3.15 to 3.18).

# Part One

## Recent increase in detection and repayments

**1.1** In this part we set out how:

- Carer's Allowance works;
- the number of detected overpayments has increased and how the Department for Work & Pensions (the Department) recovers overpayments; and
- underpayments of other benefits may have accrued alongside overpayments of Carer's Allowance.

### **About Carer's Allowance**

**1.2** The Department pays Carer's Allowance based on eligibility criteria (**Figure 1** overleaf).

**1.3** Expenditure on Carer's Allowance has increased in real terms over the last 10 years, from £1.6 billion in 2007-08 to £2.9 billion in 2017-18 (**Figure 2** on page 11). The number receiving the benefit has increased from 471,000 to 826,000 over the same period. The Department attributes these increases to:

- an increase in the number of people being cared for who receive a qualifying disability benefit;
- increases in the State Pension age for women since 2010 which mean that more female carers qualify for Carer's Allowance for a longer period; and
- disabled people living longer and therefore needing care for longer periods.

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**Figure 1**  
Eligibility criteria for Carer's Allowance 2019-20

**Both the carer and the disabled person must meet eligibility criteria**

Claimant	The claim is made by the carer; both the carer and the individual being cared for must meet eligibility criteria for a claim to be accepted.
Eligibility: individual being cared for	<p>The disabled person must already receive one of the following qualifying benefits at the time of the claim:</p> <ul style="list-style-type: none"> <li>● Personal Independence Payment;</li> <li>● Disability Living Allowance (middle or higher rate of the care component);</li> <li>● Attendance Allowance;</li> <li>● Constant Attendance Allowance (part of Industrial Injuries Disablement Benefit or War Pensions Schemes); and</li> <li>● Armed Forces Independence Payment.</li> </ul>
Eligibility: carer	<p>The carer must:</p> <ul style="list-style-type: none"> <li>● earn no more than £123 a week after deduction of tax, 50% of pension contributions and allowable expenses from employment;</li> <li>● spend at least 35 hours a week caring for the eligible individual;</li> <li>● be aged 16 or over and not in full-time education; and</li> <li>● not be in receipt of an overlapping benefit, such as the State Pension.</li> </ul>
Value of benefit	<ul style="list-style-type: none"> <li>● £66.15 weekly in England, Northern Ireland and Wales.</li> <li>● £74.85 weekly in Scotland (through the Carer's Allowance Supplement).</li> </ul>

**Notes**

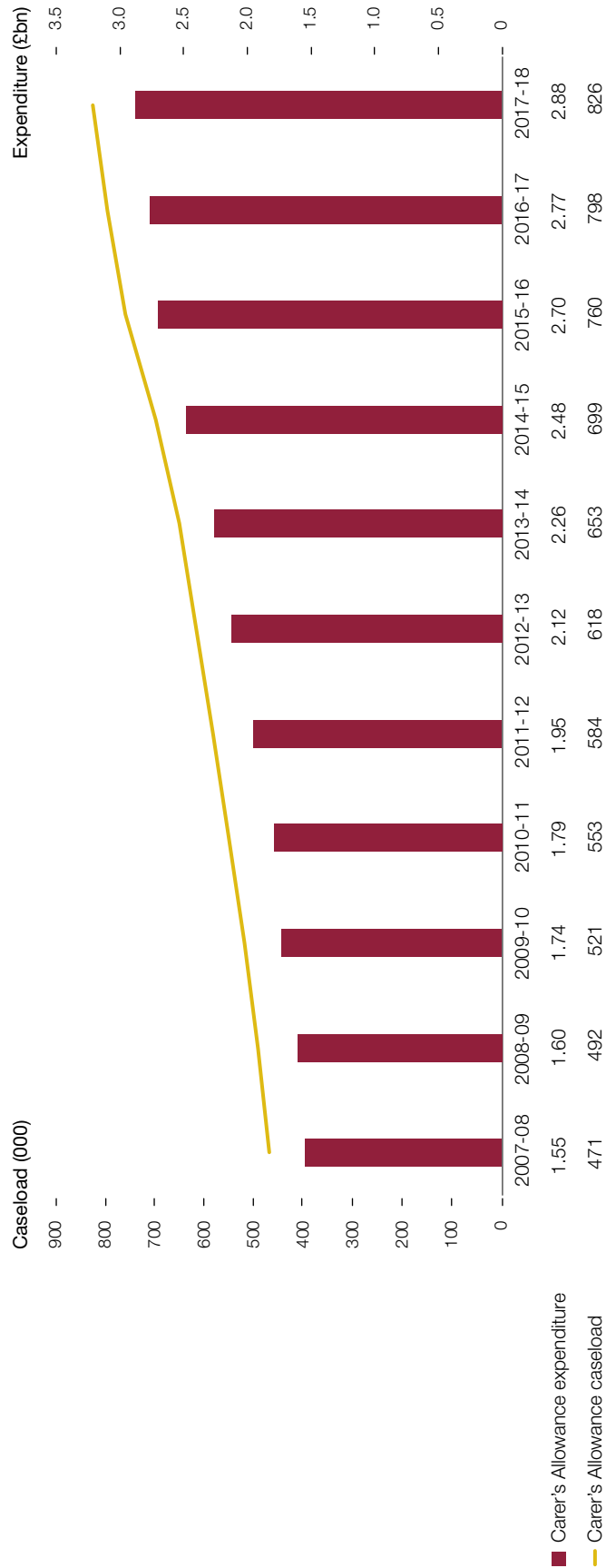
- 1 For simplicity, in this report, we refer to all people who received Carer's Allowance as carers. This is regardless of whether they were later found not to be providing any care, for example fraudulent claims.
- 2 The Carer's Allowance Supplement is payable from summer 2018 (backdated to April 2018). It is paid twice a year.
- 3 The earnings limit was £120 per week in 2018-19 and is rising to £123 per week in 2019-20.

Source: National Audit Office analysis of Department for Work & Pensions' information

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**Figure 2**  
Expenditure and caseload for Carer's Allowance 2007-08 to 2017-18

Expenditure on Carer's Allowance has increased in real terms over the last ten years



**Notes**

- 1 Real expenditure in 2018-19 prices.
- 2 In addition there were some 420,000 people in 2017-18 with an underlying entitlement to Carer's Allowance, who have a claim lodged with the Department, but do not receive any payment. This is so they can receive certain associated allowances on other benefits and passported benefits such as free NHS prescriptions.

Source: National Audit Office analysis of Department for Work & Pensions' data

## Overpayments and underpayments of Carer's Allowance

**1.4** Sometimes claimants receive the wrong amount of benefit. This can be an underpayment (where claimants are paid too little) or an overpayment (where they are paid too much). The Department groups overpayments and underpayments into three categories:

- **official error:** when a benefit is paid incorrectly due to inaction, delay or a mistaken assessment by the Department, a local authority or HM Revenue & Customs;
- **claimant error:** when claimants make mistakes with no fraudulent intent; and
- **fraud:** when claimants deliberately seek to mislead the Department or local authorities that administer benefits on the Department's behalf.

## More detected overpayments

**1.5** The Department seeks to detect and recover overpaid Carer's Allowance. The amounts detected by the Department are lower than the total amount overpaid because the Department accepts that it cannot detect all overpayments.

**1.6** The Department detected significantly more overpayments in 2018-19. It detected 93,000 overpayments compared with an average of 41,000 a year over the previous five years (**Figure 3**).<sup>1</sup> We explore why the rate of detected overpayments has increased in Part Three.

**1.7** Many overpayments last just one week, but some last much longer. The average length of an overpayment referred to debt management in 2018-19 was 28 weeks. For overpayments larger than £20,000, these lasted on average nearly eight years, with some lasting more than a decade.

## The recovery of overpayments

**1.8** The Department deemed only 40% of overpayments as legally recoverable over the last six years. By law, the Department does not seek to recover overpayments where the overpayment was its own fault (official error). It also elects not to seek recovery of overpayments less than £65 (the small overpayment limit), unless it is a fraudulent claim.<sup>2</sup> If the Department deems an overpayment to be recoverable, it refers the case to its debt management team. More overpayments were referred to debt management in 2018-19 than in any year in the past decade (Figure 3).

