

[Linda Pickard](#), [Derek King](#), [Nicola Brimblecombe](#) and
[Martin Knapp](#)

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Public expenditure costs of carers leaving employment in England, 2015/2016

Linda Pickard BA (Hons) MPhil PhD *

Derek King BMath. Statistics (Hons) MSc PhD **

Nicola Brimblecombe BSc (Hons) MSc**

Martin Knapp BA (Hons) MSc PhD***

*** Associate Professorial Research Fellow, Personal Social Services Research Unit (PSSRU), London School of Economics and Political Science (LSE)**

**** Assistant Professorial Research Fellow, PSSRU, LSE**

***** Professor of Social Policy, and Director of PSSRU, LSE**

Address for correspondence:

Dr Linda Pickard

Personal Social Services Research Unit (PSSRU)

London School of Economics & Political Science

Houghton Street

London SW2A 2AE

Telephone number: +44 (0)20 7955 6214

Email address for correspondence: L.M.Pickard@lse.ac.uk

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Abstract

In the context of global population ageing, the reconciliation of employment and unpaid caring is becoming an important social issue. The estimation of the public expenditure costs of carers leaving employment is a valuable measure that is of considerable interest to policy-makers. In 2012, the Personal Social Services Research Unit estimated that the public expenditure costs of unpaid carers leaving employment in England were approximately £1.3 billion a year, based on the costs of Carer's Allowance and lost tax revenues on forgone incomes. However, this figure was known to be an underestimate partly because it did not include other key benefits that carers who have given up work to care may receive. This paper presents a new estimate of the public expenditure costs of carers leaving employment. Key sources of information are the 2009/10 *Survey of Carers in Households*, 2011 Census and 2015/2016 costs data. As well as Carer's Allowance, the estimate also now includes the costs of other benefits that carers leaving work may receive, namely, Income Support and Housing Benefit. The results show that the estimated numbers of carers who have left employment because of caring have increased from approximately 315,000 to 345,000. Due mainly to the inclusion of a wider range of benefits, the public expenditure costs of carers leaving employment in England are now estimated at £2.9 billion a year. The new estimate comprises £1.7 billion in social security benefits paid to people who have left their jobs because of unpaid caring, plus another £1.2 billion in taxes forgone on this group's lost earnings. The paper concludes that, if there was greater public investment in social care, such as 'replacement care' to support carers in employment, and fewer carers then left employment, public spending on benefits would be lower and revenues from taxation would be higher.

Bullet points

What is known about this topic:

- Provision of unpaid care can lead carers to leave employment, resulting in costs to individuals, employers and society;
- In 2012, the public expenditure costs of carers leaving work in England were estimated to be approximately £1.3 billion, based on lost tax revenues and social security spending on carer allowances;
- However, this figure is likely to be an underestimate and needs updating.

What this paper adds:

- The estimate of the public expenditure costs of carers leaving employment is updated using 2015/2016 data;
- The new estimate now includes social security benefits that were not previously included;
- The public expenditure costs of carers leaving work in England are now estimated to be approximately £2.9 billion a year.

Introduction

As the numbers of older people increase the world over, need for care is growing (Scheil-Adlung 2015). Many countries rely on unpaid care provided by family or friends, primarily women. Yet there are also increases in female employment and the age of retirement, and so the reconciliation of employment and caring is becoming an important social issue (Schneider *et al.* 2013). Tensions between work and care can lead unpaid carers to leave employment, resulting in costs to individuals, employers and society (Colombo *et al.* 2011, King & Pickard 2013).

In 2012, the Personal Social Services Research Unit (PSSRU) estimated that the public expenditure costs of carers leaving employment in England were at least £1.3 billion a year, based on lost tax revenues and social security spending on Carer's Allowance (Pickard *et al.* 2012a). It was the first time that such an estimate had been made in this country. Previously, estimates had been made of the costs to *individuals* of leaving work to care (Joshi 1995, Evandrou & Glaser 2003, Moullin 2007).

However, the PSSRU broke new ground by estimating the *public expenditure* costs of carers leaving work.

The estimate of the public expenditure costs of carers leaving employment has had immediate resonance with policy-makers in England. Policy by successive governments has stressed the importance of helping carers to reconcile working and caring (HMG 1999, 2008, 2010). However, the high costs of carers leaving employment suggest that more needs to be done to support working carers (Her Majesty's Government (HMG) & Employers for Carers (EfC) 2013). Government

policy in England has primarily stressed the role of *employers* in providing more flexible working conditions. However, the public expenditure costs of carers leaving employment provide an economic justification for greater *Government* support for working carers (HMG & EfC 2013, HMG 2014, 2015).

As we acknowledged in 2012, however, our figure for the public expenditure costs of carers leaving employment was likely to be an underestimate because it only included the costs of Carer's Allowance and lost tax revenues on forgone earnings, and the figure would have been higher if other relevant benefits and lost national insurance contributions were included (Pickard *et al.* 2012b). The Government itself acknowledged that our figure was too low, stating that "carers who have given up work to care ... are also likely to receive other benefits ... including Income Support, Housing Benefit and support with Council Tax" (HMG & EfC 2013: 11).

