The caring penalty

by Spencer Thompson, Abby Jitendra, and Louise Woodruff.

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JOSEPH ROWNTREE FOUNDATION

INSPIRING SOCIAL CHANGE

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The financial impact of unpaid care and how we tackle it

Supporting the transition to a more equitable and just future

The Joseph Rowntree Foundation (JRF) is working towards our mission through policy work, research and campaigns. We also resource and partner with organisations that are doing the difficult and important work of redesigning the world they want to live in to achieve deep, transformative change. Addressing the caring penalty plays an important part in ending poverty and making society more equitable – a key focus of our mission.

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Executive summary

Unpaid carers provide an invaluable service to society, and yet encounter a financial penalty. Using data from Understanding Society, this report sheds light on the carer pay penalty by determining its magnitude, causes, and distribution, as well as its evolution over time. The report also investigates the extent to which existing policies mitigate the penalty and considers the potential for new policies to go further in supporting the incomes of those who make up the human foundations of our economy.

We focus on two broad groups of carers: those who care for someone who is sick, disabled or elderly and those who care for a child who is not sick or disabled. We call these 'unpaid social-care givers' and 'unpaid child-care givers' respectively.

Estimating the pay penalty for individual carers, the report finds that:

- Unpaid child-care givers experience an average pay penalty of £1,264 per month (over £15,000 per year) reaching £1,785 (over £21,000 per year) after six years of providing unpaid care.

- Meanwhile, unpaid social-care givers experience an average pay penalty of £487 per month (nearly £6,000 per year) reaching £744 per month (nearly £9,000 per year) after six years of providing unpaid care.

- By the end of the sixth year, unpaid child-care givers will have foregone a cumulative total of more than £100,000 in gross pay on average, while unpaid social-care givers will have foregone over £40,000.

- These penalties are driven by carers leaving paid work and reducing their hours after they start providing care, set against the increases in pay that they would have otherwise experienced.

- The caring penalty falls disproportionately on women and households in poverty. Ethnic minority groups are also overrepresented in the case of unpaid child-care givers, as are people with health conditions in the case of unpaid social-care givers.

Evaluating existing policies, the report finds that:

- Maternity pay appears to be effective at keeping unpaid child-care givers in paid work, with over 80% of those who take maternity leave returning to paid work (often part-time) the following year. However, even with employer top-ups, maternity pay provides low levels of earnings replacement over the course of maternity leave – less than 50% for someone earning £500 per week.

- Carers Allowance (CA) is ineffective both at incentivising paid work and at replacing earnings. Examining new CA recipients, broadly the same proportion are in work in Year 0 (15%) as in Year 2 (16%). Even when CA is considered alongside Universal Credit (UC) and pensions, these sources of income replace less than 50% of earnings for the majority of new unpaid social-care givers who leave work.

- As a result, household income penalties remain, amounting to £731 per month (nearly £9,000 per year) for unpaid child-care givers and £234 per month (nearly £3,000 per year) for unpaid social-care givers on average. These penalties also increase over time. On average, by the end of the sixth year after starting caring, unpaid child-care givers will have foregone a cumulative total of over £60,000 in net household income, with unpaid social-care givers foregoing nearly £20,000.

- These income penalties translate into higher poverty rates. The relative poverty rate among unpaid child-care givers doubles five years after beginning caring, from 10% to 20%. Poverty rates are more stable among unpaid social-care givers, though if we exclude disability benefits – which are intended to compensate for additional costs – we see a marked increase in relative poverty.

Tackling the caring penalty requires a radical redesign of work and how we perceive the role of care within it. This means support to give all carers genuine choice about how to juggle work and care, mitigate the financial impact of losing or reducing paid work, and prevent people from dropping out of work if their caring responsibilities increase.

We propose that any future settlement around care – unpaid or formal – should include a new **Statutory Carer Pay** entitlement, which mirrors statutory maternity pay and provides earnings-related financial support for carers with high-intensity caring demands up to nine months. This maintains the link between the carer and work, unlike Carers Allowance, and would prevent the financial shock of significantly reducing or exiting work, as well as reducing the demand for formal care services in the future.

Additionally, we set out directions for a wider reform of job design and employee leave to help carers juggle work and care and encourage more men to take on unpaid care, including an employee's **right to have flexible working** from day one and a more generous paternity leave entitlement.

1 Introduction and methodology

Introduction

Caring is foundational to our society and our economy. Virtually everyone will give and receive care of some form over their lifetime, and everyone benefits from living in a world which is made more compassionate and more prosperous by the work of carers. Yet the immense value of care is not reflected in its material rewards. While professional carers often face low pay and poor working conditions, care performed within or between households is not paid at all.

Indeed, taking on care responsibilities often involves sacrificing paid work, whether by working fewer hours, accepting a lower-paid job, or leaving employment altogether. Social security and other sources of income can soften the blow, but unpaid carers are still likely to pay a price – particularly if they forego not only current earnings but also the opportunity for wage growth and career progression, resulting in long-term scarring effects (Harkness, Borkowska and Pelikh, 2019).

The pay penalty for unpaid carers therefore represents a clear link between care and poverty (Galandini and Ferrer, 2020). Since carers are predominantly women, the pay penalty is also intrinsically tied to gender equality – which is itself a key driver of poverty, particularly for families with children (Lister, 2005). Understanding the pay penalty for unpaid carers – its magnitude, its dynamics and its distribution – is therefore crucial for tackling poverty.