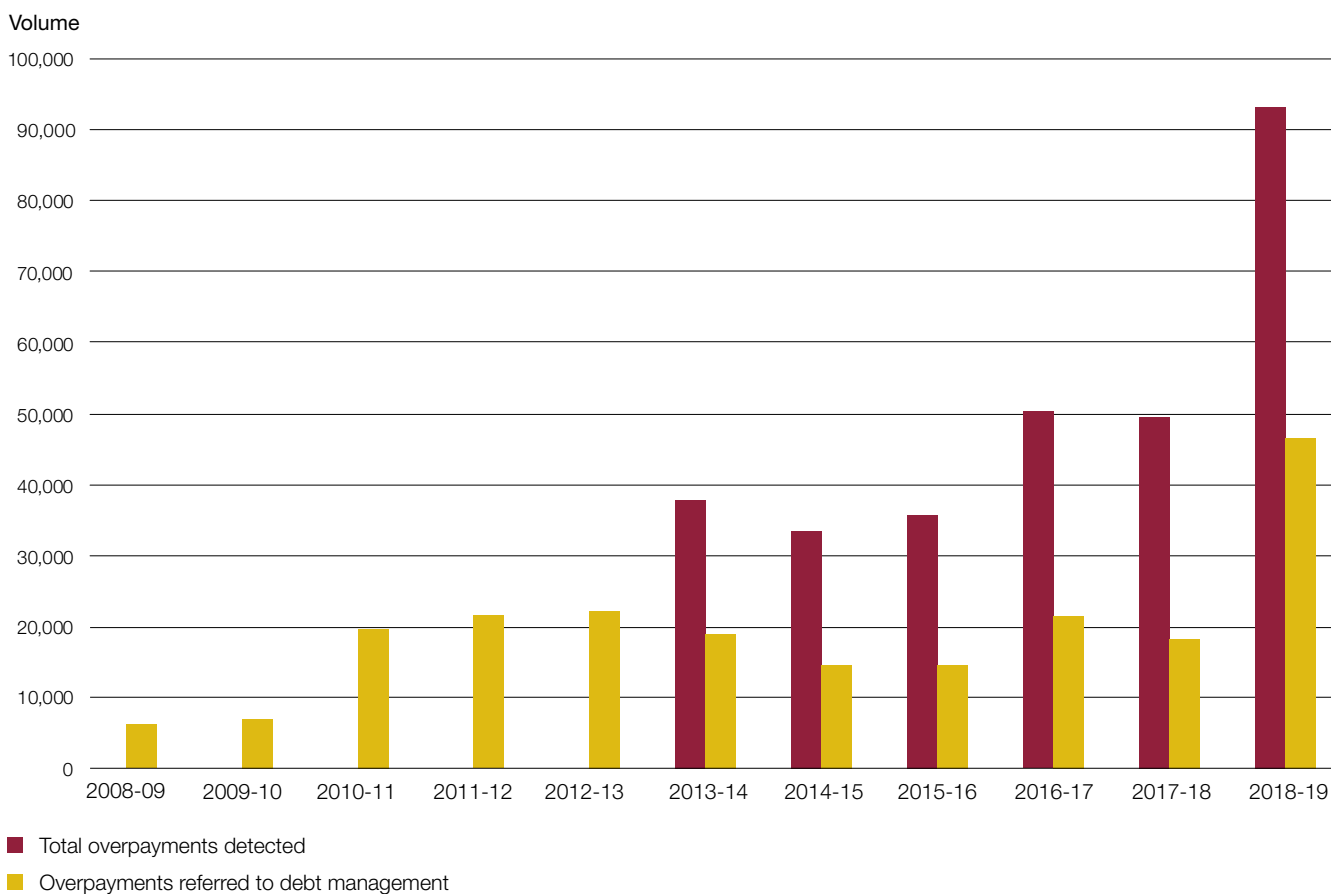
<sup>1</sup> The Department does not have complete data on the number or value of overpayments before 2013-14, when it relied on a manual system for recording them.

<sup>2</sup> The small overpayment limit of £65 applies to nearly all benefits. It is the threshold at which the Department judges that it has become cost-effective to recover overpayments.

**Figure 3**

Total overpayments detected and referred to debt management 2008-09 to 2018-19

More overpayments were detected and referred to debt management in 2018-19 than in previous years

**Note**

1 The Department does not have complete data on the number or value of overpayments before 2013-14, when it relied on a manual system for recording them. The Department's debt management system, however, does hold complete information on the numbers referred to debt management.

Source: National Audit Office analysis of the Department for Work & Pensions' debt management data and Carer's Allowance Computer System data

**1.9** Until now, the Department has not sought to recover Carer's Allowance overpayments lasting only one week because the weekly rate was less than the small overpayment limit of £65. From 2019-20 the weekly rate of Carer's Allowance has gone above the small overpayment limit, meaning the Department will seek to recover a one week overpayment of Carer's Allowance for the first time.

**1.10** The Department has better information on the debts it is recovering than the overpayments it has detected. The Department is currently seeking to recover a total of £150 million from just under 80,000 carers. This balance is the largest it has ever been in the years for which the Department has records (**Figure 4**).<sup>3</sup>

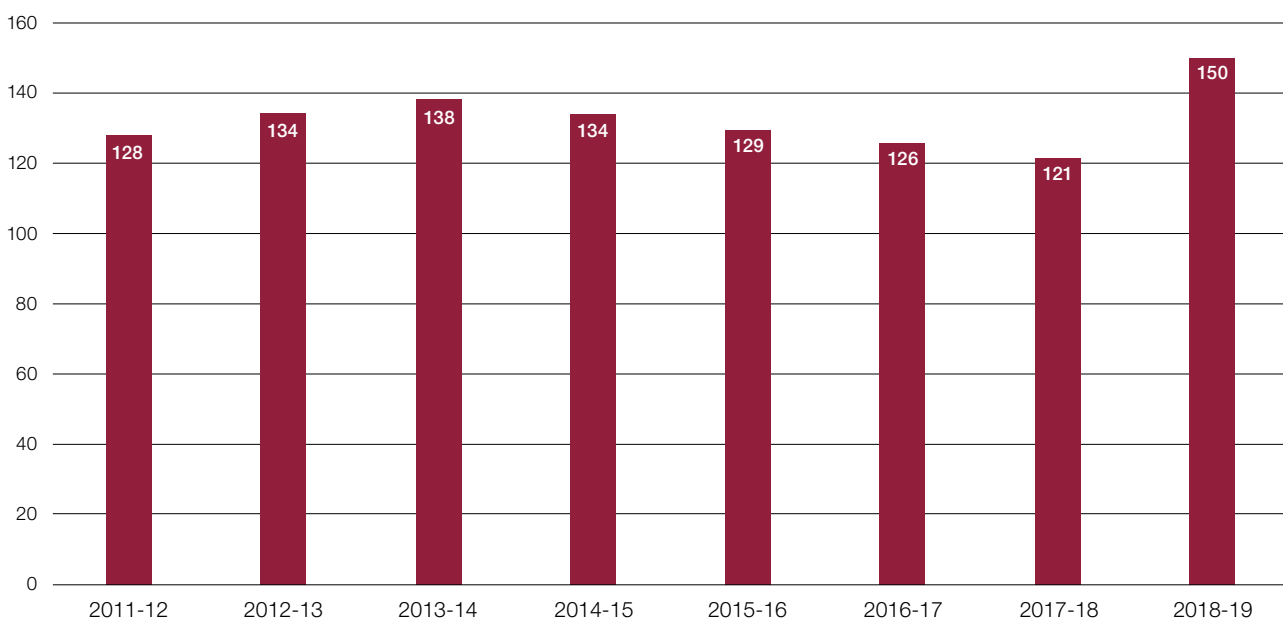
**1.11** Most of these debts are under £1,000 (**Figure 5**), but more than 7,000 carers have debts in excess of £5,000. There were 133 carers with outstanding debts of over £20,000 at the end of March 2019. The Department will not write off these debts unless: it deems there is no legal basis to recover these; further recovery is not cost effective; or, exceptionally, where recovery would cause a risk to the health of the debtor or their immediate family.

**Figure 4**

Total outstanding debt value of overpayments 2011-12 to 2018-19

As the Department has detected more overpayments in 2018-19 the total outstanding debt balance has increased

Outstanding debt value (£m)



**Notes**

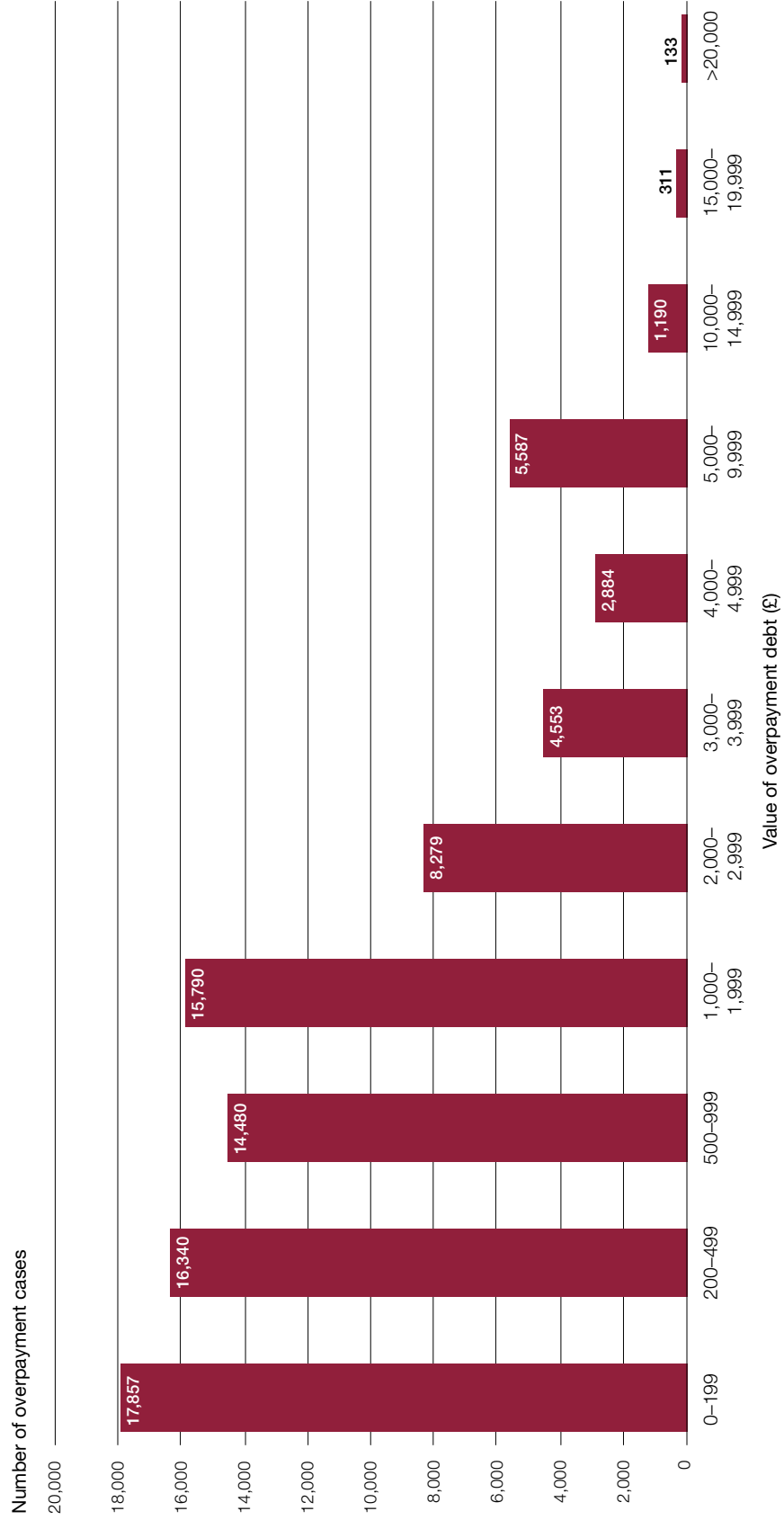
- 1 The high level of overpayment debt in 2013-14 arose due to a backlog of activity to detect overpayments which was cleared between 2010 and 2015. This is discussed in Part Three.
- 2 All balances are in nominal terms.

