EXPLANATORY MEMORANDUM TO

THE SOCIAL SECURITY (INVALID CARE ALLOWANCE) (AMENDMENT) REGULATIONS 2014

2014 No. 904

1. This Explanatory Memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

The Social Security (Invalid Care Allowance) (Amendment) Regulations 2014 make provision for carers to earn slightly more than they can at present before triggering an earnings rule which would disentitle them from Carer's Allowance. The earnings limit in Carer's Allowance is to be increased to £102 a week before it affects their entitlement to benefit.

3. Matters of special interest to the Joint Committee on Statutory Instruments

None.

4. Legislative Background

These Regulations make minor changes to the Regulations relating to the earnings limit in Carer's Allowance. This will allow Carers to have some contact with the labour market.

5. Territorial Extent and Application

These Regulations apply to Great Britain. A separate but corresponding provision will be made for Northern Ireland.

6. European Convention on Human Rights

As the instrument is subject to the negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy Background

What is being done and why?

7.1 Under Regulation 8(1) of the Social Security (Invalid Care Allowance**1**) Regulations 1976 (Invalid Care Allowance Regulations) the earnings limit is being increased from £100 to £102, thereby strengthening the policy of allowing carers to maintain some contact with the labour market.

7.2 Unlike the rate of payment for Carer's Allowance (CA) itself, which is uprated annually in line with the Consumer Prices Index, there is no fixed process for deciding when the earnings limit should be raised and, if so, by how much. The earnings limit was increased in April 2010 to £100 and has not increased since.

7.3 The amendment to Regulation 8(1) increases the earnings limit for Carer's Allowance (CA) from £100 to £102 a week allowing carers to maintain some contact with the labour market.

7.4 The estimated cost of raising the limit to £102/wk is £1 million in 14/15, £2 million in 15/16 and £3 million in 16/17. The costings include behavioural assumptions which take account of people who, in the absence of a rise in the earnings threshold, would have taken steps to reduce their earnings to retain their Carer's Allowance (CA).

8. Consultation outcome

As this is a positive small but measure consultation was therefore not considered necessary.

9. Guidance

Leaflets will be up-dated to reflect the new earnings limit in due course and guidance bulletins will be issued to operational staff to advise them of the new rate.

10. Impact

10.1 This instrument has a no impact on business and civil society organisations.

10.2 This instrument has a no impact on the public sector.

10.3 A full impact assessment has not been published for this instrument.

11. Regulating small business

This instrument does not apply to small business.

12. Monitoring and review.

We will keep this change under review.

13. Contact

Rani Nagi at the Department for Work and Pensions: Tel – 0207 449 7599 or
Email: rani.nagi@dwp.gsi.gov.uk