A substantial body of knowledge exists on the pay penalty for motherhood, which is associated with unpaid child care (Grimshaw and Rubery, 2015). Less is known about other types of care, although the literature is growing (Van Houtven et al., 2019). Furthermore, much of the research is based on comparisons between groups – such as carers and non-carers – which raises methodological questions and obscures changes over time. Many studies also define the pay penalty in terms of hourly wages, while others focus on changes in work status, rather than bringing these elements together to estimate the total effect on pay. Even fewer studies examine the interaction of benefits and other sources of household income with changes in individual earnings, or consider how the pay penalty unfolds over time.

Methodology

This report quantifies the pay penalty for unpaid carers using Waves 2 to 10 of the UK Household Longitudinal Study (UKHLS), also known as Understanding Society. The longitudinal nature of the data allows us to track incomes over time, before and after individuals begin performing unpaid caring. This is insightful in itself, and also opens the door to a set of cutting-edge methods for robustly estimating the pay penalty.[i]

We consider two types of unpaid care: caring for someone who is sick, disabled or elderly; and caring for a child who is not sick or disabled, proxied by being the parent primarily responsible for the child. We refer to carers in these categories as unpaid social-care givers and unpaid child-care givers respectively. While we would expect these categories to feature material differences in terms of their impacts on carers' lives as well as their implications for policy, there will of course be a wide variety of experiences within each category (Brimblecombe and Cartagena Farias, 2022).

In the next section, we present a range of descriptive statistics on each group of unpaid carers, comparing them with the overall population. In Section 3, we investigate changes in earnings for a subset of each group after they start caring, and proceed to estimate the pay penalty by taking into account what they would have earned had they not undertaken care. Section 4 discusses the extent to which existing mitigations – particularly maternity pay and carer benefits – address the pay penalty. Section 5 sets out how to end the caring penalty through a new settlement which helps carers juggle care and work, starting with a new long-term Statutory Care Pay entitlement. The briefing that accompanies this report – **The caring pay penalty: methodology**, hereafter 'the Methodology Briefing' – contains details of the analysis that underpins this report (Thompson, 2023).

2 Who are the carers?

Key findings

- With an average age of 38, unpaid child-care givers are concentrated around the middle of the age distribution: on average, 94% are aged 25–54, and 44% fall in the 35–44 band alone.
- Unpaid social-care givers tend to be older than average. Those providing at least 20 hours of care per week have an average age of 55, and nearly one-third fall into the 65+ age band.
- Both unpaid child-carers and unpaid social-carers are disproportionately female, with women comprising 97% of child-care givers and around 60% of unpaid social-care givers.
- Unpaid child-care givers are most frequently second earners, while over half of unpaid social-care givers who provide at least 20 hours of care per week live in households with no earnings.
- On average, 27% of unpaid child-care givers and 22% of high-intensity unpaid social-care givers were living in poverty, compared to 18% of all adults.

Before we consider the pay penalty for unpaid carers, it is worth understanding who these carers are. In this section, we present a selection of demographic and economic breakdowns averaged across waves 2–10 of Understanding Society. On average, there were around 9 million unpaid child-care givers in the UK represented in each year of data, along with 11.4 million unpaid social-care givers.[ii]

Caring characteristics

The impact of unpaid care can be expected to vary with the intensity of unpaid care. The number of hours spent caring is particularly relevant to the pay penalty, as research suggests that balancing paid work and unpaid care becomes especially difficult after the individual provides around 20 hours of care per week.[iii] In our data, an average of 26% of unpaid social-care givers (3 million) fall above this threshold. While we lack information on the intensity of unpaid child care, the available evidence suggests that mothers of young children provide around 20 hours of care per week on average (Walthery and Chung, 2021, Table 5).

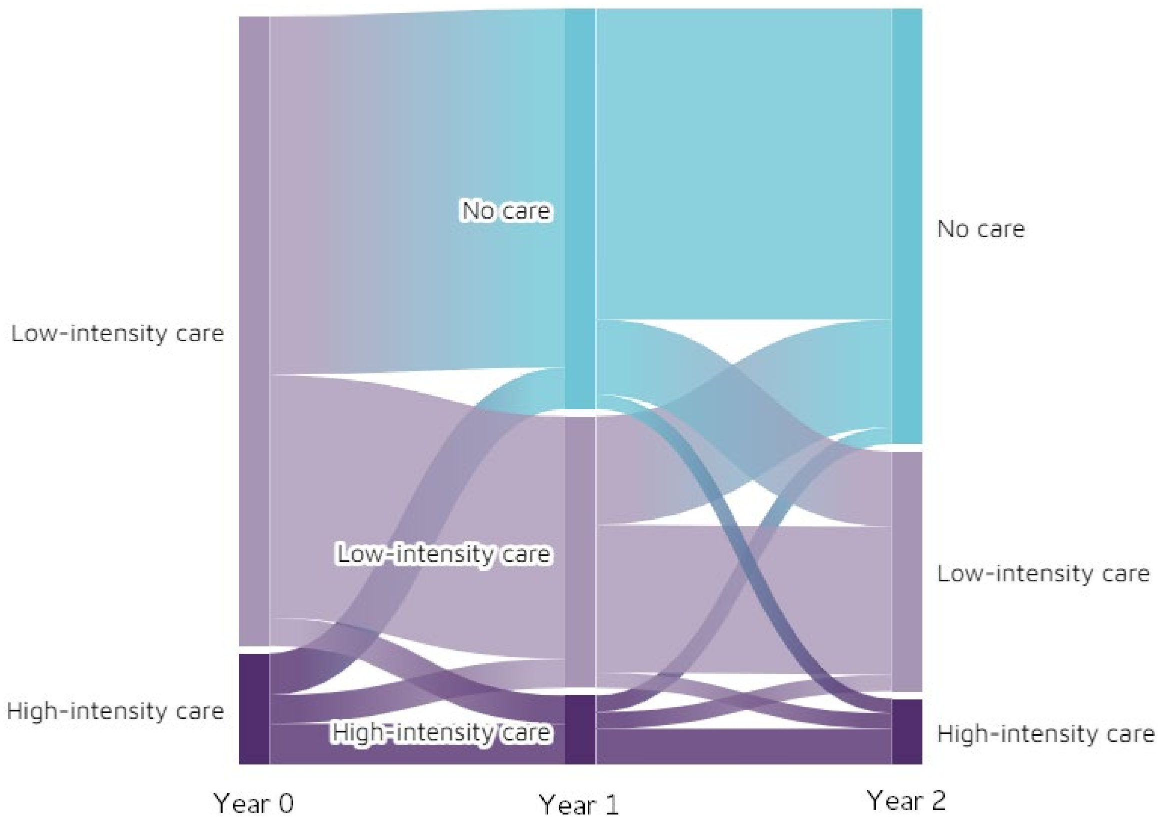
Over two-thirds of unpaid social-care givers above the 20-hour threshold (81%) care for somebody within the same household, while a similar proportion of those below the threshold (78%) care for somebody in a different household.[iv] Since there are considerably more carers below the threshold, this means that caring between households is more common overall. This pattern is intuitive, since we would expect cases of full-time care to involve family members, particularly spouses. A relatively even number of unpaid child-care givers provide care for one person and for two people (35–40% each, with the remainder providing care for 3+ people), while around two-thirds of unpaid social-care givers (above or below the 20-hour threshold) provide care for one person.[v]