Source: National Audit Office analysis of the Department for Work & Pensions' debt management data

<sup>3</sup> We only have financial records of the balance going back to 2011-12, but before that the rate of detection was much lower (see Part Three).



**Figure 5**  
 Value of all overpayments outstanding, March 2019  
 Most overpayment debts are under £1,000. However, more than 7,000 carers have debts greater than £5,000



**Note**

1 There were 87,404 outstanding debt balances at the end of March 2019, compared with 79,210 carers with outstanding debt balances. This is because some carers have multiple balances.

Source: National Audit Office analysis of Department for Work & Pensions' debt management data

**1.12** In line with legislation, the Department reclaims overpaid Carer's Allowance by reducing benefits or through deductions of up to 20% from employee earnings. It caps the rate of deductions used to recover overpayments for:

- **means tested benefits at 15%** (£11.10) of the standard allowance per week, where the carer receives other means tested benefits that the overpayment can be deducted from and there is no proven fraud. However, if the means tested benefit is Universal Credit, and the carer has earnings in excess of the Universal Credit earnings limit, the recovery rate is 25% of the appropriate Universal Credit standard allowance;
- **means tested benefits (fraud) at 40%** (£29.60) of the standard allowance per week if the overpayment was proved to be fraudulent and the carer receives other means tested benefits that the overpayment can be deducted from;
- **non-means tested benefits at 33%** of the weekly benefit payment; and
- **employment income of up to 20%** (40% for fraudulent cases), made through an attachment order directly with the carer's employers.

In some instances, it hands the debt over to private sector debt collection agencies who agree and collect repayment plans with the carer. Carers also have the option of making voluntary repayments.

**1.13** The Department recovered £22 million of overpaid Carer's Allowance in 2018-19. At that rate it would take nearly seven years to repay the current outstanding debt balance of £150 million. However, some carers will be paying money back for many more years than this. At a standard rate of £11.10 a week, it would take an average of three and a quarter years for carers to repay their debts. But a carer on benefits or state pension with a debt of £20,000 could be paying the Department back for the next 34 years.

**1.14** The Department does not monitor how much of a person's overall income the legislated repayment represents. A typical scenario would see a carer relying on Income Support and Carer's Allowance for their income to pay for general living expenses such as food, bills and clothing; a repayment of £11.10 would represent around 10% of a such a carer's income.<sup>4</sup> The Department has not undertaken any recent evaluation of the impact of its recovery policies on either carers or the disabled people they care for.

**1.15** Carers can apply for hardship rates of recovery where they cannot afford the standard rates. They are required to provide details of their income and expenditure to set out why the rates are unaffordable. The Department can then agree a hardship rate of recovery. There are currently just under 1,000 carers receiving such a rate. The amount these people pay depends on their circumstances.

<sup>4</sup> This is based on a carer who is not working, and claiming Income Support alongside Carer's Allowance, giving a total income of £109.10 a week. This excludes other benefits that are linked directly to non-general living expenses such as Housing Benefit and Council Tax Reduction.

**1.16** We reviewed, with the help of the Department's internal audit team, 100 overpayment cases on the Department's debt management system. We found that the Department holds limited information about the claimant's circumstances, but the data do show that the Department agrees a range of repayment plans with carers that affect the length of time it takes to clear their debts (**Figure 6**).

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## **Figure 6**

### Examples of claimant error overpayments

#### Repayment plans vary according to claimants' circumstances

<b>Case history</b>	<b>Overpayment due</b>
<p><b>Claimant X</b></p> <p>Overpayment identified: 2014-15</p> <p>Overpayment accrued: 2000–2015</p> <p>Claimant earnings: at the time of referral, earnings were around £130 per week. The earnings limit in 2014-15 was £102 per week.</p> <p>Repayments: current repayments are at a negotiated rate of £50 per week, as the claimant is in work. At the current rate, the debt will be fully repaid in 2026-27.</p>	<p><b>£32,000</b></p>
<p><b>Claimant Y</b></p> <p>Overpayment identified: 2013-14</p> <p>Overpayment accrued: 2003–2014</p> <p>Claimant earnings: varied from around £150 to £330 per week. The earnings limit in 2013-14 was £100 per week.</p> <p>Repayments: current repayments are at a rate of £19.91 per week agreed between the claimant and a private sector debt collection agency. At a rate of £19.91, it will take just under 34 years to repay a debt of £35,000.</p>	<p><b>£35,000</b></p>
<p><b>Claimant Z</b></p> <p>Overpayment identified: 2010-11</p> <p>Overpayment accrued: 2008–2011</p> <p>Claimant earnings: marginally over the limit when averaged over the period.</p> <p>Repayments: a direct debit plan of £15 per week.</p>	<p><b>£6,000</b></p>

#### **Note**

<sup>1</sup> All examples are real cases from the Department for Work & Pensions' debt management system.

Source: National Audit Office and the Department's internal audit sample of debt cases

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## **Payment of arrears of other benefits**

**1.17** If a carer claims Carer's Allowance it affects the benefit entitlements of the disabled person they are caring for. That disabled person will no longer be entitled to:

- a severe disability premium paid with their benefits;
- an extra amount for severe disability paid with Pension Credit; and
- reduced Council Tax.

**1.18** The current rate of severe disability premium is £65.85 a week, just 30p less than the rate for Carer's Allowance. It is important, therefore, that the carer considers the potential loss of income for the disabled person before making a claim. The disabled person, or an appointee on their behalf, must sign the Carer's Allowance claim form to acknowledge the potential impact on their benefits.

**1.19** Where the Department finds overpayments of Carer's Allowance, it may need to pay arrears of other benefits, such as severe disability premium to the disabled person being cared for. This will depend on whether the disabled person met the eligibility criteria for those benefits during that period. For example, if the carer was living with the disabled person then the disabled person would not qualify for severe disability premium regardless of whether the carer was getting Carer's Allowance.

**1.20** When Carer's Allowance is stopped, the Department's systems alert staff to check the disabled person's entitlement to other benefits and premiums. The Department then writes to the disabled person to ask for information to confirm that they meet the other necessary eligibility criteria. The Department also has data matching rules in place (see part 3) that check at least every 26 weeks whether a disabled person is receiving their correct entitlement. This should detect cases of potential arrears that have not yet been processed.

**1.21** The Department does not record how often or how much is paid out for such arrears. It therefore does not know how much of the £150 million it is seeking from carers in overpaid Carer's Allowance (paragraph 1.10) that it has paid, or will pay, in arrears to disabled people. The Department is unable to offset these amounts as they relate to different claimants.

# Part Two

## The causes of overpayments

**2.1** In this part we set out:

- the Department for Work & Pensions' (the Department's) fraud and error framework;
- the main reasons carers accrue overpayments; and
- the reasons for official error and how the Department measures it.

### **The Department's framework for fraud and error**

**2.2** The Department developed a new fraud, error and debt strategy in 2017-18. This focuses on understanding the causes of fraud and error that lead to overpayments and underpayments of benefits so it can address them. This is in line with recommendations set out by the National Audit Office. As part of that strategy, the Department has worked over the past year to design a framework specifically for Carer's Allowance.

**2.3** The framework is still in development but focuses on detecting where the carer has failed to provide accurate or timely information about their earnings through data matching (see Part Three).

**2.4** The Department's strategy for addressing fraud and error in Carer's Allowance acknowledges that its current approach is limited because its estimates of fraud and error are out of date. The current estimated rates for Carer's Allowance of 5.5% for overpayments and 0.1% for underpayments are based on measurements from 1996-97 (**Figure 7** overleaf). The rates have been rolled over every year since then and applied to the total level of spending.

**2.5** We have repeatedly raised this issue with the Department over the last few years. Internal audit also recommended updating the estimates in a 2017 report. The Department has agreed to remeasure the estimated rates and intends to publish them in May 2020. It does not intend to remeasure them on an annual basis, as it believes that the underlying causes of fraud and error in Carer's Allowance do not vary as much as for some other benefits and Carer's Allowance is not as significant an area of spending.

**Figure 7**

## Fraud and error in Carer's Allowance: 2017-18 estimates

The fraud and error estimates for Carer's Allowance are based on rates that were last measured in 1996-97. Claimant fraud and error is estimated to cause 89% of all overpayments

Overpayments		
Type	Rate (%)	Value (£m)
Claimant error	1.0	30
Fraud	3.9	110
Official error	0.6	20
<b>Total</b>	<b>5.5</b>	<b>160</b>

Underpayments		
Type	Rate (%)	Value (£m)
Claimant error	0.1	0
Fraud	0.0	0
Official error	0.0	0
<b>Total</b>	<b>0.1</b>	<b>0</b>

**Notes**

- 1 Values rounded to the nearest £10 million.
- 2 Values are in real terms (2018-19 prices).
- 3 The estimated rates are based on samples from 1996-97 and have not been updated since then.

Source: National Audit Office analysis of the Department for Work & Pensions' published estimates

## Overpayments due to earnings

**2.6** In common with most benefits, most Carer's Allowance overpayments occur because the claimant did not notify the Department of their correct income in reasonable time. Sometimes this is a genuine mistake and sometimes it is an act of fraud. By value, failing to correctly declare income has been the cause of around 70% of Carer's Allowance overpayments identified since 2008. The other main cause has been where the carer does not actually provide at least 35 hours of care a week (**Figure 8** overleaf).

**2.7** It is the carer's responsibility to inform the Department about changes affecting their claim as soon as 'reasonably practicable'. This term is not defined in legislation and the Department says it depends on the facts of the case.

**2.8** Among the largest individual overpayments, the proportion relating to earnings is smaller. Of the top 100 overpayments, only 40% of the value relates to earnings cases, with 30% relating to cases where the carer did not provide at least 35 hours of care per week. The Department lacks controls for detecting cases relating to the actual provision of care. This means that these cases can go undetected for long periods of time.

