EXPLANATORY MEMORANDUM TO

THE SOCIAL SECURITY (INVALID CARE ALLOWANCE) (AMENDMENT) REGULATIONS 2017

2017 No. 386

1. Introduction

1.1 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

2.1 The Social Security (Invalid Care Allowance[1]) (Amendment) Regulations 2017 amend the earnings limit for carers in receipt of Carer's Allowance. This limit defines the amount they can earn without their earnings extinguishing their entitlement or preventing an entitlement from being established. The limit is to be increased from £110 to £116 net a week.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

Other matters of interest to the House of Commons

3.2 As this instrument is subject to negative resolution procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

4. Legislative Context

4.1 These Regulations make changes to regulation 8(1) of the Social Security (Invalid Care Allowance) Regulations 1976 ("CA Regulations") relating to the earnings limit in Carer's Allowance.

5. Extent and Territorial Application

5.1 The extent of this instrument is Great Britain.

5.2 The territorial application of this instrument is Great Britain.

5.3 A separate but corresponding provision will be made for Northern Ireland.

6. European Convention on Human Rights

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

[1] Invalid Care Allowance was the previous name for the benefit now known as Carer's Allowance, and remains part of the title for statutory purposes

7. Policy background

What is being done and why

7.1 The primary purpose of Carer's Allowance is to provide a measure of financial support and recognition for people who provide regular and substantial care for a severely disabled person, and whose ability to undertake paid employment is reduced as a result.

7.2 Although it was originally intended to compensate for lost earnings, as flexible working becomes more widely available, and technology develops to assist with caring, it is increasingly important to allow carers to balance their caring responsibilities with paid employment. This includes carers for whom undertaking a small amount of paid employment builds their confidence to increase their hours and earnings once their caring responsibilities end.

7.3 The earnings limit in Carer's Allowance is set out in regulation 8(1) of the Social Security (Invalid Care Allowance) Regulations 1976. It is currently £110 net a week and this amendment increases that figure to £116 net a week from 10 April 2017. The figure is net, so for example, a carer who earns £121 gross a week who pays £10 a week into a pension, would be allowed 50% (£5) of their pension contribution against their gross wages, bringing the total down to £116. Other allowable expenses include tax, National Insurance and alternative care costs (up to 50% of the net earnings figure) for the disabled person whilst the carer is at work.

7.4 Ministers take a number of factors into account when looking at the Carer's Allowance earnings limit, including changes to wages and work incentives, and the position of the public finances, and then decide whether an increase is warranted and affordable. For 2017, the Government has decided to increase the earnings limit by £6, a 5% rise since the last increase in 2015, which is greater than average wage increases over the period.

Consolidation

7.5 Informal consolidated text of instruments is available to the public free of charge via 'the National Archives' website legislation.gov.uk.

8. Consultation outcome

8.1 As this is a positive measure, consultation was not considered necessary.

9. Guidance

9.1 Websites and leaflets will be updated 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 There could be a marginal increase in labour supply for business, charities or voluntary bodies, and for the public sector.

10.2 An Impact Assessment has not been prepared for this instrument, since it brings no cost to business, charities or voluntary bodies.

11. Regulating small business

11.1 The legislation could provide a marginal increase in labour supply for small businesses.

12. Monitoring & review

12.1 The Government will keep the earnings limit in Carer's Allowance under review as part of its broader suite of measures of progress on fuller working lives.

13. Contact

13.1 Faith Hook at the Department for Work and Pensions: Telephone: 0207 449 5494 or email: faith.hook@dwp.gsi.gov.uk can answer any queries regarding the instrument.