Care responsibilities and caring intensity are not fixed. For social-care givers in particular, transitions in and out of unpaid care, as well as between different levels of care intensity, are common. This is demonstrated in Figure 1 below, which presents flows between different care intensities in the first year of unpaid social care, along with two subsequent years, for those who reported not caring in the previous year.

While high-intensity carers make up around one-quarter of unpaid social-care givers, the figure shows that they represent only 15% of individuals who begin unpaid social care each year. In part this is because low-intensity care is relatively sporadic: more than half (57%) of individuals who enter low-intensity care do no unpaid care in the subsequent year, followed by relatively even flows between no care and low-intensity care. It also reflects the fact that a high percentage of high-intensity carers previously provided low-intensity care: one year after starting caring, over 40% of high-intensity carers had been low-intensity carers in the previous year.

Figure 1: The intensity of unpaid social care varies over time

Flows between low-intensity care (0–19 hours per week), high-intensity care (20+ hours per week), and no care for new unpaid social-care givers, by year since starting unpaid care



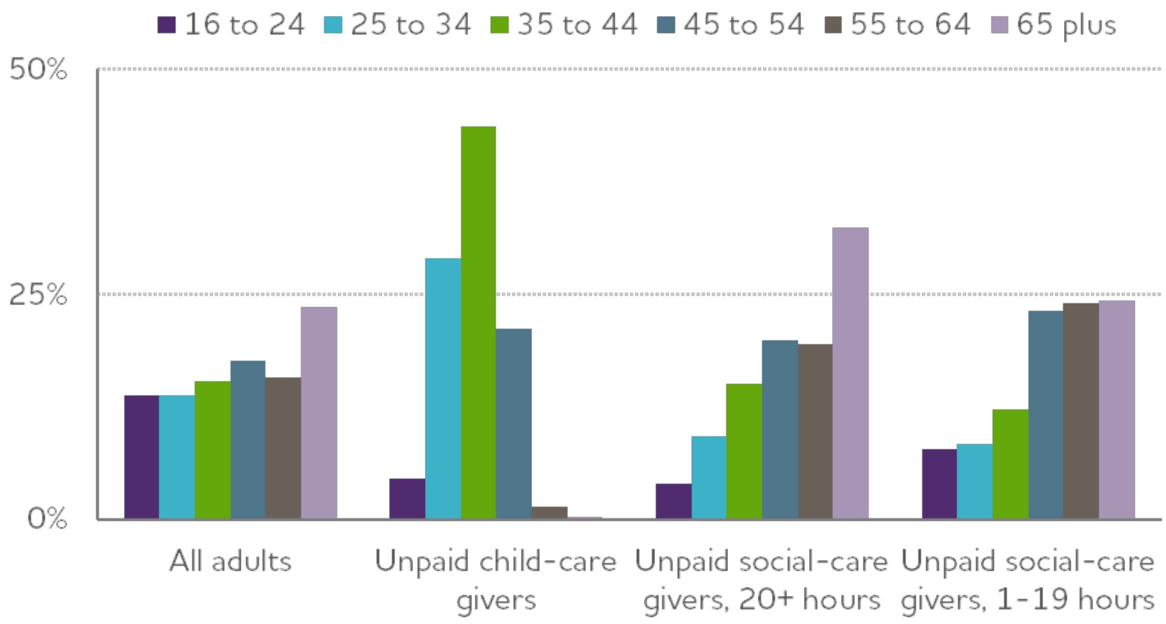
Source: JRF analysis of Understanding Society, waves 2–10
Notes: Data is restricted to new unpaid social-care givers who appear in the data in at least two subsequent consecutive waves.

Demographic characteristics

Figure 2 shows the age profile of unpaid carers compared to the adult population as a whole. With an average age of 38, unpaid child-care givers are concentrated around the middle of the distribution: on average, 94% are aged 25–54, and 44% fall in the 35–44 band alone. Meanwhile, unpaid social-care givers tend to be older than average. Those above the 20-hour threshold have an average age of 55, and nearly one-third fall into the 65+ age band. Those below the threshold are slightly younger, with a higher proportion aged between 45 and 64 and an average age of 52. These results are largely expected, given the life stages in which people are most likely to have children or an elderly spouse or parent.