**2.9** The Department does not measure how many carers have earnings marginally over the limit. In our sample of overpayments being repaid (paragraph 1.16), we saw many cases of carers whose earnings were substantially over the limit whilst in receipt of Carer's Allowance, and many whose earnings were only marginally over. Unlike many other benefits the Department administers, there is no taper rate for Carer's Allowance; carers are entitled to either the whole allowance or none of it. Misunderstanding the rules around earnings and expenses can therefore easily lead to carers accidentally accruing overpayments.

**2.10** The Department reminds carers of their responsibilities through various forms of communication, including an award letter and an annual uprating letter. The Department recognises that it can continuously improve its communications with carers to ensure they understand their responsibilities to inform it of changes in earnings. It is currently reviewing its letters to carers, as well as the online guidance, to ensure that their obligations are clear (see Appendix Two).

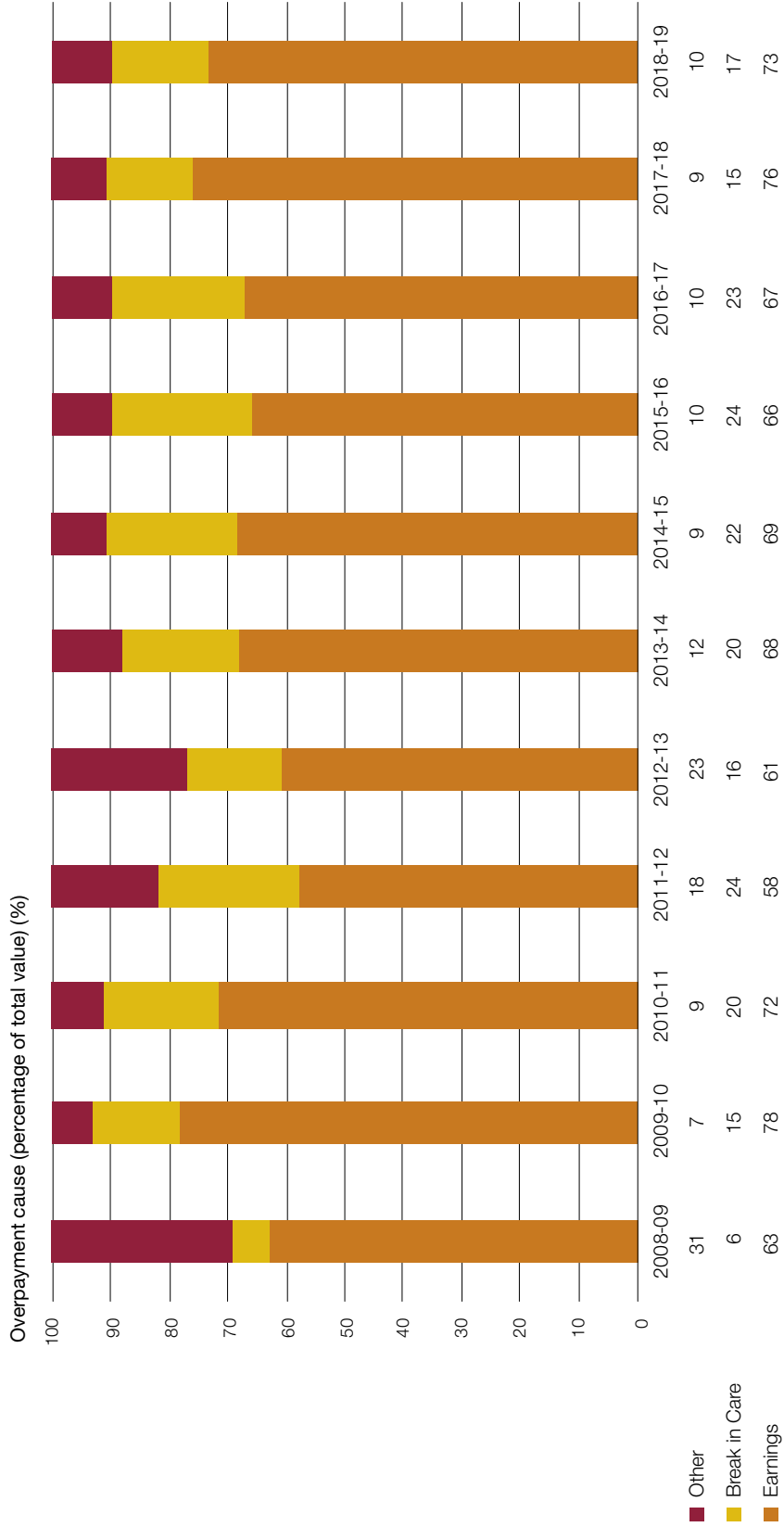
## The level of fraud

**2.11** Few overpayments referred to debt management are fraudulent. Under 10% were referred by the Department to the Crown Prosecution Service (CPS) for prosecution or had an administrative penalty (an alternative to prosecution) applied over the last five years.

**2.12** The Department can seek a prosecution, where it deems that the overpayment was fraudulent. The Department considers a range of indicators for potential prosecutions, one of which is a threshold for the value of the overpayment. The Department told us the threshold is reviewed periodically to ensure that prosecution is only used in the most serious cases and it was increased in April 2017. Over the last five years, there has been a fall in the number of referrals for prosecution to the CPS, from 1,176 in 2014-15 to 483 in 2018-19 (**Figure 9** on page 23).

**Figure 8**  
Main causes of overpayments referred to debt management by type 2008-09 to 2018-19

The main cause of overpayments is having earnings over the earnings limit



**Notes**

- 1 The 2018-19 figures are based on data up to and including September 2018.
- 2 'Other' includes cases where the carer is abroad, in prison or a student, where the carer is in receipt of an overlapping benefit and where the disabled person being cared for has died, is in hospital or is in receipt of a premium.
- 3 'Break in care' includes 'change of entitlement' and 'break in care' figures provided by the Department.

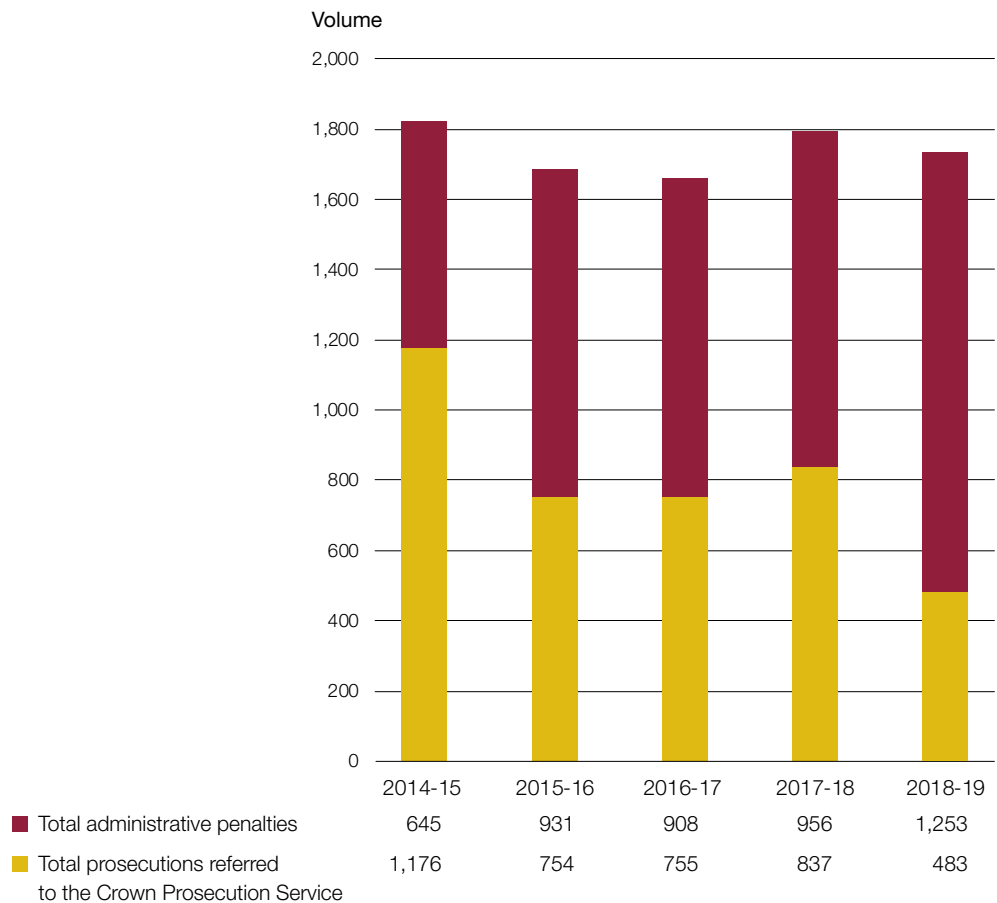
Source: National Audit Office analysis of the Department for Work & Pensions' debt management data



**Figure 9**

## Prosecution referrals and administrative penalties 2014-15 to 2018-19

The Department is applying more administrative penalties as an alternative to seeking prosecution

**Note**

1 Fraud cases can involve multiple benefits. Data here include cases where Carer's Allowance was the primary benefit listed and cases where it was not the primary benefit.

Source: National Audit Office analysis of the Department for Work & Pensions' data

**2.13** The Department also has the option of applying two types of financial penalties to overpayments:

- **Administrative penalties** can be offered to a person as an alternative to prosecution where an overpayment has occurred and there are grounds for instituting prosecution proceedings. The penalty can be £350 or 50% of the overpayment whichever is greater, up to a maximum of £5,000. The fall in prosecutions referred to the CPS has been offset by an increase in the number of administrative penalties.
- **Compliance penalties** of £50 are used for smaller frauds or where the grounds are insufficient for prosecution.

**2.14** The Department could not process the increased level of detected overpayments in 2018. This led to a backlog of 1,000 potential prosecutions by July 2018. As these cases were worked through to completion the Department chose to apply more administrative penalties as an alternative to seeking prosecution. In 2018-19, the Department applied 1,253 administrative penalties, a 46% increase on the average of 860 over the previous four years.