The estimation of the public expenditure costs of carers leaving employment is a valuable measure of considerable interest to policy-makers and it is important that it is as comprehensive as possible. Our aim in this paper is therefore to provide a new estimate of the public expenditure costs of carers leaving employment. The new estimate is more inclusive than before in that it includes, not only Carer's Allowance, but also other social security benefits that carers leaving work may receive. We have also updated the figures using data relating to the April 2015-March 2016 financial year.

Methods

Data sources

A key data source for our estimate is the 2009/10 *Survey of Carers in Households* (Health & Social Care Information Centre (HSCIC) 2010). The survey captures information about people aged 16 years and over providing unpaid care in a nationally representative sample of households in England. The weighted sample size of carers who completed a detailed questionnaire on caring is 2,400 individuals, of whom 1,809 were of ‘working age’ (aged 16-64). Unpaid carers are defined as those who look after someone who has long-term physical or mental ill-health or disability, or problems related to old age, excluding care provided in a professional capacity. The survey also includes a narrower definition of carers, the ‘GHS definition’ (HSCIC 2010: 15), but we use the broader definition, for consistency with the definition used in the Census, our other main data source (described below). The *Survey of Carers in Households* was collected in 2009/10 but remains the best source for our analysis because it includes information on whether carers have left employment because of caring. The *Health Survey for England (HSE)* has collected similar data since 2011 (HSCIC 2012), but sample sizes in the annual *HSE* datasets are smaller than in the *Survey of Carers in Households* and the larger sample size is needed in our analysis.

Our updated estimate of the costs of carers leaving employment also uses information from the 2011 Census, including numbers of carers in England, by gender and age, and numbers of working carers by gender and employment status (full-time or part-time employment) (Nomis 2013). The Census defines unpaid care as looking after

“family members, friends, neighbours or others because of long-term physical or mental ill health or disability, or problems related to old age” (ONS 2014: 43). Full-time work is defined as working for more than 30 hours a week.

Methods: estimating numbers of carers leaving work due to caring

The estimate of the public expenditure costs of carers leaving employment rests on an estimate of the numbers leaving employment due to caring. This is based on secondary analysis of the *Survey of Carers in Households*. In the survey, carers were asked whether they had “left employment altogether (due to caring responsibilities)”. Our estimate of the numbers leaving work to care is based on the percentage of respondents aged 16-64 who answered this question positively. It is possible that respondents said that they had left work due to caring, but had in fact left for other reasons. However, research carried out elsewhere suggests that carers, who answered a similar question positively, were not making some kind of *post hoc* rationalisation about their reasons for leaving work, but had indeed left work because of caring (Pickard *et al.* 2017).

Multivariate analysis of the *Survey of Carers in Households* is used to determine the factors affecting whether carers have left work to care. The co-variables in the logistic regression analysis are age, gender and ethnicity, which all potentially affect carers’ employment (Henz 2004, Young *et al.* 2005, Carmichael *et al.* 2010). Age-bands are used because the *Survey of Carers in Households* includes data on age-bands, not on actual ages. Only a small number of co-variables are considered because the circumstances of carers who have left work to care, recorded at one point in time in

the *Survey of Carers in Households*, may differ from when they left work, so the analysis excludes variables that may change over time, such as the hours of care provided (cf. Parker & Lawton 1994). Moreover, because of multicollinearity, we do not include other variables, such as education and marital status, which are both strongly correlated with age (Demey *et al.* 2011). Diagnostic tests for goodness-of-fit (Hosmer-Lemeshow Test statistics) are reported for the logistic regression analysis.

The percentage of carers leaving work to care is multiplied by the numbers of carers aged 16-64 in England, by relevant factors, to produce an estimate of the numbers of carers leaving work to care. In our original estimate, the numbers of carers were estimated using prevalence data from the *Survey of Carers in Households* and 2010 population estimates (Pickard *et al.* 2012a). However, our updated estimate uses 2011 Census information on the numbers of carers in England.

Methods: estimating public expenditure costs - social security benefits

The next stage involves estimating the public expenditure costs of social security benefits paid to carers who have left employment due to caring. In our original estimate of the public expenditure costs of carers leaving employment, only Carer's Allowance was included, but we now include Income Support and Housing Benefit, both of which are relevant to carers who are not employed.

Carer's Allowance is a cash benefit paid to carers in the UK, who provide care for at least 35 hours a week and earn less than £110 a week (in 2015/2016) (Department for Work and Pensions (DWP) 2016a). Income Support is a benefit for people who have

no income or a low income and are working for less than 16 hours a week (DWP 2016b). Housing Benefit is a benefit to help people pay their rent if they are on a low income or claiming benefits (DWP 2016c). Receipt of Income Support and Housing Benefit affects whether or not carers can receive Carer's Allowance, because of 'overlapping benefits' rules (DWP 2016a). However, people who cannot receive Carer's Allowance, because they are paid another benefit that overlaps with it, can still receive an extra amount called the 'carer premium', if they have an underlying entitlement to Carer's Allowance (Fry *et al.* 2011).

The estimate of the numbers of carers leaving work to care, who receive any of these benefits, is based on secondary analysis of the *Survey of Carers in Households*, which asks questions about sources of carers' household income, including benefits.