Figure 2: Unpaid child-care givers tend to be middle-aged, while unpaid social-care givers tend to be older

Average distribution of unpaid care givers by age band

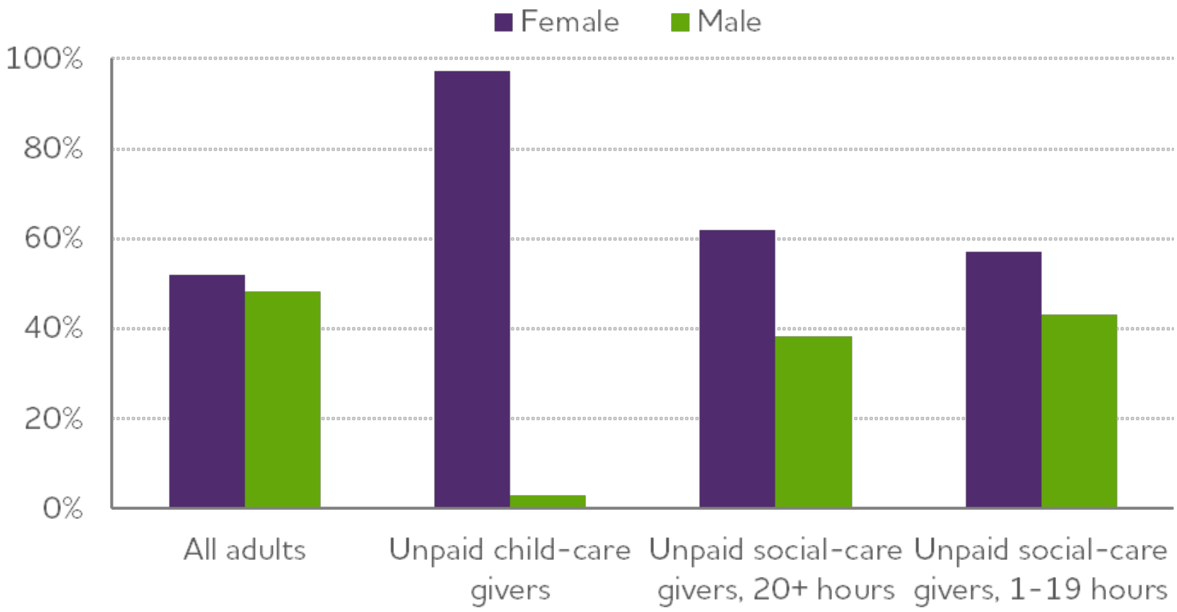


Source: JRF analysis of Understanding Society, waves 2–10
Notes: Percentages calculated as simple annual averages

Both unpaid child-carers and unpaid social-carers are disproportionately female, as shown in Figure 3. The ratio is particularly stark in the case of unpaid child care: in 97% of cases, women provide the majority of unpaid child care within the household. Our analysis is based on these 'primary carers', but we note that this definition of unpaid child-care givers excludes male (and female) carers who provide less care than their spouses (see Methodology Briefing). Meanwhile an average of 57–62% of unpaid social-care givers are female, compared to 52% of the adult population as a whole. Underlying these comparisons is an overlap with age: unpaid social-care givers tend to be older than average, and older people as a whole are disproportionately female.

Figure 3: Unpaid care responsibilities fall mostly on women

Average distribution of unpaid care givers by sex

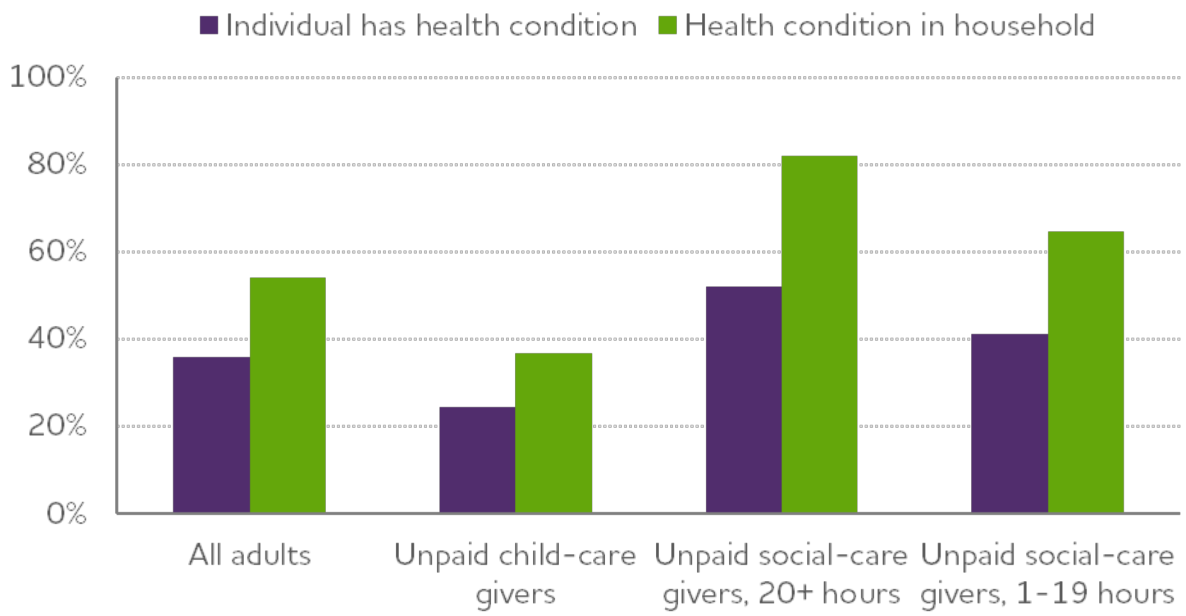


Source: JRF analysis of Understanding Society, waves 2–10
Notes: Percentages calculated as simple annual averages. Unpaid child-care givers defined as the parent primarily responsible for children.