### **Official error**

**2.15** Where the carer has informed the Department about a potential change to their entitlement, officials must decide whether the carer is still eligible. If the officials fail to act correctly on that information, then an overpayment or underpayment may occur. Any overpayment made after the carer provided the information would be classed as official error and is non-recoverable. Any overpayment made before the carer provided the information would be classed as claimant error and is recoverable.

**2.16** The Department estimates that official error is relatively small for both overpayments and underpayments but acknowledges this is based on a rate that needs updating. It also produces an internal monthly measure of the rate of official error on a sample of new claims and changes in circumstances. Across 2017-18, these metrics showed an average rate of 1.8% and 0.8% for official overpayments and underpayments respectively against targets of 1.4% and 1.0%. These numbers are prepared on a different basis to the published estimates in Figure 7 and should not be directly compared.

# Part Three

## Progress in detecting and preventing overpayments

**3.1** In this part, we consider:

- how the Department for Work & Pensions (the Department) detects overpayments;
- why the Department detected fewer overpayments in the past; and
- the Department's recent approach to detecting and preventing overpayments.

### Detecting overpayments

**3.2** The Department relies on three main methods for detecting earnings-related overpayments. It:

- uses data matching tools to compare different datasets to look for indications that carers do not meet eligibility criteria – over the last decade, the Department has introduced several new types of data matching (**Figure 10** overleaf);
- receives referrals from members of the public, mainly through the confidential National Benefit Fraud Hotline – an average of 13,000 a year have been received since 2010; and
- expects staff to remain vigilant and make referrals where appropriate – an average of 11,000 per year have been made since 2010.

**3.3** Data matching cannot detect all overpayments. For example, it is unable to detect cases where the carer is self-employed but has not registered for tax with HM Revenue & Customs (HMRC). Data matching is also of no use for the Department in checking whether at least 35 hours of care is actually provided.

**3.4** Data matching against HMRC's systems requires manual investigation because the data may be incomplete or inaccurate. Older data systems lacked information on the length of employment and the weekly wage carers received. HMRC is aware that not all data it receives from employers is accurate or timely.<sup>5</sup> Further, the data do not contain everything officials need in order to assess whether earnings are above the threshold; the carer is allowed to deduct some of their costs of caring from their earnings. Officials looking at these matches therefore need to validate information provided with the carer and the relevant employers if necessary.

<sup>5</sup> 4.5% of Real Time Information (RTI) returns provided by employers were submitted late in the last closed tax year (2017-18). It acknowledges that some data are also inaccurate but does not currently hold an overall assessment of the level.

**Figure 10**

Overview of the different data matching tools that the Department has used since 2014

System	When has it been used?	HM Revenue & Customs data source	How often are matches produced?	Average monthly matches flagged	Number of flagged matches investigated per month	Detection rate (proportion of cases investigated that lead to an overpayment being detected) (%)	Potential matches left unresolved
RD23 scans	1990s–2015	National Insurance Payment Service (NPS)	Annual basis	Data unavailable	Data unavailable	6–8	120,000 mainly from a backlog accrued from 1998–2008 due to computer errors
Real Time Information (RTI)	August 2014 – August 2018	Paye As You Earn (PAYE) data from employers and pension providers	Monthly basis	3,220	380	39	Backlog of 5,000
General Matching Service (GMS)	April 2017 onwards	P45/P46 returns and SA100 returns	Monthly basis	5,170	2,000	39	Backlog of just under 2,000
Verified Earnings and Pension service (VEPs)	September 2018 onwards	PAYE data from employers and pension providers	Daily basis	6,250	2,040	Too early to evaluate	None to date

**Notes**

- 1 The detection rate for RTI spans the period August 2016 to September 2018. The Department does not hold data on the use of RTI between August 2014 and July 2016.
- 2 The Department were only able to confirm the use of RD23 scans going back to the 1990s but it may have made use of them in earlier decades as well.

Source: National Audit Office analysis of the Department for Work & Pensions' information

## Investigating cases flagged in data matching

**3.5** The Department has used four different data matching systems over the past five years (Figure 10). New systems have improved how quickly potential overpayments are flagged. They also generate better focused matches so that a higher proportion of those investigated actually are overpayments, improving the efficiency of manual follow-up work.

**3.6** Staff shortages since at least 2014 mean the Department could not process all the matches that its systems flagged for investigation (**Figure 11** overleaf and **Figure 12** on page 29). Going forward, it has chosen not to investigate all remaining cases flagged under previous systems because it believes ongoing overpayments will be caught by the new systems:

- **Pre-2015 – RD23 scans**

Between 1998 and 2015, the Department used data that were provided on an annual basis. Computer errors led to these returns identifying few potential matches until 2008. Correcting these errors led to a backlog which the Department attempted to clear between 2009 and 2015. This led to a peak in detected overpayments in 2010-11. It stopped processing the backlog in 2015 and there are currently around 120,000 cases unresolved. The Department is considering investigating around half of these in 2019-20. It will delete the remaining cases as it believes that 95% of them have or will be subsequently flagged by new data matching systems or not require investigation.

- **Real Time Information (RTI) (2014–2018)**

Between 2014 and 2018, the Department started using monthly data and deployed a team of eight full-time equivalent (FTE) staff to investigate these cases. Between 2016 and 2018, this data matching identified an average of 3,220 cases per month worthy of investigation, but the team were asked to only investigate an average of 380 (12%) cases (see **Figure 13** on page 30). There are currently 5,000 cases outstanding that have not been investigated. The Department plans to allocate 16 FTE staff to investigate these cases in 2019-20.

- **General Matching Service (GMS) (2017–present)<sup>6</sup>**

In 2017, the Department introduced earnings data matching criteria to GMS which it runs in parallel to its RTI system. It told staff to investigate all the matches flagged as potential overpayments, but it did not have the staff to investigate the 5,170 cases per month flagged by the system on average. By July 2018, the Department had a backlog of 13,000 cases that needed investigating and a further 1,000 that had been referred to fraud teams for potential prosecutions.

- **Verified Earnings and Pensions service (VEPs) (2018–present)**

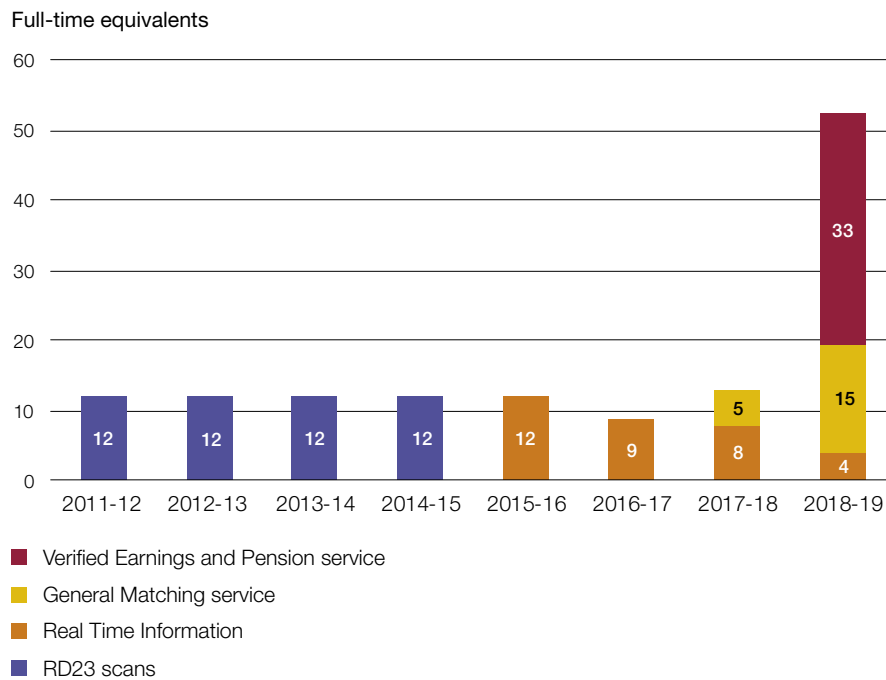
In late 2018, the Department introduced a new system. We discuss in paragraphs 3.15 to 3.18.

<sup>6</sup> The Department used GMS prior to 2017-18 for Carer's Allowance but in a more limited way. It is only from April 2017 onwards that specific earnings rules were introduced.

**Figure 11**

Number of staff investigating data matches 2011-12 to 2018-19

The Department has more full-time equivalent (FTE) staff investigating data matches in 2018-19



**Notes**

- 1 There are different staff involved at different stages of an investigation. The data here refer to the number of 'decision makers' who look at cases and decide whether there is an overpayment.
- 2 Data for GMS in 2018-19 show that there were five FTEs investigating cases up until October and then an average of 36 FTEs till the end of March.

