



National Audit Office



REPORT

Carer's Allowance

Department for Work & Pensions

SESSION 2024-25
11 DECEMBER 2024
HC 377

Summary

1 The Department for Work & Pensions (DWP) currently pays £81.90 a week in Carer's Allowance to claimants who earn no more than £151 a week after deductions and provide at least 35 hours of care a week to someone who receives a qualifying disability benefit. In 2023-24, it paid £3.7 billion in Carer's Allowance to over 900,000 carers. DWP sometimes overpays Carer's Allowance, so the claimant receives more than they are entitled to. This can be due to claimant fraud or error, or error by DWP.

2 In 2019, we published the results of an *Investigation into overpayments of Carer's Allowance*.¹ We undertook the investigation because Members of Parliament had expressed concerns about the level of overpayments and the impact on claimants of DWP's attempts to recover them. A whistleblower had also contacted the DWP Permanent Secretary alleging that ongoing issues in Carer's Allowance had not been resolved. The Work and Pensions Committee used our report to inform its own inquiry into *Overpayments of Carer's Allowance*.²

3 The Work and Pensions Committee held two oral evidence sessions in spring 2024 to follow up its earlier inquiry. In May 2024, the then Chair of the Committee wrote to the Comptroller and Auditor General (C&AG) to ask if we could set out the latest information on Carer's Allowance, including on overpayment levels. In his reply, the C&AG agreed that, given the continuing concerns about the administration of this benefit, there would be value in us undertaking some further work on this area.

4 Details of our approach are set out in Appendix One. We compiled data about Carer's Allowance on a consistent basis over the period 2018-19 to 2023-24. All data are for Great Britain unless otherwise stated. The purpose of our work was to improve transparency and inform public debate about Carer's Allowance. Our work was not designed to assess the value for money of DWP's administration of Carer's Allowance.

¹ Comptroller and Auditor General, *Investigation into overpayments of Carer's Allowance*, Session 2017-2019, HC 2103, National Audit Office, April 2019.

² Work and Pensions Committee, *Overpayments of Carer's Allowance*, Thirtieth Report of Session 2017-19, HC 1772, August 2019.

5 This report sets out:

- an overview of Carer's Allowance, including data on the number of claimants and expenditure (Part One);
- information about Carer's Allowance overpayments, including data on the amounts involved and on how DWP seeks to prevent and identify overpayments (Part Two); and
- information about DWP's handling of Carer's Allowance overpayments, including data on debt, prosecutions and penalties (Part Three).

6 During the course of our work, in October 2024, DWP announced a review into Carer's Allowance overpayments to cover how and why overpayments were accrued, operational changes to minimise future overpayment risk, and how DWP can best support those with overpayments.

Key facts and findings

Overview of Carer's Allowance

902,000

number of people being paid Carer's Allowance in 2023-24



- The Department for Work & Pensions (DWP) paid £3.7 billion in Carer's Allowance in 2023-24.
- Both the carer and the person being cared for must meet eligibility criteria for a Carer's Allowance claim to be accepted.
- To be eligible, carers must provide at least 35 hours care per week and cannot earn more than £151 per week from their business or employment after deductions (£196 from April 2025).
- DWP estimates its retirement services directorate (which processes Carer's Allowance claims) spent £27.2 million on administering Carer's Allowance in 2023-24, with an average of 553 full-time equivalent staff.

Overpayments of Carer's Allowance

£988

average value of new Carer's Allowance overpayments identified in 2023-24, compared with £1,471 in 2019-20



- The eligibility rules mean that Carer's Allowance claimants can quickly build up significant overpayments as they are entitled to either the whole weekly allowance (£81.90 in 2024-25) or none of it.
- From 2018-19 to 2023-24, DWP identified between 32,500 and 60,800 new Carer's Allowance overpayments each year.
- In 2023-24, 5.7% of overpayments identified (3,386 cases) were worth more than £3,000, compared with 13.3% (8,068 cases) in 2019-20.
- The main cause of overpayments is claimants having earnings which exceed the permitted limit – this accounted for 57.6% of overpayment cases detected in 2023-24, with claimants ceasing to provide care accounting for 23.5% of cases.

Preventing and identifying Carer's Allowance overpayments

47%

proportion of available Verify Earnings and Pensions Service (VEPS) cases investigated by DWP in 2022-23 (the last year when a full year of data was available)



- By law, benefit claimants must inform DWP promptly if their circumstances change.
- DWP receives regular information about earnings from HM Revenue & Customs which, through VEPS, it can use to identify where a claimant may be being overpaid.
- In 2022-23, 12,600 (25%) of the 50,000 VEPS cases that DWP investigated resulted in an overpayment being detected or prevented.
- DWP estimates it saved £121 million through investigating VEPS cases from 2018-19 to 2023-24. This estimate is based on reducing overpayments through fraud and error, which HM Treasury classifies as savings in benefit expenditure.
- DWP reports it is on course to exceed its overall savings target of £139 million by the end of 2025-26.

Carer's Allowance overpayment debt

£251.7mn

amount of total outstanding overpayment debt in 2023-24, compared with £150.2 million in 2018-19



- DWP seeks to recover all benefit overpayments where it has the legal basis to do so unless it would cause financial hardship or would not be cost-effective.
- DWP can recover Carer's Allowance overpayments in a range of ways, including by making deductions if a claimant is still receiving benefit payments.
- The amount of Carer's Allowance debt recovered by DWP increased by 141% from £19.6 million in 2018-19 to £47.3 million in 2023-24.
- DWP wrote off £9.1 million of Carer's Allowance debt in 2023-24, up from £2.7 million in 2018-19.

DWP's handling of Carer's Allowance overpayment cases

54

number of overpayment cases that DWP referred for prosecution in 2023-24, compared with 246 in 2018-19



- DWP can refer a case for prosecution where it considers that an overpayment of Carer's Allowance was fraudulent.
- DWP can offer an administrative penalty as an alternative to prosecution – it applied 75 such penalties in 2023-24, a reduction of 90% from 774 in 2018-19.
- DWP imposes civil penalties of £50 where it judges that an individual has incurred an overpayment as a result of their negligence in failing to provide accurate information – it applied 30,129 such penalties in 2023-24, an increase of 50% from 20,023 in 2018-19.