Figure 4 shows the proportion of unpaid carers who either have a long-standing illness or impairment themselves or live in a household where at least one person does. Unpaid child-care givers have lower proportions in both categories than the adult population as a whole, whereas unpaid social-care givers are overrepresented in both categories. Age is once again likely to influence these patterns.

Figure 4: Unpaid social-care givers are more likely to have a health condition or be living with someone who does

Average proportion of unpaid carers with a long-standing illness or impairment, or a long-standing illness of impairment in the household

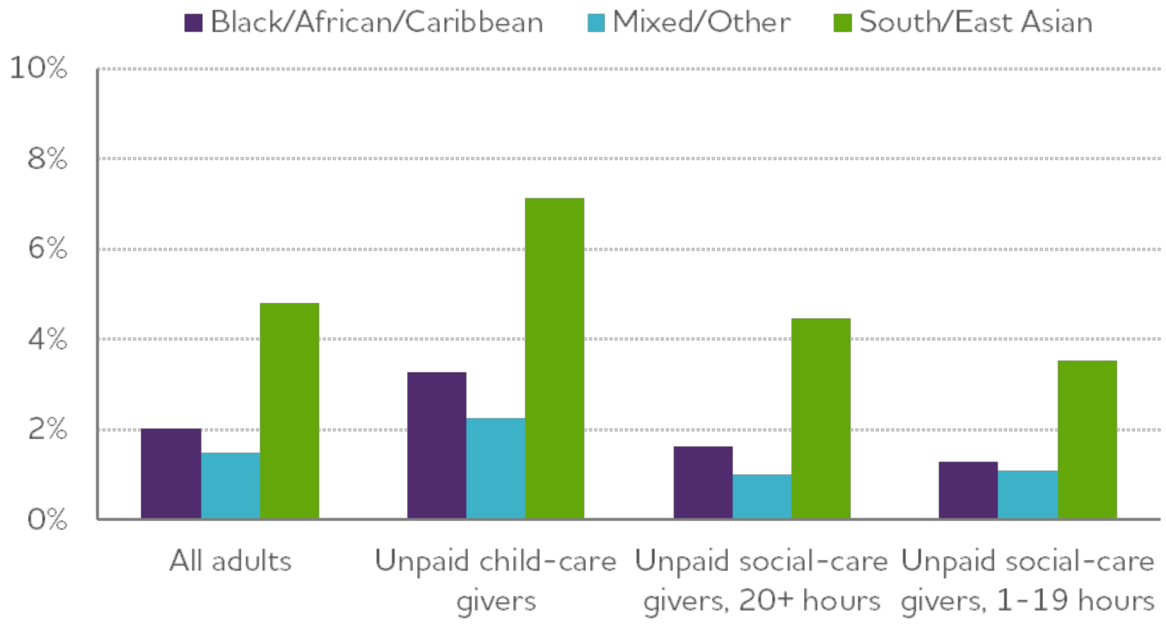


Source: JRF analysis of Understanding Society, waves 2–10
Notes: Percentages calculated as simple annual averages. Individuals in each group who have health conditions are also included in the household measure.

Figure 5 shows the ethnic makeup of unpaid carers, with the 'white' category excluded to facilitate comparisons between minority groups. Unpaid child-care givers are disproportionately from ethnic minority groups, with ethnic minorities making up 13% of these carers compared to 8% of all adults, and contain a larger-than-average percentage in all of the three ethnic minority groupings presented here. The opposite is true for unpaid social-care givers, of which 6–7% are from minority ethnic groups, but there is again an overlap with age since ethnic minority households are younger on average (ONS, 2023a).

Figure 5: Unpaid child-care givers are disproportionately from ethnic minority groups

Ethnic distribution of unpaid care givers



Source: JRF analysis of Understanding Society, waves 2–10
Notes: Percentages calculated as simple annual averages