Multivariate analysis is used to determine the factors affecting whether carers who leave work to care are in households receiving benefits. As in the multivariate analysis described above, the co-variables are age, gender and ethnicity. It would have been useful to include other variables, such as co-residence with the care-recipient, but this is highly correlated with age (HSCIC 2010). The percentages of carers leaving work to care, who are in households in which each benefit is received, are multiplied by the numbers of carers leaving employment to care, by relevant factors, to estimate the numbers of carers leaving employment who receive each benefit.

Other benefits could have been included, such as support with Council Tax, but information on their receipt is not available in the *Survey of Carers in Households*.

The estimated numbers receiving each benefit are then multiplied by the value of the benefit, to obtain the costs of benefits paid to the households of carers who leave

employment to care. The 2011/12 weekly value of Carer's Allowance was used in our original estimate, but we now use the 2015/2016 weekly values of Carer's Allowance and 'carer premium' (Carers UK 2015, House of Commons 2015). The value of Income Support is the average weekly amount paid to carers in November 2015, by gender, and the value of Housing Benefit is the average weekly award in February 2016 (DWP 2016d).

Methods: estimating public expenditure costs - lost tax revenues

The final stage involves making an estimate of lost tax revenues based on forgone incomes, using methods developed by Knapp and colleagues (2007). We first estimate forgone incomes, by gender and employment status. Carers leaving employment are divided by employment status, on the assumption that the same percentages of carers leaving employment are employed full-time or part-time as carers currently in employment. The median gross weekly full-time and part-time earnings (ONS 2015) are applied to the numbers of carers leaving employment, by gender and employment status, to generate an estimate of the total forgone annual income that carers leaving work would have earned. It is assumed that people who give up work have average paid jobs, but we allow for differences in median wages by gender and employment status. Carers are more likely to be women and to work part-time than non-carers, and there is a 'pay penalty' for both women's and part-time work (Carmichael & Charles 1998, Manning & Petrongolo 2008, ONS 2015). Therefore, by allowing for gender and part-time work in our estimate of forgone earnings, we also make allowance for the lower earnings of carers (Carmichael & Charles 2003, Heitmueller & Inglis 2007).

Lost tax revenues are estimated by assuming that tax would have been paid on total forgone income at the average 2015/2016 UK tax-rate (17.2 per cent) (HMRC 2016). The average tax-rate is lower than the UK's basic, higher or additional tax-rates (20, 40 and 45 per cent respectively) partly because the average takes into account the tax-free Personal Allowance (HMRC 2016).

The methods used to estimate the lost tax revenues arising from carers leaving employment are unchanged since our earlier estimate, but have been updated. The percentages of carers in full-time and part-time employment were previously derived from the *Survey of Carers in Households*, but we now use 2011 Census information (Nomis 2013). Moreover, 2010 median weekly earnings were originally used, but 2015 figures are now used (ONS 2010, 2015). Finally, the average UK tax-rate for 2011/12 was used previously, but the 2015/2016 rate is now used (HMRC 2012, 2016).

Results

Numbers of carers who have left work due to caring

The estimate of the numbers of carers who have left work to care is based on secondary analysis of the *Survey of Carers in Households*. The estimate relates to carers aged 16-64, who say that they have left work altogether due to caring and are still out of employment.

Binary logistic regression analysis is used to determine the factors affecting whether carers have left work due to caring, taking into account gender, ethnicity and age (Table 1). The results show that age significantly affects whether carers leave work to care and remain out of employment, compared to not leaving work to care or being in employment. Table 2 shows the percentage of respondents aged 16-64 years who have left work due to caring and are out of employment by age-band.

[Tables 1 and 2]

In order to estimate the numbers of carers leaving work to care, the percentages of carers leaving work to care (Table 2) are multiplied by the numbers of carers in England in the 2011 Census (Table 3). Age is taken into account because leaving work to care varies significantly by age, while gender is included because it relates to the costs of carers leaving employment, in particular, gender differences in earnings. The results show that there are approximately 345,000 carers aged 16-64 who have left work due to caring and remain out of employment in England (Table 4). Of these, approximately 140,000 are men and 205,000 are women.

[Tables 3 and 4]

The updated estimate of the numbers of carers leaving employment is higher than our earlier estimate, which found that approximately 315,000 carers had left employment to care (Pickard *et al.* 2012a). The reason is that the 2011 Census identifies more carers than was estimated earlier. Our earlier estimate of the numbers of carers, which was based on the prevalence rate of caring in the *Survey of Carers in*

Households applied to 2010 population numbers, identified approximately 3.8 million carers aged 16-64 in England, whereas the 2011 Census identifies 4.1 million carers. The prevalence rate of carers in the *Survey of Carers in Households* is 10.9 per cent, compared to 12.4 per cent in the 2011 Census (HSCIC 2010, Nomis 2013).

