



Northern Ireland
Assembly

**COMMITTEE FOR
SOCIAL DEVELOPMENT**

**OFFICIAL REPORT
(Hansard)**

Carer's Allowance Bill

3 February 2011

NORTHERN IRELAND ASSEMBLY

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SOCIAL DEVELOPMENT**

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Members present for all or part of the proceedings:

Mr Simon Hamilton (Chairperson)
Mr Sydney Anderson
Mrs Mary Bradley
Mr Mickey Brady
Mr Jonathan Craig
Mr Alex Easton
Mr Tommy Gallagher
Ms Anna Lo
Mr Fra McCann

Witnesses:

Ms Janis Creane) Department for Social Development
Mr Gerry McCann)

The Chairperson (Mr Hamilton):

We will now hear a briefing from the Department on the Carer's Allowance Bill. The Second Stage of the Bill is scheduled for Tuesday 8 February. Members have a copy of the Committee Clerk's note on the Bill, the Bill itself and the Department's briefing note of May 2008. Joining us are Gerry McCann and Janis Creane from the social security policy and legislation division. You are very welcome. I remind you to switch off your mobile phones, as the session is being recorded for the Hansard report.

The Bill is something that has been around for a while and has suddenly been revived. I hope that there was not too much of a hint of cynicism in that comment. I invite you to give us a briefing on the Bill, and I am sure that members will have questions.

Ms Janis Creane (Department for Social Development):

At the outset, I should point out that officials in the Department and, indeed, the Minister are empathetic with the aspirations behind the Carer's Allowance Bill and the desire to help carers. We all acknowledge that a massive amount of work is done by those who have the responsibility of caring for others and their contribution to society cannot be understated. I am sure that, at some stage, many of us have had a family member who has either needed a carer or been a carer; some of us may even have undertaken the role of carer ourselves.

I thank the Committee for the opportunity to give the Department's view on the implications of the Carer's Allowance Bill. Just a few members here were about in 2008 when the Bill was first introduced. Carer's allowance was introduced to provide a measure of financial support to a person who had given up the opportunity to work full time in order to provide care of at least 35 hours a week to a severely disabled person who is in receipt of either the highest or middle rate of disability living allowance (DLA) care component or in receipt of a tenant's allowance.

When a carer reaches pension age, at which basic state pension payment begins, carer's allowance is not usually payable due to the overlapping benefit rules. However, if someone receives less state pension than they would by way of the carer's allowance, an amount of carer's allowance can be paid to make up the difference. In addition, where carer's allowance cannot be paid because of the overlapping benefit rules, the person keeps an underlying entitlement to the benefit. That gives them access to the carer premium and the income-related benefits such as housing benefit or pension credit.

Although many benefit recipients can satisfy the eligibility criteria for several benefits at the same time, a fundamental principle of the social security system since its inception has been that there should not be double provision for the same purpose. Where two or more benefits are paid to cover the same purpose — for example, as income replacement — only the higher or highest of

the benefits is payable. The argument behind that is that finite resources should be focused most effectively on the people who have the greatest financial pressure.

The overlapping benefit rules are not linked to age and do not apply solely to state pension and carer's allowance. A number of other income and maintenance benefits are affected by the rules; for example, contributory employment and support allowance, incapacity benefit, maternity allowance, contribution jobseeker's allowance and bereavement allowance, none of which can be paid at the same time as carer's allowance or each other.

The Carer's Allowance Bill seeks to prevent regulations providing for carer's allowance to be adjusted by reference to state pension, with the purpose of seeking to ensure that state pension and carer's allowance can both be paid in full at the same time. In other words, it is trying to abolish the overlapping benefits rule in relation to carer's allowance and state pension. That would make carer's allowance, in effect, a payment for performing the role of carer, rather than an income-replacement benefit.

In addition, the Bill poses very real problems, including significant cost implications and ramifications for the wider policy of parity in social security. Back in 2008, we advised the Committee that the estimated costs of the Bill were in the region of £38.6 million based on the figures and claim rates at that time. Based on the current figures and claim rates today, it is estimated that the Bill would generate additional gross expenditure of approximately £51.6 million. You can see that it has gone up massively in just a couple of years. That is not taking into account the number of people that we are not aware of who may claim if the overlapping benefit rules were done away with.

Due to the funding arrangements in place for social security, the additional costs would fall to the Northern Ireland block grant. The Committee is all too aware of the long-standing policy of parity with GB and the requirement to seek to maintain a single system of social security, which is provided for by section 87 of the Northern Ireland Act 1998. However, in some ways, section 88 of that Act is more significant, as it provides for the funding arrangements and the cross-subsidies on which we rely to fund social security in Northern Ireland. The Committee is well aware of the constraints of parity and the substantial funding that we receive from GB; over £3

billion in 2009-2010. The Committee knows that that funding is predicated on the maintenance of parity.