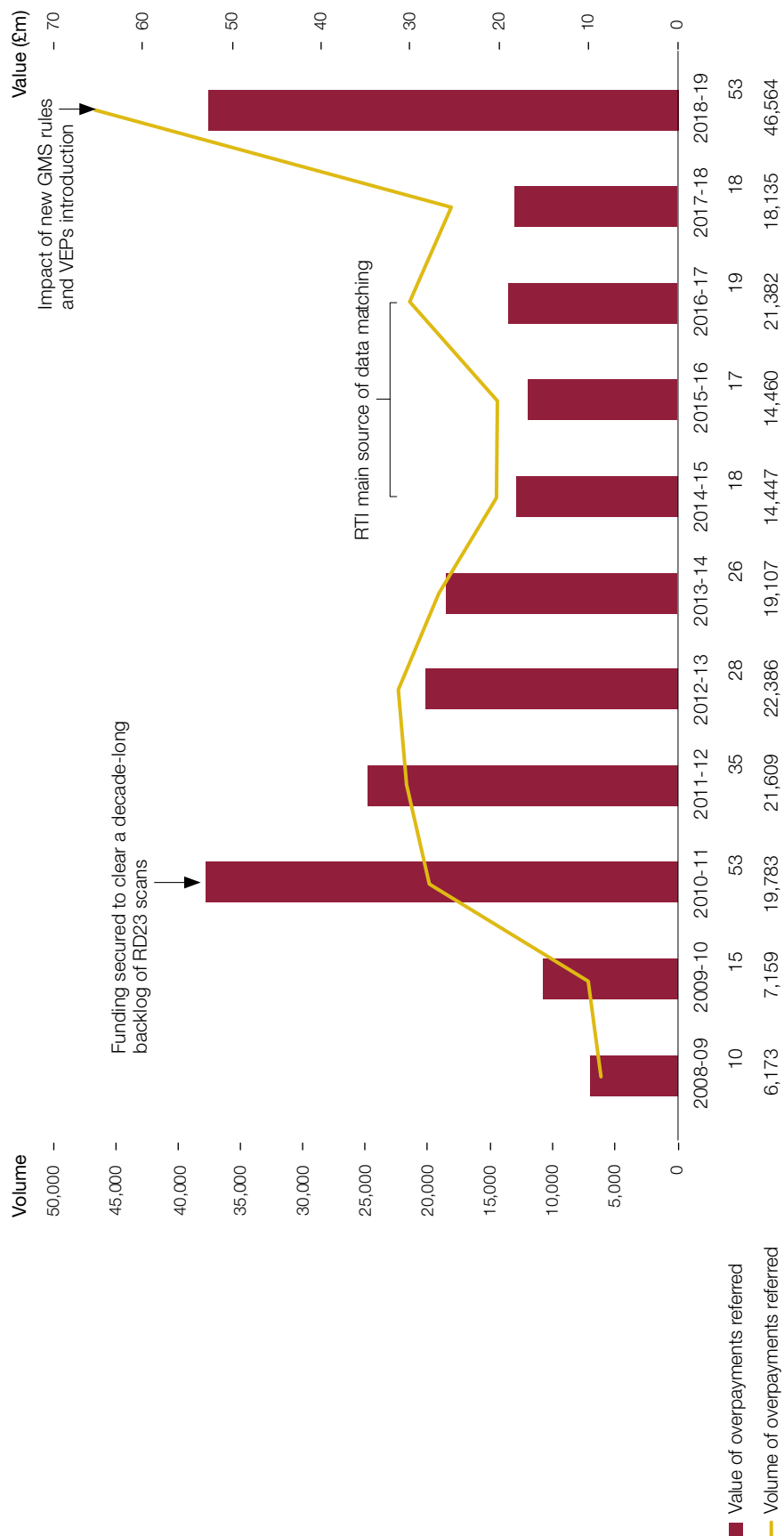
Source: National Audit analysis of the Department for Work & Pensions' data

**3.7** The Department's internal audit team found that around two-thirds of carers with debts over £2,500 for overpayments relating to a failure to correctly report earnings would have had their overpayments stopped earlier if the Department had put in place sufficient staff to effectively investigate all matches identified by its data matching systems.

**3.8** Clearing the latest backlogs has contributed to the increased volume of overpayment detection in 2018-19. In the autumn of 2018, the Department brought in three extra teams from around the country to try to clear the extra matches identified by GMS rules. This meant there was an average of 36 FTE staff working on Carer's Allowance GMS matches in the period October 2018 to March 2019. In the final three months of 2018, just over 3,000 cases were cleared per month. The backlog in fraud referral cases has been cleared and the Department has reduced the total outstanding cases requiring investigation to just under 2,000.

**Figure 12**  
Overpayments referred to debt management 2008-09 to 2018-19

The Department has detected more overpayments in 2018-19



**Note**

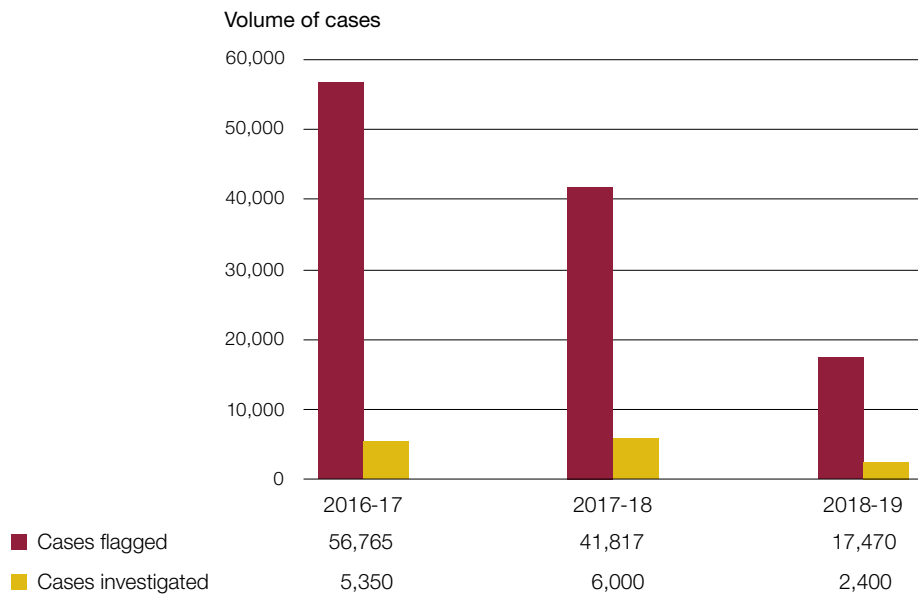
1 The value of overpayments referred are in nominal terms.

Source: National Audit Office analysis of the Department for Work & Pensions' debt management data

**Figure 13**

Cases investigated by the Department compared with cases flagged by RTI data matching 2016-17 to 2018-19

A small proportion of cases identified by RTI data matching were investigated by the Department

**Note**

1 The Department stopped investigating RTI data matches in September 2018.

Source: National Audit Office analysis of the Department for Work & Pensions' data

**Staff shortages and backlogs in processing claims**

**3.9** The Department has developed significant backlogs in the processing of both new claims and changes in circumstances (**Figure 14**). These backlogs have developed because:

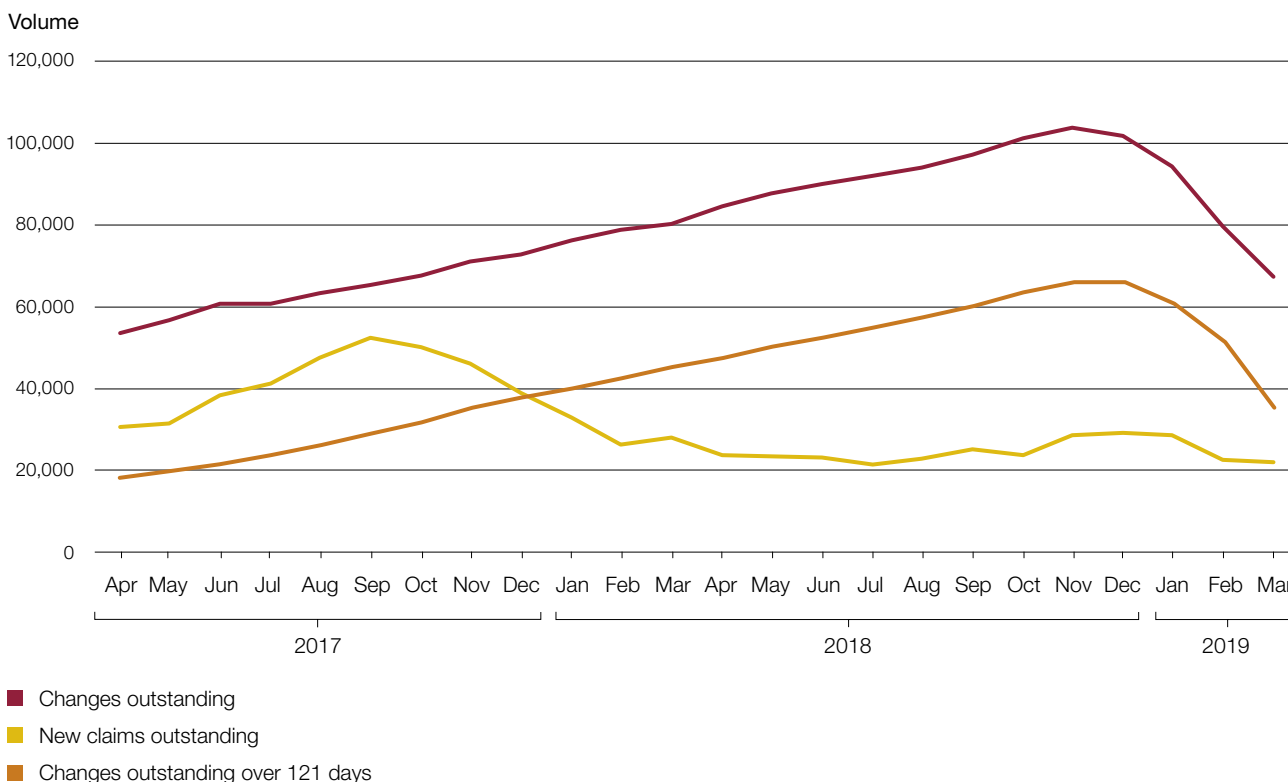
- the Department under-forecast the number of new claims expected by 17,000 between August 2014 and March 2016;
- there was higher than anticipated staff turnover which left the Department understaffed for Carer's Allowance by 15% in 2016-17;
- productivity levels have consistently fallen below target rates; and
- processes are resource intensive and inefficient.



**Figure 14**

## Changes and new claims outstanding 2017-18 to 2018-19

Staff shortages have contributed to the development of backlogs in processing new claims and a large number of changes outstanding

**Note**

1 Figures for March 2019 are based on data as at 25 March 2019.

Source: National Audit Office analysis of the Department for Work & Pensions' data

**3.10** The backlog for processing new claims peaked at 52,000 in September 2017. The Department aims to process claims within 15 days. At the end of March 2019 there were just over 250 carers waiting more than 60 days for their new claim to be processed. The Department will need to backdate payments to when the claim was made for all those who are eligible for the benefit.

**3.11** As the Department struggled to process new claims, backlogs in processing changes to claims also developed. From April 2017 to November 2018, this backlog doubled to more than 100,000. In such instances, officials looking at the case will usually suspend payments of the benefit to mitigate against the risk of overpayments. It has taken several months, and in some cases years, for these cases to be properly resolved. At the peak of the backlog, 63% of changes outstanding were at least 121 days old.