Public expenditure costs of carers leaving work: value of benefits

One component of the estimate of the public expenditure costs of carers leaving work is the value of benefits paid to carers who leave employment due to caring. The estimate of the numbers of carers leaving work to care, who receive benefits, is based on the *Survey of Carers in Households*. The survey asks about sources of *household* not personal income, so it is not clear whether benefits are received by carers who have left work to care or other household members. However, as Table 5 shows, benefits are received in a higher percentage of households in which carers have left work to care and are not in employment than in households in which carers are unemployed or in which carers are employed. In logistic regression, controlling for the carer's age, gender and ethnicity, households in which carers had left work to care were significantly more likely than other households to receive Income Support, Housing Benefit or Carer's Allowance (Table 6).

[Tables 5 & 6]

Binary logistic regression analysis was used to determine the factors affecting whether carers, who had left work to care, were in households receiving each benefit

(Table 7). Income Support, Housing Benefit and Carer's Allowance were modelled separately. Because of small sample sizes, carers' age-bands were grouped into three categories: 16-44, 45-54 and 55-64 years. The results show that age significantly affects whether carers who had left work to care were in households receiving each benefit, and gender is significantly associated with Housing Benefit receipt. Older carers were less likely to receive each benefit, while women were less likely than men to receive Housing Benefit.

[Table 7]

The percentage of carers leaving work to care, who are in households in which benefits are received, by age and gender, is shown in Table 8. To ensure an adequate sample base, age-bands are further grouped, consistent with the logistic regression results. The sample size of male carers was too small to sub-divide by age-bands, so the percentage of all men in households receiving Housing Benefit is shown. The table shows that, for example, over 40 per cent of carers leaving work to care are in households receiving Income Support, while nearly 60 per cent of men, and a similar percentage of women aged 16-44 years, are in households receiving Housing Benefit.

[Table 8]

The percentages leaving work to care who receive benefits (Table 8) are multiplied by the numbers of carers leaving employment (Table 4), by age and gender, to produce an estimate of the numbers of carers leaving employment who receive benefits (Table 9). There are approximately 145,000 carers who have left work to care in households

where Income Support is received; 155,000 where Housing Benefit is received; 85,000 where Carer's Allowance and other benefits are received; and 65,000 where Carer's Allowance only is received. These numbers are multiplied, respectively, by the average weekly amounts of Income Support and Housing Benefit; the weekly rate for 'carer premium', where Carer's Allowance is received as well as other benefits; and the weekly rate for Carer's Allowance, where Carer's Allowance only is received. The annual cost of carers leaving employment, is estimated to be approximately £540 million in Income Support, £780 million in Housing Benefit, and £360 million in Carer's Allowance (Table 9). Overall, the annual cost of benefits for carers leaving employment is estimated to be approximately £1.7 billion.

The costs of benefits paid to carers leaving employment to care are now considerably higher than previously, when we estimated the annual costs of benefits at approximately £335 million (Pickard *et al.* 2012a). However, our earlier estimate only took into account Carer's Allowance, whereas we now also include Income Support and Housing Benefit. Moreover, there has been a rise in Carer's Allowance from £55.55 to £62.10 a week. We have also increased our estimate of the numbers of carers who have left employment to care (described earlier).

[Table 9]

Public expenditure costs of carers leaving work: forgone taxes

A further component of the public expenditure costs of carers leaving employment is an estimate of lost tax revenues, based on forgone incomes. The methods first estimate forgone incomes, by gender and employment status. Carers leaving employment are divided by employment status, on the assumption that the same percentage of carers leaving employment are employed full-time as carers currently in employment. Information on carers' employment status is derived from 2011 Census information, which shows that 85.2 per cent of male working carers, and 51.6 per cent of female working carers, work full-time (Nomis 2013, Table DC6301EW1a). The percentages of carers working full-time and part-time are used to divide the numbers of carers leaving work to care (Table 4) into those that are assumed to have left full- and part-time employment (Table 10).

The median weekly full-time and part-time earnings of men and women in 2015 are then applied to the numbers of carers leaving employment (Table 10). These median weekly earnings are annualised, and multiplied by the numbers of carers leaving work, to generate an estimate of the total forgone annual income that carers leaving work would have earned. The total annual forgone earnings of carers leaving employment in England are estimated at over seven billion pounds in 2015. Applying the 2015/2016 average amount of UK tax of 17.2 per cent, the annual forgone tax on the earnings of carers who have left employment to care is now approximately £1.2 billion.

The estimated forgone tax arising from carers leaving employment is higher now than in our earlier estimate. It was estimated at approximately one billion pounds in 2012 (Pickard *et al.* 2012a) but is now estimated at £1.2 billion. This is partly because earnings have increased and partly because our estimate of the numbers of carers

leaving employment to care has increased. In addition, the proportion of full-time employees is higher in our updated estimate. Our original estimate assumed, based on the *Survey of Carers in Households*, that 82 per cent of men and 39 per cent of women leaving employment worked full-time. However, the updated estimate uses percentages from the 2011 Census, showing that 85 per cent of male and 52 per cent of female working carers are employed full-time. Set against these factors pushing up the costs of carers leaving employment, the average rate of tax fell from 17.8 per cent in 2011/12 to 17.2 per cent in 2015/2016.