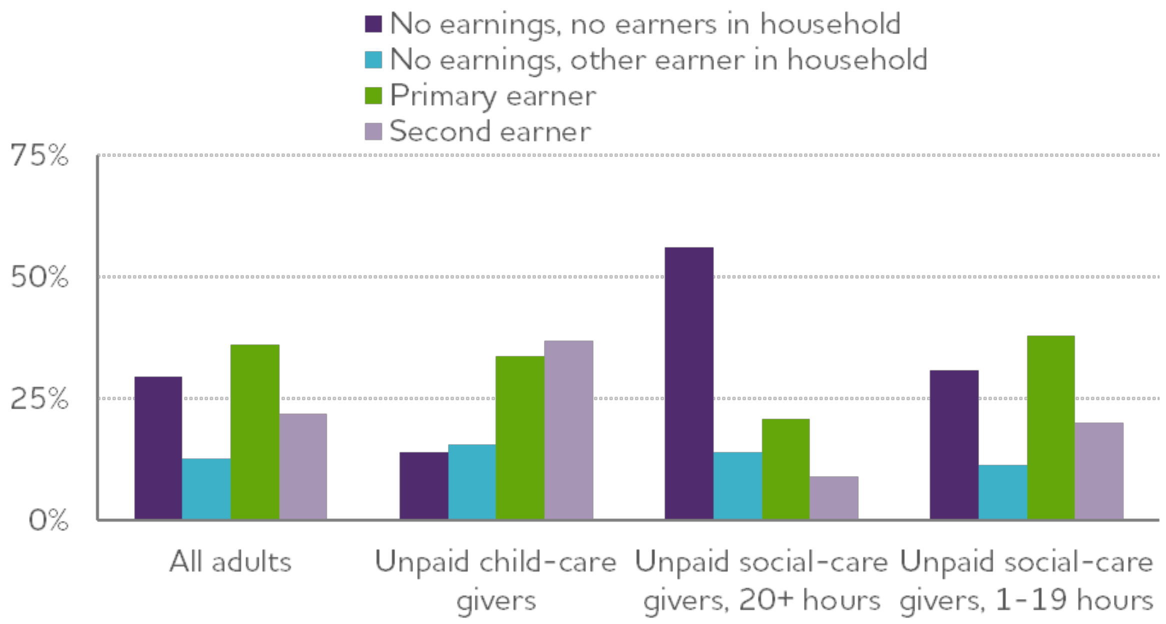
Economic characteristics

Compared to adults as a whole, unpaid child-care givers are less likely to have no earnings before they start caring (30% compared to 42%), but are more likely to have positive earnings of less than £2,000 per month (43% compared to 27%). Meanwhile, an average of 70% of unpaid social-care givers who provide at least 20 hours of care per week have no earnings before starting caring at this level,[vi] whereas the earnings profile of those providing less care resemble the overall adult population. Age is likely to drive these patterns to a significant degree.

To paint a more complete picture of living standards, Figure 6 categorises individuals based on their household's earnings as well as their own. Before they start caring, unpaid child-care givers are more likely to be second earners than adults as a whole (37% compared to 22%). Reflecting their age profile, unpaid social-care givers above the 20-hour threshold are more likely to have no earnings in the household than adults as a whole (56% compared to 29%), though those below the threshold are more similar to the overall adult population with the largest category being primary earners (38% compared to 36%).

Figure 6: Unpaid child-care givers are often second earners

Household earnings status of unpaid care givers before starting unpaid care



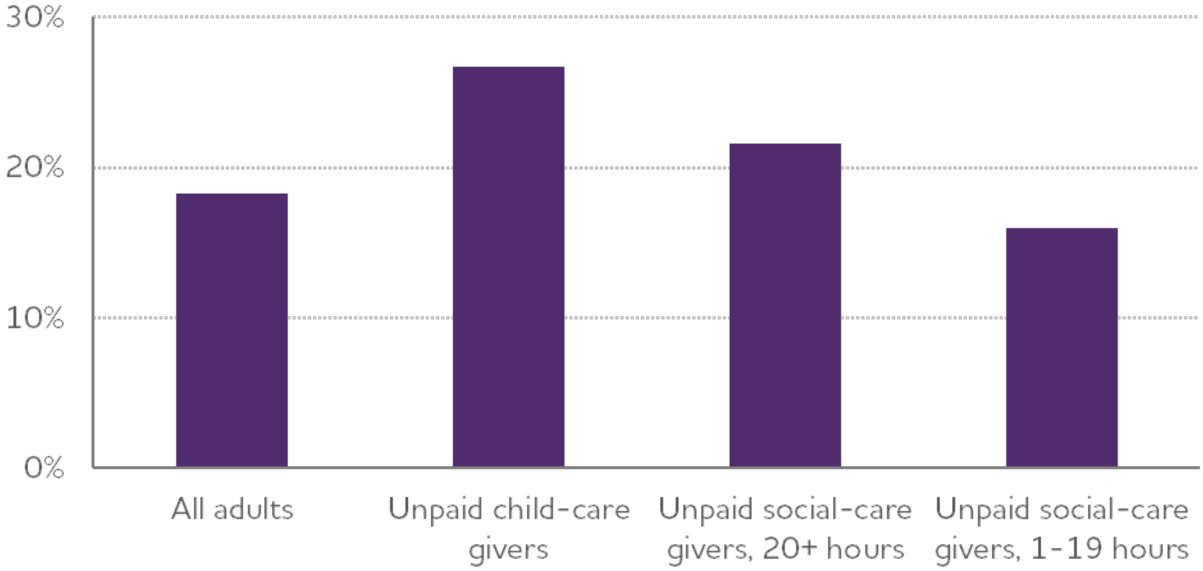
Source: JRF analysis of Understanding Society, waves 2–10
Notes: Percentages calculated as simple annual averages. With the exception of the 'all adults' category, figures are based on individuals who are not performing unpaid care, but will perform unpaid care the following year.

Finally, we can examine unpaid carers on the basis of their poverty status, taking into account all sources of household income as well as their housing costs and household composition. In Figure 7, poverty is defined as living below 60% of median net equivalised household income after housing costs.[vii] On average, before starting care, 27% of unpaid child-care givers were living in poverty compared to 18% of all adults. Meanwhile, an average of 22% of unpaid social-care givers above the 20-hour threshold were living in poverty, along with 16% below the threshold, highlighting the importance of care intensity.

Poverty is more prevalent among households with a disabled person than is indicated by this measure of poverty, which counts disability benefits as income but does not adjust for the extra costs of being disabled. While the figure shows the poverty status of individuals **before** they start providing care, we have already seen that unpaid social-care givers are more likely than the overall adult population both to have health conditions themselves and to be living with someone who does.

Figure 7: Unpaid carers have elevated risks of poverty

Relative after-housing-cost poverty status of unpaid care givers before starting unpaid care



Source: JRF analysis of Understanding Society, waves 2–10

Notes: Percentages calculated as simple annual averages. With the exception of the 'all adults' category, figures are based on individuals who are not performing unpaid care but will perform unpaid care the following year.