I briefly mentioned that carers who are over the pensionable age and are on low incomes can receive additional help from income-related benefits, such as pension credit and housing benefit, both of which are paid at higher rates for carers. The Bill appears to do nothing to help many poorer pensioner carers, because any increase in income resulting from them receiving their carer's allowance as well as their state pension would be taken off their pension credit. That could reduce or extinguish any pension credit or housing benefit payable to them.

Some poorer pensioners could end up slightly out of pocket as a result of the Bill's provisions, depending on their individual circumstances. There are approximately 13,400 carers who are over pension age and are in receipt of pension credit, and about 10,000 of them would see a reduction in the amount of pension credit paid to them and would be financially no better off.

The Chairperson:

Sorry to cut across you, but that is 10,000 pensioners who —

Ms Creane:

Would not be any better off financially.

The Chairperson:

And may be worse off.

Mr Gerry McCann (Department for Social Development):

Not necessarily all 10,000 of them. A smaller number could be worse off.

The Chairperson:

So, 10,000 would not be better off as a result.

Ms Creane:

Those who could be worse off would come from the other 3,000 or so who would no longer be

entitled to pension credit. Again, not all of those people would necessarily be worse off, but some of them could be worse off in that they might see a very small amount of financial gain but would lose all of their passport benefits.

The Chairperson:

We do not have those figures. This is coming up very quickly.

Mr G McCann:

It is the same for us.

The Chairperson:

Those figures will be recorded in the Hansard report, but if you could give us any figures that you have in advance of the Second Stage, that would be brilliant. I apologise again for cutting across you.

Ms Creane:

That is no problem.

As a result of the Bill's provisions, some people would not be passported to full housing benefit, so they would not automatically get help with their dental costs and glasses costs or with fares to hospital, court fees and access to free school meals. It depends very much on the individual circumstances, but some of those 3,000 people could find themselves slightly worse off.

After the Bill was introduced in 2008, the Department, in conjunction with the Department of Health, Social Services and Public Safety, undertook a joint review of the support provisions for carers in 2009. That report was published in November 2009 and included a recommendation that the long-standing policy of parity between Great Britain and Northern Ireland in social security be maintained. It also recommended that the Social Security Agency include an exercise in carer's allowance as part of its benefit-uptake programme.

Over 73,000 people have been contacted about potential entitlement to carer's allowance,

which has resulted in over 1,100 new successful claims. As part of that activity, over 40,000 pensioners were targeted to improve the uptake of carer's allowance. Furthermore, the 2010-11 uptake programme includes an exercise that is aimed at 2,500 people who may be eligible for carer's allowance. The organisers of that are looking to the future of benefit uptake and of continuing to seek that the people who are entitled to carer's allowance take it up.

So, the Bill does pose some problems, not least the significant implications for the current funding regime and the lack of help to the poorer pensioner carers. However, the Minister is seeking the views of ministerial colleagues before reaching any decision on the final departmental position on the Bill. The Minister may also wish to have the benefit of the Committee's consideration of the Bill.

The Chairperson:

Thank you very much, Janis. You said at the start that the Department and the Minister are empathetic to the motives of the Bill's sponsor. I do not think that there is anyone around this table who is not equally empathetic to the needs of carers. I have been in post in this Committee for just under two years, and we have talked about carers on countless occasions. We have always stressed the great value that carers have in our society — unrecognised value in the contribution that they make and the estimated £3 billion of savings across the United Kingdom every year because of the care that they provide. There is nobody here who does not empathise or agree with the sentiments of it all. Empathy is one thing, but it does not pay the bills. You said that the Minister has yet to come to a position on it. That figure of £51.6 million is fairly astronomical. It has gone up quite considerably. Is that because of greater uptake?

Ms Creane:

Yes; and the benefit rate has gone up as well. The uptake has gone up — around 3,700 more pensioners are claiming carer's allowance than was the case in 2008.

The Chairperson:

We would find it helpful to get the information that we talked about, which lists how many people may be no better off or, indeed, worse off. You are right about the passporting to other benefits, either other social security benefits or, as you said, free school meals, transportation and

so on.

Some of us have not said the word “parity” yet; now I have said it. That is an issue that would be of concern to a great many of us here. The Minister has talked about testing parity and taking it to its limit. Let us face it: this Bill would be a breach of parity. It is questionable whether this is an issue on which you would want to test or to break parity, given that its impact is not 100% positive. There are positives for some, but there are negatives for others. The sponsor of the Bill has spoken to me about it, and I know that he has a great concern for the issue of carers, brought to him through personal experience of constituents and so on. However, to quote what the Minister said in relation to another Bill: in trying to do good, we could well be doing a mischief. That is something that we are probably all concerned about.

