



**DWP** Department for  
Work and Pensions

Caxton House  
Tothill Street  
London  
SW1H 9DA

Telephone  
020 7340 4000

Email  
ministers@dwp.gsi.gov.uk  
www.dwp.gov.uk

Our ref: POS(5)10181/316

Sir Tony Baldry MP

*Dear Tony,*

*24/1/13*

Thank you for your letter of 19 December 2012 about the reform of Disability Living Allowance and the effect on those receiving Carer's Allowance.

This Government is absolutely committed to supporting disabled people to lead full and active independent lives. The introduction of the Personal Independent Payment is a principled reform which will modernise the system for disabled people and ensure support is focused on those with the greatest needs.

Your assumption that the reforms are aimed at encouraging people into work is incorrect – the Personal Independent Payment, like Disability Living Allowance is available to people who work and those who do not. The Personal Independent Payment is designed to contribute to the extra costs that disabled people face. It will maintain the key principles of Disability Living Allowance: it will be a non-means-tested cash benefit available to people in and out of work, but it will be delivered in a fairer and more consistent manner.

The new assessment criteria will help to better reflect individual needs and focus support on those that need it most, ensuring that those who leave the benefit are those with disabilities that have a relatively low impact on their participation in society. Many such people will find that their circumstances have improved since they were last assessed for Disability Living Allowance.

There are a lot of misleading stories about the impact of our welfare reforms on disabled people. The truth is that the UK continues to be a world-leader in the rights for disabled people.

As a result of these reforms over 230,000 people will receive the same or a higher award under Personal Independence Payment than they currently receive under Disability Living Allowance by October 2015. This will rise to over three quarters of a million (780,000) by May 2018. We spend nearly £50 billion a year on disabled people and their services, spending one-fifth more (2.4 per cent of GDP) than the EU average (2 per cent). We want to ensure that support is focused on those with the greatest need and we expect to spend over £13 billion on Disability Living Allowance and Personal Independence Payment each year to 2015/16.

Our welfare reforms will ensure the billions we spend better reflect today's understanding of disability and offer the targeted support disabled people need to live independent lives. They are about building a new, more transparent, affordable and sustainable benefit, a benefit fit for the 21st century.

We have published answers to the most frequently asked questions about Personal Independence Payment. We hope that these will prove helpful to existing Disability Living Allowance claimants, disabled people generally, their families, carers or representative organisations of, and for, disabled people. These can be viewed at [www.dwp.gov.uk/pip](http://www.dwp.gov.uk/pip).

I note your concern regarding the effect of the reforms on the numbers of people claiming Carer's Allowance. We are continuing to analyse the impact on certain passported benefits and schemes, including Carer's Allowance. However, I should like to clarify that Carer's Allowance is, and always has been, a non-contributory benefit available to people who have given up the opportunity of full-time paid employment in order to provide substantial care of at least 35 hours a week to a severely disabled person.

You have also raised the issue of the benefit cap and its potential impact on recipients of Carer's Allowance and, in particular, parents who are caring for adult disabled children.

An adult disabled child has always been treated as a separate household for benefit purposes, and our approach for the benefit cap remains consistent with this. We have been clear on this since the initial announcement in 2010. In November 2011, during the passage of the Welfare Reform Act 2012, we issued a draft of our proposed regulations for the exemptions from the benefit cap which set out this position.

On 1 February 2012, the Government announced that people receiving the support component of Employment and Support Allowance will also be exempt from the cap.

Additionally, War widows and widowers will be exempt.

In cases where an adult recipient of Disability Living Allowance is not in the same household for benefit purposes as the recipient of Carer's Allowance, both will be looked at separately, and when considering whether the benefit cap should apply, their individual entitlements will be assessed independently.

A disabled adult on Disability Living Allowance can also be entitled to the Employment and Support Allowance (including if appropriate the support component) or Income Support or Jobseeker's Allowance if they meet the respective conditions of entitlement. Disability Living Allowance will be disregarded as income for the income-related benefits. So, in a home in which a carer is looking after their adult disabled child, they could be receiving separate benefit entitlements to help cover costs.

The benefit cap is intended to improve work incentives, and carers who move into work and become eligible for Working Tax Credit will be exempt from the cap. Under Universal Credit, there will be an exemption for households which have earnings of £430 a month (equivalent to 16 hours a week at the national minimum wage).

Most carers of working age want to retain a foothold in the labour market where possible, not just for their financial well-being, but also to enhance their own lives and the lives of those for whom they care. We believe that the in-work exemption from the cap under Universal credit will allow them to do just that without compromising their caring responsibilities.

Although the cap on benefit will not be introduced until April 2013, Jobcentre Plus has been contacting claimants potentially affected by the benefit cap since May 2012 either by telephone or letter (unless they are already engaged with either a Work Programme or Work Choice Provider) to offer them the opportunity to discuss with an adviser what employment support might be available to them. Employment support is also being offered by Jobcentre Plus partners, and claimants likely to be capped can also have early access to the Work Programme. Universal Credit will provide support for carers and improve their opportunities to maintain links with the world of work.

I hope that this reply helps to explain the position.



**Esther McVey MP**

Parliamentary Under Secretary of State and Minister for Disabled People