[Table 10]

Total public expenditure costs of carers leaving work

The total public expenditure costs of carers leaving employment are now estimated at approximately £2.9 billion a year, due to forgone taxes (approximately £1.2 billion) and the costs of Income Support, Housing Benefit and Carer's Allowance (approximately £1.7 billion) (Table 11). This new estimate contrasts with our estimate in 2012, when we estimated that the annual public expenditure costs of carers leaving employment to care were £1.3 billion, due to forgone taxes (£1.0 billion) and the costs of Carer's Allowance (£0.3 billion) (Pickard *et al.* 2012a).

[Table 11]

Discussion

We have generated a new estimate of the public expenditure costs of carers leaving employment. We now estimate that the public expenditure costs of carers leaving employment in England are approximately £2.9 billion a year. This represents a considerable increase since our estimate in 2012, which found that the public expenditure costs of carers leaving employment were £1.3 billion a year (Pickard *et al.* 2012a).

The main reason why our estimate has increased so much is that we now include a wider range of social security benefits. Our earlier estimate only included the costs of Carer's Allowance paid to carers leaving employment, but Income Support and Housing Benefit are also likely to be received by carers leaving work to care (HMG & EfC 2013) and these are now included. The estimated costs of Income Support and Housing Benefit for carers leaving work to care are over a billion pounds a year. It is the first time that a national estimate has been made of the costs of carers leaving employment that includes these benefits.

Our estimate of the costs of benefits paid to carers leaving employment rests on information about sources of *household* income. It is therefore not clear how far the benefits are received by carers who have left work to care or other household members. However, as shown earlier, carers of working age who have left work to care and are unemployed are much more likely than either other unemployed carers, or employed carers, to be in households in which relevant benefits are received. The link between the carer leaving work and someone in the household claiming benefits is likely to be primarily through the eligibility rules associated with benefit receipt. With regard to Income Support, the income of partners is taken into account in

determining eligibility, while only one person in the household can claim Housing Benefit (DWP 2016b, 2016c). Therefore, whether it is the carer or another household member who claims Income Support/Housing Benefit, it is likely to be the loss of the carer's earnings that triggers eligibility for benefits. It is therefore appropriate to treat the costs of Income Support and Housing Benefit in these carers' households as a consequence of the carer leaving work to care.

There are three subsidiary reasons for the increase in our estimate of the costs of carers leaving employment. First, the estimated numbers of carers leaving work are higher than before, based on the underlying number of carers in the 2011 Census. This underlying number is higher than in our previous estimate, which was based on prevalence rates for caring in the *Survey of Carers in Households*. The higher figure for the numbers of carers leaving employment, based on Census information, is likely to have greater validity than that based on the *Survey of Carers in Households*, which is understood to have underestimated the prevalence of caring (HSCIC 2010: 155-6). Our figure for the numbers of carers leaving work to care is still considerably lower than that of Carers UK (2013), which has a more inclusive definition of carers leaving employment. Second, our estimate of the costs of carers leaving employment is higher than before because of increases in Carer's Allowance and median earnings (House of Commons 2015, ONS 2010, 2015). Third, the percentage of carers leaving work, who are assumed to have previously been in full-time employment, is higher in our present estimate and, since full-time employees earn more than part-time employees, this increases the estimated costs of carers leaving work. The updated estimate is based on numbers of full-time and part-time employees providing unpaid

care using more recent information, the 2011 Census, whereas the previous estimate was based on the 2009/10 *Survey of Carers in Households*.

Survey data are, however, important in our estimate of the public expenditure costs of carers leaving employment. Both the previous and present PSSRU estimates use the 2009/10 *Survey of Carers in Households*, which asks carers about the impact of caring on employment. The results of the *Survey of Carers in Households* seem comparable to other survey data in this respect. The 2011 *HSE* also asked carers whether their employment had been affected by providing help to others and, in this regard, it was reported that their “findings are similar to the recent Survey of Carers in Households” (HSCIC 2012: 21).

Although our estimate of the public expenditure costs of carers leaving employment has increased substantially, it is still not fully inclusive. The figure would be higher if it took into account lost national insurance contributions and receipt of other benefits, such as Council Tax support and Carer’s Credit (DWP 2016e). The figure would also be higher if it took into account the long-term costs of carers leaving employment. Carers who have left work often have difficulties re-entering the labour market (Spiess & Schneider 2003), so the costs associated with forgone taxes and some benefits may continue beyond the caring episode. Other estimates of the costs of carers leaving employment are higher than our estimate, although this is primarily because they are not measuring the same outcome. For example, Age UK estimates that the annual costs of people leaving work to care are £5.3 billion (Age UK 2012). Our estimate is lower than this because Age UK measures the lost earnings of individuals leaving employment to care, whereas we measure the public expenditure

costs of carers leaving employment. Although the private costs to individuals are also of interest to public policy, there is no doubt that, as indicated earlier, the estimate of the public expenditure costs of carers leaving employment has been of particular interest to *Government* policy-makers in England.

Further research on the public expenditure costs of carers leaving employment because of caring is now needed. In particular, there is a need for improved data. Our estimate uses the 2009/10 *Survey of Carers in Households* which, although currently the best source for our purpose, is somewhat dated, includes a relatively small sample, and is cross-sectional. Large-scale longitudinal data are needed so that more of the characteristics of carers leaving work to care, such as the hours of care provided and duration of caring, can be taken into account. Moreover, it has been assumed here that the employment status of carers leaving employment is the same as that of carers currently in employment, but the proportion leaving employment who work part-time could be higher (Henz 2006); large-scale longitudinal data would help to establish this. In addition, although our estimate allows for the lower earnings of carers, improved data on the wages of carers who leave work to care would be valuable. Finally, it would be useful to include the public expenditure costs of carers who reduce their working hours or do not take up employment because of caring (HSCIC 2010).