3 The caring pay penalty

Key findings

- Five years after starting unpaid care, unpaid child-care givers earn £566 per month (21%) less on average than they did before they started caring. Meanwhile, unpaid social-care givers providing at least 20 hours of care per week earn £804 per month (34%) less on average.
- Taking into account what carers would have earned had they not taken up unpaid care, the pay penalty for unpaid child-care givers comes to an average of £1,264 per month, reaching £1,785 six years after starting caring. Meanwhile, the penalty for unpaid social-care givers providing any amount of care averages £487 per month, reaching £744 six years after starting caring.
- Changes in working status and hours worked drive the penalty. A majority of unpaid child-care givers go on maternity leave, and a shift to part-time work is evident. A higher proportion of unpaid social-care givers leave paid work by the fifth year after starting caring (31% versus 17%), with around half of these exits due to retirement.

Carers' earnings fall after starting unpaid care and do not recover

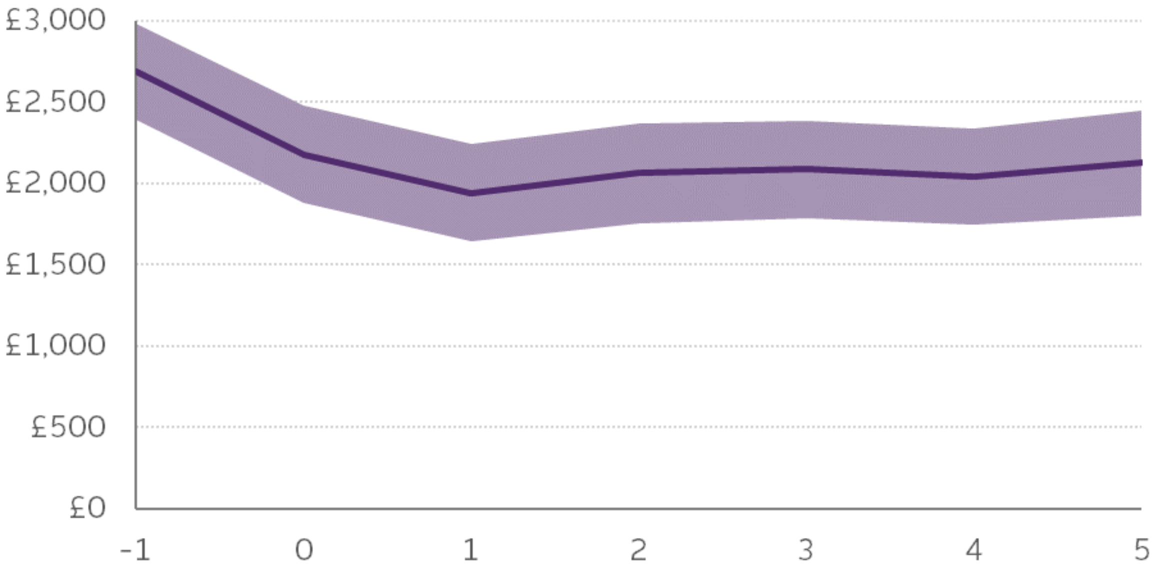
To understand the impact of unpaid care on pay, we can start by tracking a group of workers who begin to undertake unpaid care and observe what happens to their pay. This is done in Figure 8 and Figure 9, which show changes in gross monthly earnings for a cohort of unpaid child-care givers and a cohort of unpaid social-care givers each year since they begin caring. Since we are interested in observing the impacts of unpaid care within a specific window of time, we focus here on unpaid social-care givers who provide at least 20 hours of care per week and were providing no care in the previous two years.

The earnings of unpaid child-care givers drop sharply at first, before stabilising at a lower level. Their earnings fall by an average of £512 per month (19%) in the year they start caring, followed by an additional drop of £239 per month (11%) in the subsequent year. Marginal increases after this are not enough to close the gap, so that, five years after starting caring, unpaid child-care givers earn £566 per month (21%) less on average than they did before starting caring.

The fall in pay experienced by unpaid social-care givers is more gradual, but also more continuous. The earnings of these carers fall by an average of £134 per month (7%) after they begin caring, so that five years later their pay is £804 per month (34%) lower than it was before they started caring.