Mr Brady:

Thank you for your presentation. I have the greatest empathy with what Mr McNarry is trying to do, but it is interesting that he is such a staunch defender of parity. I think that this Bill would blow that out of the water in many ways.

The issue of carers has been contentious historically. Married women could not claim such a benefit until 1984. To me, the only way to deal properly with carer’s allowance is to make it a stand-alone benefit, because it is inextricably linked to DLA benefits. Those are stand-alone benefits; they are not means-tested. We are talking about astronomical figures, but set that against the fact that carers save the British Government here £3 billion a year. That maybe puts it into context.

There are other ways of looking at it as well. A carer who works is allowed to earn up to £95 a week, but if they are paid 1p above that, they lose their complete entitlement. The benefit that was in place before carer’s allowance had a sliding scale, and issues such as travel and work clothes were brought in as expenses. I think that the way in which that has been done has been very unfair. A carer has to be looking after the disabled person for at least 35 hours a week to get £53.90. That works out at £1.54 an hour, approximately a quarter of the minimum wage. There are huge issues to be addressed there.

Mr McNarry's Bill appears to be aimed at pensioners. You made the point that up to 10,000 pensioners could be disenfranchised by not getting any more benefit and, in some cases, getting less. That is an issue. There are other ways of addressing it. God forbid that parity should be broken; I keep looking round in case I am struck by a thunderbolt for even mentioning it.

Mr Easton:

Or a caravan.

Mr Brady:

If parity is going to be broken, I do not think that this is the ideal vehicle to do it.

The Chairperson:

He is talking about caravans, and you are talking about vehicles. You are encouraging him.

Mr Brady:

I am sure that Alex will excuse the pun. The issue of how carer's allowance could be made a stand-alone benefit needs to be looked at. As the Assembly continues, I am sure that the whole issue around parity can be looked at. You mentioned pension credit. Underlying entitlement is a relatively recent development; it has been in for only a few years. Prior to its introduction, pensioners simply stopped getting any entitlement. The uptake of pension credit should be promoted, because almost £2 million a week in pension credit is not claimed. If we want to encourage pensioners to have a better quality of life by maximising their benefit, that is an area that could be tackled.

Carer's allowance is probably a more contentious type of benefit to deal with, but there are other ways of dealing with it, as I said. If people were allowed to earn more or if there was a sliding scale depending on earnings, people who are not on benefits would be encouraged to claim. That would mean that there would be less of a drain on the block grant. There are other ways around it. I have the greatest sympathy for what Mr McNarry is trying to do, but I am not sure that this is the best vehicle to do it with.

The Chairperson:

Members may express views rather than ask questions. Does anyone else wish to comment?

I know the answer to this, but I presume that there is no budget cover for a £50 million cost. Is there?

Ms Creane:

No.

Mr G McCann:

As you know, the budget is very tight. I very much doubt whether any Department would be able to come up with £51 million.

The Chairperson:

Members, is it fair to say that we are supportive of some of the reforms that Mickey spoke about? In the current mandate, the Assembly has done something positive for carers. The Finance Minister altered the rules on relief for carers in the rates system. It was a modest benefit, but it is one that we could control without any risk.

Mr Brady:

Our briefing note states that the Department for Work and Pensions (DWP):

“has modified its welfare reform programme so as not to make carers liable to sanctions if they do not engage in back to work activity. Carers are to remain on Income Support until there is a ‘clear and detailed plan setting out how to reform the benefits system over the longer term.’”

It is obvious that carers will be targeted there as well. That is even more reason to give protection to carers. The so-called reforms are sanction-led. Undoubtedly, as things roll out, carers will eventually be roped into that. That is a worrying concept, and it will happen. There is no doubt that they intend to make it happen eventually. Carers are in their sights. It may not happen immediately, but it will happen.

The Chairperson:

Is it fair to say that we support reform and greater recognition for carers? Furthermore, is it fair to say that the Committee is not convinced that the Bill is the best way in which to achieve the aims that we all share and that we are concerned about the potential negatives within it? Not only do we not have the money to pay it, but there could be negative consequences for some of the people whom the Bill would be trying to help.

Mr Brady:

The Commissioner for Older People will be coming on stream, because the legislation was finalised last Tuesday. They can address areas such as pension credit and pensioner carers in a more formalised and practical way.

The Chairperson:

Is that a fair summary of where we are? I think that I speak for everyone here when I say that no one is saying that the sentiments in the Bill are anything other than worthy, but they may have adverse consequences that are too much to contemplate. Is that a fair enough view?

Members indicated assent.

Mr Craig:

We will not mention the parties franchised to —

The Chairperson:

You will have plenty of opportunity next week to fill your boots on that one.

Mr Brady:

David Freud was addressed at length on it yesterday.

The Chairperson:

This discussion is disintegrating. Janis and Gerry, thank you for attending this morning's meeting. The information that we talked about would be very valuable, and it would be good if we could get it over the next day or so.