Nevertheless, our estimate of the public expenditure costs of carers leaving employment has important implications for the policy debate about public support for working carers. Our previous estimate has been cited widely by policy-makers and researchers in England and elsewhere (for example, Schneider *et al.* 2013, Scottish

Government 2014, Carers UK & Age UK 2016). Policy-makers in England are keen to reduce the costs of carers leaving employment and prepared to invest public money to support carers' employment (HMG 2015). Investment in formal care services for the person cared for is an effective way of supporting carers' employment (Pickard *et al.* 2015), yet spending on social care services in England is being cut (Burchardt *et al.* 2015). Our estimate of the annual public expenditure costs of carers leaving employment of £2.9 billion is equivalent to nearly 20 per cent of annual public expenditure on adult social care in England, which is approximately £15.3 billion (Wittenberg & Hu 2015). If there was greater public investment in social care, such as 'replacement care' to support carers' employment, and fewer carers then left employment, public spending on benefits would be lower and revenues from taxation would be higher. Our research therefore potentially provides an economic justification for higher investment in formal care services.

Our research also has international implications. Reconciliation of work and care is a global challenge (Kröger & Yeandle 2013) yet, while the costs to employers have been estimated (Hoff 2015) and potential costs to the state recognised (Social Protection Committee 2014), the authors have not found other national estimates of the public expenditure costs of carers leaving employment. However, although relevant tax and benefit systems differ (Bouget *et al.* 2016), the public expenditure costs of carers leaving employment are likely to be high in many other countries.

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Table 1

**Binary logistic regression results for factors associated with unpaid carers, aged
16 to 64 years, leaving work due to caring and not being in employment,
England, 2009/10**

Odds ratio (95% Confidence Interval (C.I.)) and significance level (P-value)

Characteristics of carers		Odds ratio (95% C.I.)	P-value
Gender	Being a woman... ... relative to being a man	1.04 (0.74, 1.48)	0.811
Ethnicity	Being from BME background... ... relative to not being from BME background	1.21 (0.70, 2.09)	0.497
Age	25-34 years	2.42 (0.98, 6.00)	0.056
	35-44 years	3.54 (1.54, 8.17)	**0.003
	45-54 years	2.33 (1.01, 5.38)	*0.047
	55-64 years ... relative to age 16-24 years	2.67 (1.16, 6.14)	*0.021
Constant	-	0.03	**<0.001
N	-	1,735	

Source: Survey of Carers in Households 2009/10

*Notes: The reference category is carers who did not leave work due to caring or were in paid employment. Logistic regression analysis uses unweighted cases (n = 1,735), which are somewhat lower than weighted cases shown in Table 2 (n = 1,809). BME denotes a Black and Minority Ethnic background. A level of 0.05 was used as the criterion to determine significance: * p < 0.05; ** p < 0.01. Hosmer-Lemeshow Test results (Chi-square = 2.773; p = 0.905) show that the model predicts values not significantly different from observed values, indicating good fit.*

Table 2

**Unpaid carers aged 16 to 64 years, who have left work due to caring and are not
in employment, by age-bands, England, 2009/10**

Sample numbers and percentages

Age-bands	Whether carer has left work due to caring				Sample base
	Not left work to care		Left work to care		
	Number	%	Number	%	
16-24 years	186	96.4%	7	3.6%	193
25-34 years	203	91.9%	18	8.1%	221
35-44 years	318	88.6%	41	11.4%	358
45-54 years	472	92.4%	39	7.6%	511
55-64 years	481	91.4%	45	8.6%	526
All aged 16-64 years	1660	91.7%	150	8.3%	1,809

Source: Survey of Carers in Households 2009/10

Note: The table shows weighted sample numbers.

Table 3

Numbers of unpaid carers aged 16 to 64 years, by gender and age, England, 2011

	<i>Numbers in thousands (to nearest 5,000)</i>		
	Men	Women	Men and women
16-24 years	135	160	295
25-34 years	190	285	470
35-44 years	310	495	810
45-54 years	500	765	1,265
55-64 years	530	740	1,270
Total aged 16-64 years	1,665	2,445	4,110

Source: 2011 Census (Nomis 2013, Table DC3303EW)

Notes: Figures may not add exactly due to rounding. Age-groups used in the 'Survey of Carers in Households' have been applied to the published Census information.

Table 4

Estimated numbers of unpaid carers aged 16 to 64 years, who have left work due to caring and are not in employment, by gender and age, England, 2011

Estimated numbers in thousands (to nearest 5,000)

	Men	Women	Men and women
16-24 years	5	5	10
25-34 years	15	25	40
35-44 years	35	55	90
45-54 years	40	60	95
55-64 years	45	65	110
Total aged 16-64 years	140	205	345

Sources: 2011 Census, Survey of Carers in Households 2009/10

Note: Figures may not add exactly due to rounding.