**3.12** Suspending benefit payments to investigate changes that could affect entitlement can subsequently lead to payments of arrears. The Department pays arrears where it suspends a carer's payments, only to discover later that the carer is eligible for the allowance. A whistleblower provided us with some case summaries which indicated that, in some cases, arrears have arisen due to delays in processing new claims or changes, despite the necessary information being available to the Department. The Department does not measure how many carers it pays arrears to in such circumstances, and we cannot say from the information available how many cases this affects.

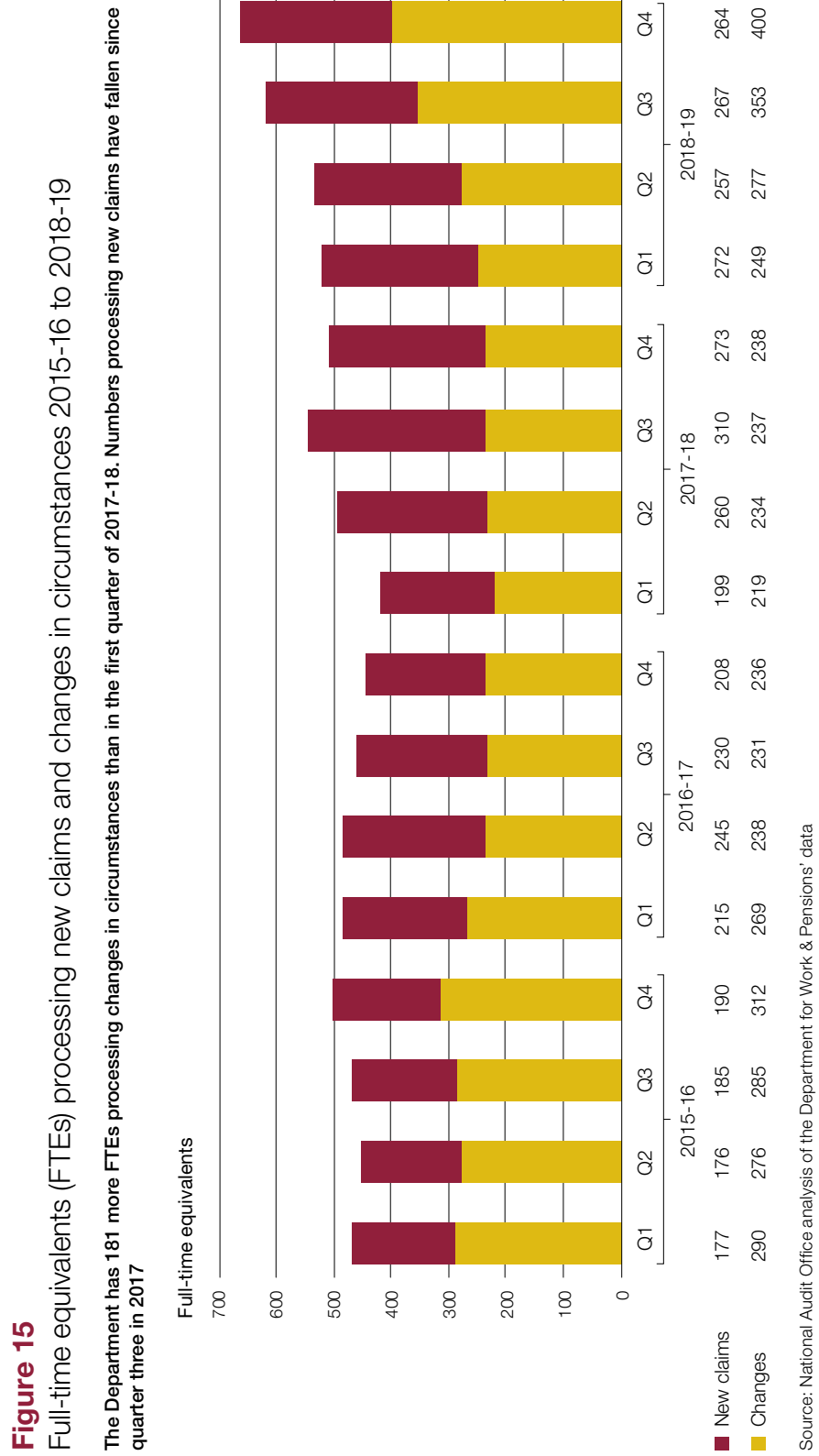
**3.13** As part of a recovery plan, the Department has brought in more staff to help clear the backlogs in processing new claims and changes in circumstances. It currently has 181 more FTE staff processing changes in circumstances and 65 more processing new claims compared with the start of 2017-18 (**Figure 15**). December 2018 saw the first month-on-month fall in outstanding changes. However, the Department still had around 67,000 outstanding changes and 22,000 new claims to process at the end of March 2019. The Department regards figures of 34,000 and 19,000 respectively as a manageable workload.

**3.14** As the backlog of claims is being processed, the Department is uncovering more overpayments, underpayments and arrears that need to be paid, contributing to the recent record high rates of overpayments.

### **Preventing overpayments before they occur**

**3.15** In September 2018, the Department introduced the Verified Earnings and Pensions service (VEPs) to provide a preventive approach to avoiding overpayments. Historically, data matching was a monthly process that identified matches to be investigated. The new system uses HMRC data to produce daily alerts whenever the data show a carer with earnings over the limit.

**3.16** The Department is rolling out VEPs to a number of different benefits. It has already been rolled out for Carer's Allowance, Housing Benefit and Pension Credit. It will be fully rolled out to Employment and Support Allowance later this year. The Department secured £6.9 million of funding to use VEPs for Carer's Allowance and it is currently employing 33 FTEs to process cases compared with the eight who were investigating old RTI matches.



**3.17** The new system allows the Department to verify carers' earnings before approving new claims. The Department estimates that VEP alerts will produce additional savings of £136 million by 2025-26 by reducing Carer's Allowance fraud and error. However, it will not identify all cases of overpayments:

- The Department has stopped processing some previously flagged potential overpayments on the basis that there is a 95% chance they have or will be caught by the new system or not require investigation. Where carers are no longer paid Carer's Allowance, the system has no means of detecting historical overpayments.
- The Department is currently unable to use VEPs for 254,000 carers (30% of those in receipt of Carer's Allowance) because it has not verified their dates of birth. Unresolved software errors mean that there is a risk that the computer system will automatically suspend other benefits for these carers if they are entered into VEPs. The Department is working to identify a solution to this problem and in the meantime relies on general data matching for these carers.
- VEPs currently only provide RTI data going back 12 months. This makes it difficult for officials to detect overpayments that may have accrued over a longer period. The Department believes that the full roll-out of an additional new service will help remedy this problem in the future. This service should provide officials with RTI data since RTI's introduction in 2012-13.

**3.18** The Department will also need sufficient resources to use VEPs effectively. Initial estimates suggested that VEPs may produce 380,000 alerts per year. The Department subsequently revisited the rules used for generating the alerts and have revised this forecast down to 75,000. With 33 FTEs this would equate to each investigating about 190 cases per month, though not all alerts will require a full investigation. Under the previous system, each member of staff was expected to investigate around 47 cases per month. The Department currently has no plans to automate any of this work, partly because it still needs to verify carers' allowable expenses when following up data matches. The Department is considering how many FTEs it will need going forward.

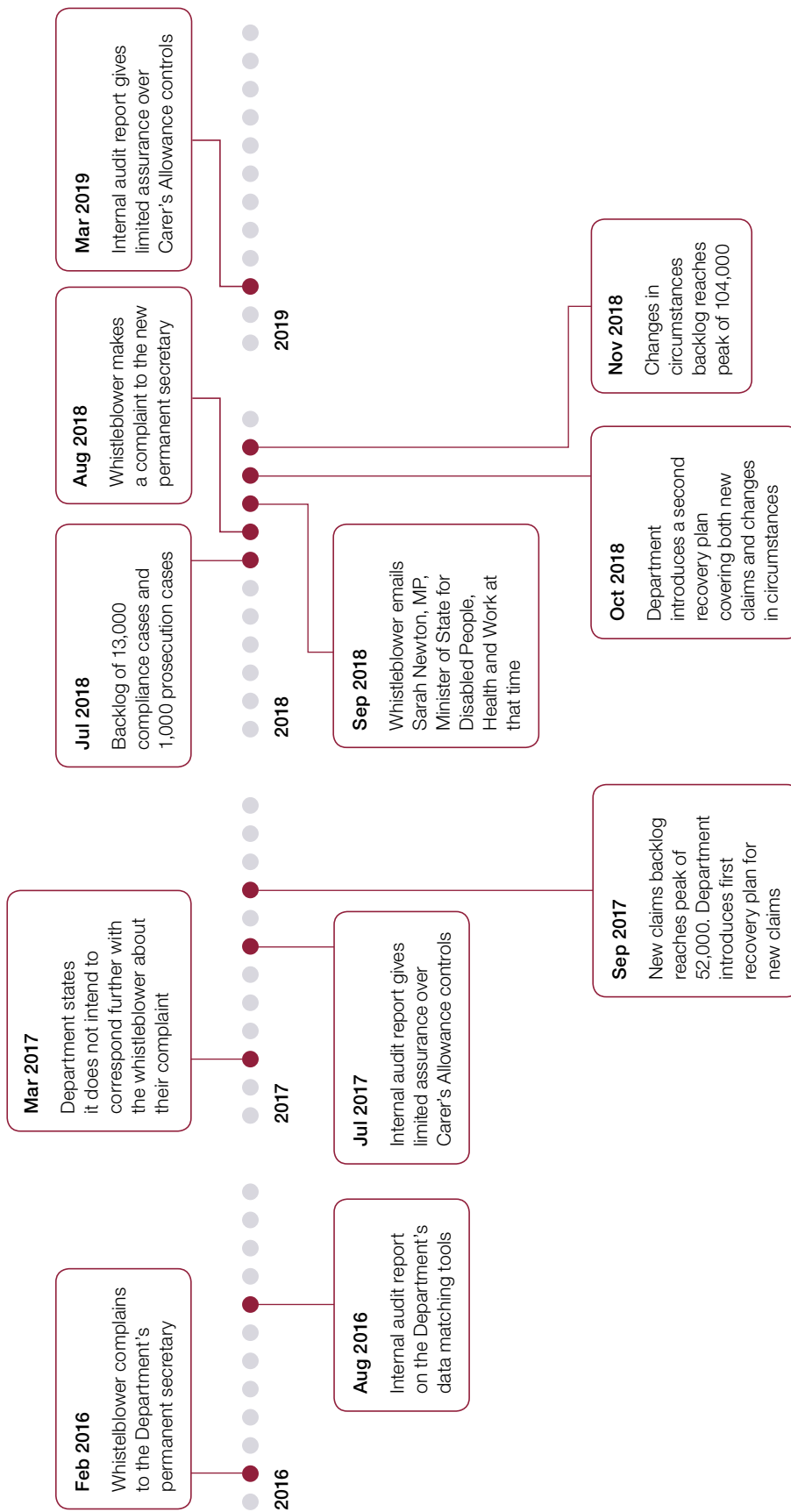
### How the Department has responded to issues raised

