



## 1. Summary of Request

To estimate the cost of abolishing the Carer's Allowance means-test.

## 2. Overview of Data and Methodology

We estimate the cost of abolishing the means-test for the Carer's Allowance scheme by using a bespoke Carer's Allowance microsimulation model<sup>1</sup> developed by the PBO and using Census 2022 data regarding carers. This is an update to the methodology used in a previous costing of a similar request as outlined in a publicly available costing by the PBO<sup>2</sup>. The Census 2022 data was not available at the time of publication of the previous analysis and the PBO's microsimulation model of the Carer's Allowance scheme has also been developed in the interim.

The microsimulation model allows us to estimate the cost of the abolishing means testing for those **currently in receipt** of Carer's Allowance. Abolishing means testing means for this cohort means that all those in receipt of a tapered rate of payment will receive their maximum relevant rate.

We use Census 2022 data on the hours of care per week provided by persons identifying as carers, to estimate the cost of abolishing means testing for those **not currently in receipt** of Carer's Allowance. Abolishing the means-test will mean that some carers will become eligible for payment under the Carer's Allowance scheme.

We assume that both timing conditions associated with those in receipt of Carer's Allowance remain unchanged at:

1. A minimum of 35 hours per week of care to be provided, and
2. The maximum number of hours in employment or education remains at 18.5 hours per week.

Census 2022 data breaks caring hours into categories of unpaid help provided per week; "1 to 14" hours, "15 to 28" hours, "29 to 42" hours and "43 or more" hours and "Not stated"<sup>3</sup>.

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<sup>1</sup> The model is outlined in detail in a publicly available costing:

[https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2023/2023-06-15\\_costing-analysis-on-alterations-to-income-disregards-in-the-means-test-for-the-carer-s-allowance\\_en.pdf](https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2023/2023-06-15_costing-analysis-on-alterations-to-income-disregards-in-the-means-test-for-the-carer-s-allowance_en.pdf)

<sup>2</sup> Available here: [https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2023/2023-05-30\\_costing-analysis-on-abolishing-the-means-test-for-the-carer-s-allowance\\_en.pdf](https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2023/2023-05-30_costing-analysis-on-abolishing-the-means-test-for-the-carer-s-allowance_en.pdf)

<sup>3</sup> See <https://data.cso.ie/table/F4015>



We deduct the caseload of recipients of Carer's Allowance from the caseload of carer's reporting caring in the "29 to 42" and "43 or more" range and we assume the remaining carers are only excluded from Carer's Allowance on an income basis<sup>4</sup>. We allow a portion of those in a caring role for "15 to 28" hours per week to avail of Carer's Allowance upon the abolition of the means-test. As self-reported data may be prone to measurement error, these carers may also be considered as full-time carers and are a group that are likely to avail of Carer's Allowance were the means-test to be abolished. Given uncertainty around this, we provide cost estimates for different scenarios- where 35%, 50% and 65% of those in the "15 to 28" category become eligible for the scheme after removing the means-test.

This means we have three costing scenarios in the analysis, which vary by the number of carers who become eligible for Carer's Allowance after removing means testing. These are listed below:

- **Low:** Our low scenario models 19,635 carers becoming eligible for the scheme. These are comprised of 5,706 carers reporting providing unpaid help for "29 to 42" hours per week and 13,929 providing "15 to 28" hours.
- **Central:** Our central scenario models 25,605 carers becoming eligible for the scheme. These are comprised of 5,706 carers reporting providing unpaid help for "29 to 42" hours per week and 19,899 providing "15 to 28" hours.
- **High:** Our high scenario models 31,575 carers becoming eligible for the scheme. These are comprised of 5,706 carers reporting providing unpaid help for "29 to 42" hours per week and 25,869 providing "15 to 28" hours.

For those who become eligible for Carer's Allowance, we ascribe the average weekly payment (with means-test abolished) as estimated from our microsimulation model.

### 3. Results

We provide costings for three different scenarios, which vary based upon the number of carers who will avail of Carer's Allowance after means testing has been removed. The increase in caseload on the scheme is the key driver of the costing and is also the main element of uncertainty in the analysis.

Overall, our central costing estimate ascribes a full-year 2024 cost of **€375.3 million** to abolishing means testing for the Carer's Allowance scheme. The cost estimates are sensitive to the caseload of new recipients

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<sup>4</sup> See the Carer's Allowance operational guidelines for additional eligibility criteria underlying the scheme: <https://www.gov.ie/en/publication/b95008-operational-guidelines-carers-allowance/>



becoming eligible for the scheme, with a spread of €301.1 to €449.5 million between our low and high scenarios.

**Table 1:** Full-year cost estimates of removing the means-test from the Carer's Allowance

Costing Scenario	Current Recipients (€ million, 2024)	New Recipients (€ million, 2024)	Total (€ million, 2024)
Low	56.9	244.2	301.1
<b>Central</b>	<b>56.9</b>	<b>318.4</b>	<b>375.3</b>
High	56.9	392.6	449.5

**Source:** PBO modelling PBO's Carer's Allowance microsimulation model and Census 2022.

**Notes:** The PBO's Carer's Allowance microsimulation model uses the SILC AMF 2021 and the HBS 2015/2016 AMF as underlying data sources. Reforms announced to the Carer's Allowance scheme as per Budget 2024 are incorporated into the microsimulation model. Census 2022 figures regarding carers are adjusted to reference those aged 18 years and over.

## 4. Areas of Uncertainty

### *Data uncertainty*

1. There is some degree of uncertainty in estimating the cost of removing means testing for the current stock of recipients of Carer's Allowance due to the use of survey data.

### *Modelling uncertainty*

1. There is a high degree of uncertainty in modelling the new recipients of Carer's Allowance after removing the means-test. We have provided an interval of estimates to address this uncertainty. The majority of the cost generated from abolishing the means-test occurs from new recipients, so this is important to consider.
2. Our cost estimates for new recipients are gross, and do not consider reductions in expenditure on other welfare schemes which may arise as some carers may move from other welfare schemes to Carer's Allowance after removing the means-test.

### *Behavioural uncertainty*

1. There is a moderate degree of behavioural uncertainty in this costing. Some carers may be induced to provide more hours of care per week and reduce hours worked per week in order to avail of Carer's Allowance after the abolition of the means-test.