Table 5

Receipt of key social security benefits by households of unpaid carers aged 16 to 64 years, by employment status, England, 2009/10

Sample numbers and percentages

Type of benefit received by household	Households in which carers have left work due to caring and are not in employment		Other households in which carers are not in employment		Households in which carers are in employment	
	Sample Numbers	%	Sample Numbers	%	Sample Numbers	%
Income Support	53	41.4%	88	19.8%	22	2.3%
Housing Benefit	55	43.0%	126	28.3%	38	3.9%
Carer's Allowance	55	43.0%	63	14.2%	58	6.0%
Income Support, Housing Benefit or Carer's Allowance	92	71.9%	185	41.6%	95	9.9%
Sample base	128		445		964	

Source: Survey of Carers in Households 2009/10

Notes: The table shows weighted sample numbers. Respondents who did not provide information on sources of household income are excluded. Chi square differences between percentages receiving benefits where households contain carers who have left work due to caring and other types of households are significant at less than 0.001.

Table 6

Binary logistic regression results for factors associated with receipt of key social security benefits by households of carers aged 16 to 64 years, 2009/10

<i>Odds ratio, 95% C.I. and significance level (P-value)</i>		
	Odds ratio (95% C.I.)	P-value
Employment status		
Left employment due to caring and not in employment... ... relative to not having left employment due to caring or being in employment	13.09 (8.52, 20.12)	**<0.001
Gender		
Being a woman relative to being a man	1.03 (0.79, 1.34)	0.830
Ethnicity		
Being from a Black and Minority Ethnic background relative to not being from a Black and Minority Ethnic background	0.89 (0.59, 1.36)	0.599
Age-band		
25-34 years	0.66 (0.41, 1.06)	0.085
35-44 years	0.62 (0.40, 0.95)	*0.030
45-54 years	0.28 (0.18, 0.42)	**0.001
55-64 years ... relative to 16-24 years	0.18 (0.11, 0.28)	**0.001
Constant	0.615	*0.016
N	1,487	

Source: Survey of Carers in Households, 2009/10 (authors' analysis)

*Notes: The dependent variable is receipt of key social security benefits (Income Support, Housing Benefit or Carer's Allowance) relative to not receiving key social security benefits. Logistic regression analysis uses unweighted cases. A level of 0.05 was used as the criterion to determine significance: * $p < 0.05$; ** $p < 0.01$. Hosmer-Lemeshow Test results (Chi-square = 4.1; $p = 0.768$) show that the model predicts values not significantly different from observed values, indicating good fit.*

Table 7

Binary logistic regression results for factors associated with receipt of each key social security benefit by households of unpaid carers aged 16 to 64 years, who have left work due to caring and are not in employment, England, 2009/10

	<i>Odds ratio, 95% C.I. and significance level (P-value)</i>					
	Receipt by household of:					
	Income Support		Housing Benefit		Carer's Allowance	
	Odds ratio (95% C.I.)	P-value	Odds ratio (95% C.I.)	P-value	Odds ratio (95% C.I.)	P-value
Gender						
Being a womanrelative to being male	0.66 (0.30, 1.43)	0.290	0.41 (0.18, 0.92)	*0.031	1.18 (0.54, 2.58)	0.671
Ethnicity						
Being BMErelative to not BME	1.04 (0.31, 3.46)	0.953	1.05 (0.30, 3.69)	0.937	0.27 (0.06, 1.13)	0.072
Age-band						
45-54 years	0.44 (0.18, 1.07)	0.069	0.32 (0.13, 0.79)	*0.014	0.89 (0.37, 2.15)	0.796
55-64 years ..relative to 16-44 years	0.30 (0.12, 0.71)	**0.007	0.19 (0.07, 0.47)	**<0.001	0.41 (0.17, 0.98)	*0.044
Constant	1.69	0.189	3.12	**0.008	1.03	0.932
N	151		151		151	

Source: Survey of Carers in Households 2009/10

*Notes: The reference category is carers in households that did not receive each benefit. Logistic regression analysis uses unweighted cases (n = 151) which are somewhat higher than weighted cases shown in Table 7 (n = 128). BME denotes a Black and Minority Ethnic background. A level of 0.05 was used as the criterion to determine significance: * p < 0.05; ** p < 0.01. Hosmer-Lemeshow Test results for the Income Support model (Chi-square = 2.127; p = 0.831), Housing Benefit model (Chi-square = 3.489; p = 0.625) and Carer's Allowance model (Chi-square = 4.183; p = 0.523) show that the models predict values not significantly different from observed values, indicating good fit.*

Table 8

Receipt of key social security benefits by households of unpaid carers aged 16 to 64 years, who have left work due to caring and are not in employment, by age and gender, England, 2009/10