**3.19** A whistleblower has raised several complaints with the Department over the last few years highlighting weaknesses in the Department's approach to detecting overpayments. The Department's first response was to commission its internal audit team to report on how it used data matching tools in 2016. Two further internal audit reports in 2017 and 2019 found there was only limited assurance through the Department's overall controls for Carer's Allowance. **Figure 16** sets out the key events since the whistleblower's first complaint to the Department's permanent secretary in February 2016.<sup>7</sup>

<sup>7</sup> The whistleblower raised many issues with senior management between 2010 and 2016 before making this first complaint directly to the permanent secretary.

**Figure 16**  
Timeline of main whistleblower complaints, actions taken by the Department and other key events

The whistleblower first wrote to the Department's permanent secretary about Carer's Allowance in February 2016



Source: National Audit Office analysis of the Department for Work & Pensions' and whistleblower information

# Appendix One

## Our investigative approach

### Scope

1 We investigated the Department for Work & Pensions' (the Department's) effectiveness in dealing with Carer's Allowance overpayments. In November 2018, the Work and Pensions Select Committee announced an inquiry into Overpayments of Carer's Allowance. Initial findings from the inquiry led the Committee to request that the NAO carry out an investigation.

2 We examined:

- the recent increase in detected overpayments and how the Department is attempting to recover overpayments;
- the Department's understanding of the causes of overpayments in Carer's Allowance; and
- the Department's progress in improving detection and prevention of overpayments.

### Methods

3 In examining these issues, we drew on a variety of evidence sources:

- we interviewed departmental officials to confirm how Carer's Allowance claims are processed and the process for identifying and actioning overpayments; and
- we reviewed a sample of 25 large overpayment cases and the findings of recent internal audit reports on Carer's Allowance and their sample of 75 overpayments.

4 We reviewed:

- a range of the Department's documents, including: official guidance; operational plans; internal review documents; quantitative analysis; and correspondence between departmental officials.

## Appendix Two

### Example of an uprating letter

**1** The Department sends out an annual uprating letter to all carers in receipt of Carer's Allowance. The most recent example that the Department were able to share is from 2017. However, the Department told us the content of the letter in 2019-20 remains the same other than the updating of the award amount and the earnings limit. The Department is currently reviewing all letters it sends out to carers.

with us, tell us this

reference number

Our address is Carer's Allowance Unit  
Palatine House  
Lancaster Road  
Preston PR1 1HB

Our phone number 0845 608 4321

Textphone ONLY for customers with  
speech/hearing problems 0845 604 5312

Lines are open 8.30 am to 5 pm Monday-Thursday  
8.30 am to 4.30pm Friday

Date 10/03/2017

Dear

#### **Carer's Allowance - Important Information**

The rate of Carer's Allowance from 10/04/2017 is shown below.

Carer's Allowance personal rate £62.70

Payment of Carer's Allowance may be lower than the rate shown above if we are making deductions to recover an overpayment or recover a loan. If we are making deductions to recover an overpayment or to recover a loan we would have already written to you about this. Payment of Carer's Allowance may also be reduced or stopped because certain other social security benefits are in payment.

From 10/04/2017 you can earn up to £116.00 each week from work you do for an employer or as self employment, after taking off certain expenses, before your Carer's Allowance is affected.

#### **Additional Information for people getting Carer's Allowance whilst living in the European Economic Area or Switzerland.**

You must tell us if you or a member of your family start to work, whatever the earnings, or start to get a benefit or pension from another EEA state or Switzerland.

You must tell us if you or the person you look after go or are planning to go outside the EEA for more than four weeks.

#### **Payment of Carer's Allowance**

Your Carer's Allowance is payable weekly in advance. The money is usually credited to your account on a Monday. Please let us know at once if your account details change.

If your payment is due on a Bank Holiday, we will try to pay you early. We will aim to pay you on the first working day before your normal payday.

**If we pay you early, please remember this payment is still for your normal weekly or four-weekly payment period.**



**If you are paid too much money**

We have the right to recover any money paid to you, which you are not entitled to, this may be because of the way the Direct Payment system works. For example, you may give us some information which means you are entitled to less money, but we may not be able to change the amount we have already sent out. **If this happens, we will contact you before we recover any money from your account.**

You can check your payments on your account statements. Your statements may show your National Insurance (NI) number next to payments that are from us. If you think your payment is wrong, get in touch with the office that pays you straight away.

**Useful information**

You may find the information on our website helpful.

Go to [www.direct.gov.uk/carers](http://www.direct.gov.uk/carers)

**Useful information on flexible working**

The Employment Act (2002) gives working parents of disabled children under 18 the right to request flexible working arrangements. Also, you have the right to take (unpaid) time off for dependants in cases of emergency. You also have the statutory right to ask your employer for flexible working if you are caring for an adult who is a relative or lives at the same address as you.

**How to report a change in your circumstances**

You can claim Carer's Allowance or report a change of circumstances online at the following address, [www.direct.gov.uk/carers](http://www.direct.gov.uk/carers). If you want more information about Carer's Allowance please get in touch with us. Our address and telephone number are shown at the top of this letter.

We can write to you in Braille or large print. We can also contact you using Audio CD/cassette or British Sign Language (BSL). You can use a textphone to ring us if you have a speech or hearing difficulty. We also welcome calls from Typetalk. If you want any more information about this, please ring the number at the top of this letter.

**How to report a change in your circumstances if you are living outside the UK.**

If you need to contact us please use the telephone number quoted on any letters you have received previously.

**Please keep this letter in a safe place. You may want to look at it again.**

Yours sincerely

**Please read these instructions carefully.**

**Changes we need to know about**

You must tell us **straight away** if anything changes about yourself or the disabled person you are looking after. Entitlement to Carer's Allowance could be affected if there is any change in your circumstances. Failure to tell us about a change you know affects your entitlement could result in prosecution.

If you tell us about a change we may need to stop any further payments of Carer's Allowance while enquiries are made.

- You must always tell any office where you claim any other benefits that you are getting Carer's Allowance.

In particular, you must tell us about any of these changes:

- You stop looking after the disabled person or you no longer normally spend at least 35 hours a week caring for them. You must also notify us if you temporarily stop looking after the disabled person. For example, this could be because either you or the disabled person go on holiday, or into hospital or a similar place or a care home.

By care home we mean a home such as a residential care home, a nursing home, a residential college or school or somewhere like this.

- The person you are looking after stops getting Attendance Allowance, Constant Attendance Allowance, the care component of Disability Living Allowance, the Daily Living Component of Personal Independence Payment, or, if the rate of any of these benefits is reduced.
- If the disabled person you look after dies.
- You start work as an employed or self-employed person, either full-time or part-time, temporary or casual, whatever your earnings.
- You are appointed as a director or you start to receive director's fees or earned income relief on your husband's, wife's or civil partner's self-employment.
- If you have already told us that you are working, you must tell us if your earnings go up or any expenses already claimed change. You must also tell us if you work any overtime or receive a bonus.
- If you are claiming child care costs you must tell us when your child reaches the age of 16. If you claim care costs for the disabled person or a child these **cannot be allowed for any period when you are not working**. You must write to tell us about any care costs you incur.
- You start to receive Statutory Sick Pay, Company Sick Pay, Statutory Maternity Pay, Statutory Paternity Pay or Statutory Adoption Pay.
- You start to get an allowance from any Training and Enterprise Council.
- You start a training course under the New Deal or any training scheme for which you receive an allowance.
- You start getting contribution-based Jobseeker's Allowance.
- You start getting State Pension, Widow's Pension or Widowed Mother's Allowance, Bereavement Allowance or Widowed Parent's Allowance. If you already get one of these benefits and the amount changes for any reason other than the annual increase in April, you must let us know. For example; the amount of your State Pension changes because your partner has started receiving their own State Pension.

- If you start to get Incapacity Benefit (or the rate of your Incapacity Benefit increases), Severe Disablement Allowance, contribution-based Employment and Support Allowance or Maternity Allowance.
- If you start to get Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Pension Credit or Universal Credit.
- Someone else is claiming or has been awarded a social security benefit which includes an increase for you as their dependant.
- You start a full-time education course or go on a course of full-time instruction.
- Either you, or the person you are looking after change address.
- You or the person you look after are detained in legal custody.
- You or the person you look after go into any of these places:
  - A Hospital or similar place
  - A Care Home
  - A Hostel / Group Home

Do not count going into temporary accommodation for homeless people or moving into a council house or flat.

By care home we mean a home such as a residential care home, a nursing home, a residential college or school or somewhere like this.

- You or the person you are looking after are going to leave Great Britain, either permanently, or for a short time. You must let us know as soon as possible when you intend to go. We can then tell you if your benefit will be affected.

#### **Income Tax**

Carer's Allowance is taxable. If you have any queries about Income Tax, please contact the tax office which deals with your tax affairs.

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