Type of benefit By age and gender, where relevant	<i>Sample numbers and percentages</i>				
	Whether household receives benefit				Sample base
	Does not receive benefit		Receives benefit		
	Number	%	Number	%	
Income Support					
16-54 years	45	51.7%	42	48.3%	87
55-64 years	30	73.2%	11	26.8%	41
All aged 16-64 years	75	58.6%	53	41.4%	128
Housing Benefit					
Men aged 16-64 years	17	41.5%	24	58.5%	41
Women					
16-44 years	15	41.6%	21	58.3%	36
45-64 years	40	78.4%	11	21.6%	51
Women aged 16-64 years	55	63.2%	32	36.8%	87
'Carer premium' (if receiving Income Support or Housing Benefit)					
16-54 years	61	70.1%	26	29.9%	87
55-64 years	36	87.8%	5	12.2%	41
All aged 16-64 years	97	75.8%	31	24.2%	128
Carer's Allowance (if not receiving Income Support or Housing Benefit)					
16-54 years	70	80.5%	17	19.5%	87
55-64 years	34	82.9%	7	17.1%	41
All aged 16-64 years	104	81.3%	24	18.7%	128
'Carer premium' or Carer's Allowance					
16-54 years	44	50.6%	43	49.4%	87
55-64 years	29	70.7%	12	29.3%	41
All aged 16-64 years	73	57.0%	55	43.0%	128

Source: Survey of Carers in Households 2009/10

Notes: The table shows weighted sample numbers. Respondents who did not provide information on sources of household income are excluded.

Table 9

Estimated numbers of unpaid carers aged 16 to 64 years, who have left work due to caring and receive key social security benefits, and estimated annual value of benefits, by gender, England, 2015/2016

Numbers (in thousands to nearest 5,000), £ (in millions)

Numbers leaving work to care and costs of each social security benefit	Men	Women	Total
<i>Carers in households receiving Income Support (IS)</i>			
Numbers leaving work to care who receive Income Support	55	85	145
Weekly value of Income Support (at £73.07 (men), £71.89 (women) a week)	£4.2	£6.2	£10.4
Annual value of Income Support	£217.0	£321.3	£538.3
<i>Carers in households receiving Housing Benefit (HB)</i>			
Numbers leaving work to care who receive Housing Benefit	80	75	155
Weekly value of Housing Benefit (at £95.97a week)	£7.8	£7.2	£15.0
Annual value of Housing Benefit	£403.6	£376.0	£779.5
<i>Carers in households receiving Carer's Allowance ('carer premium')</i>			
Numbers leaving work to care who receive Carer's Allowance (plus IS or HB)	35	50	85
Weekly value of 'carer premium' (at £34.60 a week)	£1.2	£1.7	£2.9
Annual value paid to households receiving 'carer premium'	£60.0	£90.7	£150.7
<i>Carers in households receiving Carer's Allowance</i>			
Numbers leaving work to care who receive Carer's Allowance (not IS or HB)	25	40	65
Weekly value of Carer's Allowance (at £62.10 a week)	£1.6	£2.4	£4.0
Annual value of Carer's Allowance	£83.7	£125.0	£208.8
Total value of social security benefits paid to carers leaving work to care	£764.3	£912.9	£1,677.2

Sources: Survey of Carers in Households 2009/10, 2011 Census, Carers UK 2015, House of Commons 2015, DWP 2016d

Notes: The weekly rate of Income Support is the average amount paid to carers, by gender, in November 2015; the weekly rate of Housing Benefit is the average award in February 2016 (DWP 2016d). It is assumed that eligible carers receive the 2015/2016 'carer premium' (£34.60 a week) in households receiving Income Support or Housing Benefit. It is assumed that eligible carers receive the 2015/2016 Carer's Allowance (£62.10 a week) in households not receiving Income Support or Housing Benefit (Carers UK 2015, House of Commons 2015). Figures may not add exactly due to rounding.

Table 10

**Estimated annual forgone earnings and lost taxes of unpaid carers leaving
employment due to caring, by gender, England, 2015**

Estimate of annual forgone earnings and lost taxes	Men	Women	Total
Numbers of carers leaving work (thousands to nearest 5,000)			
Numbers of carers leaving work, full-time	120	105	225
Numbers of carers leaving work, part-time	20	100	120
Numbers of carers leaving work	140	205	345
Median weekly earnings, full-time (2015) (£)	£567.20	£471.20	-
Median weekly earnings, part-time (2015) (£)	£155.50	£171.80	-
Forgone earnings a year (to nearest £5 million)			
Forgone earnings, full-time a year	£3,480 million	£2,605 million	£6,085 million
Forgone earnings, part-time a year	£165 million	£890 million	£1,055 million
Forgone earnings, total a year	£3,645 million	£3,495 million	£7,140 million
Annual lost tax at 17.2% (£ million, to nearest £5 million)	£625 million	£600 million	£1,230 million

Sources: Survey of Carers in Households 2009/10, 2011 Census, ONS 2015, HMRC 2016

Note: Figures may not add exactly due to rounding.

Table 11**Public expenditure costs of unpaid carers leaving employment due to caring, by
gender, England, 2015/2016***£ million (to nearest £5 million)*

Source of costs of carers leaving employment	Gender of carers leaving work due to caring		
	Men	Women	Total
Costs of Income Support, Housing Benefit & Carer's Allowance	765	915	1,675
Lost tax revenues	625	600	1,230
Total public expenditure costs	1,390	1,515	2,905

Sources: Survey of Carers in Households 2009/10, 2011 Census, ONS 2015, HMRC 2016

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