Figure 8: Unpaid child-care givers experience a sharp fall in earnings

Average real monthly gross earnings by year since starting unpaid child care

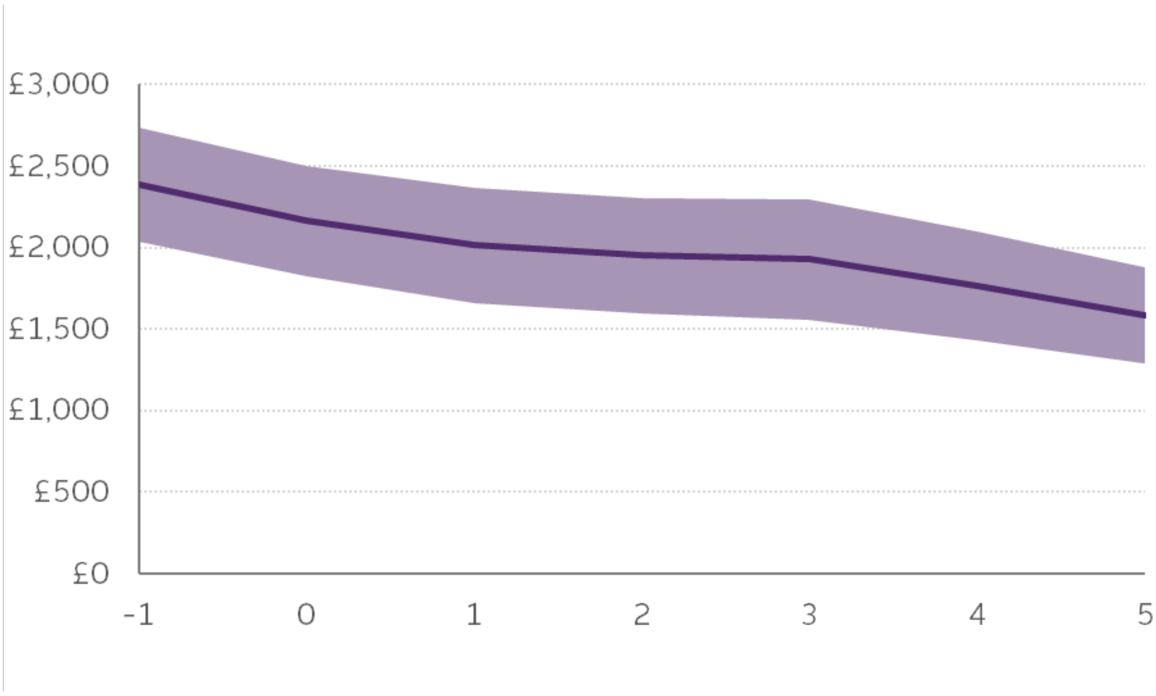


Source: JRF analysis of Understanding Society, waves 2–10

Notes: Sample is restricted to unpaid child-care givers who were in paid work in the year before starting unpaid care, who have at least two consecutive years of data before starting unpaid care and five consecutive years after starting unpaid care, and who were not providing care in the previous two waves. Earnings are uprated to April 2023 using the Consumer Price Index. Confidence intervals are calculated at a 5% significance level.

Figure 9: Unpaid social-care givers experience a steady fall in earnings

Average real monthly gross earnings by year since starting unpaid social care



Source: JRF analysis of Understanding Society, waves 2–10
Notes: Sample is restricted to unpaid social-care givers who were in paid work in the year before starting unpaid care, and who have at least two consecutive years of data before starting unpaid care and five consecutive years after starting unpaid care. Unpaid social care is defined as providing at least 20 hours of care per week, and the sample is restricted to carers who provided zero hours of care in the previous two waves. Earnings are uprated to April 2023 using the Consumer Price Index. Confidence intervals are calculated at a 5% significance level.

Carers face significant losses in potential earnings

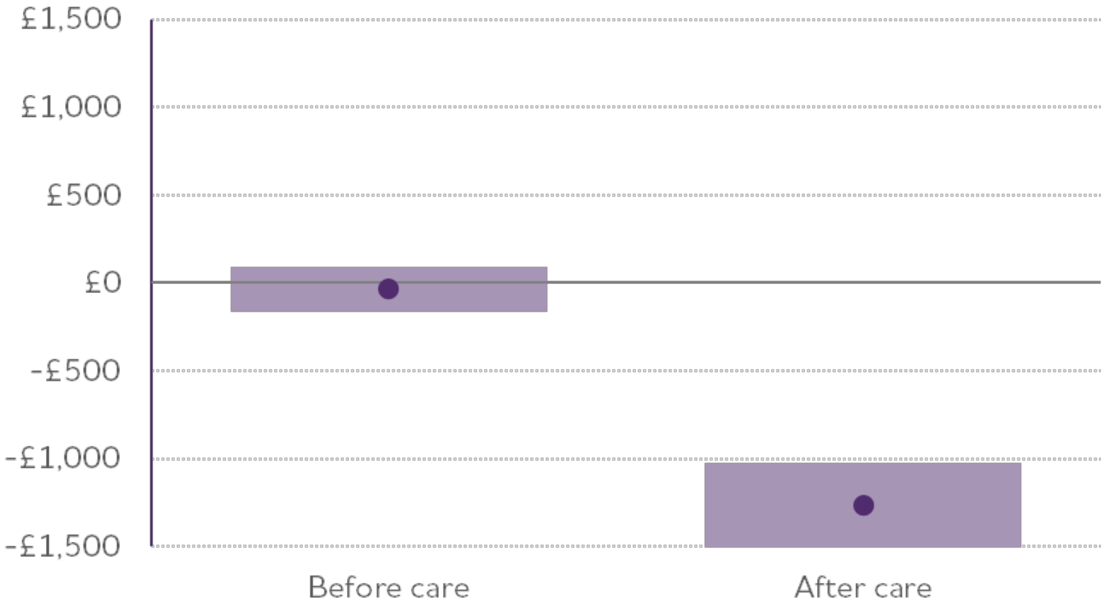
Unpaid carers not only lose out on the pay they were earning when they started providing care; they also sacrifice the increases in pay that they would have otherwise experienced. These increases are not directly observed, and may depend on a wide range of factors such as whether the carer was close to retirement. To isolate the impact of unpaid care on earnings, we therefore need to model a counterfactual – a hypothetical scenario in which carers do not undertake caring. We can then calculate the difference between actual pay and counterfactual pay to estimate what we call the 'caring pay penalty'.

Figure 10 and Figure 11 show our headline estimates of the average pay penalty for unpaid child-care givers and unpaid social-care givers. To ensure that our estimates are as robust as possible, this analysis uses a different set of definitions and samples to the longitudinal analysis above (see Methodology Briefing). As a result, the figures are not fully comparable. The pre-care period is included as a statistical test, to ensure that the counterfactual is reliable.

We see a statistically significant difference in the post-care period for both groups of carers, indicating an average pay penalty of £1,264 per month for unpaid child-care givers and £487 per month for unpaid social-care givers. As shown in the Methodology Briefing, the difference between these two penalties is due to both larger increases in counterfactual pay and larger decreases in actual pay for unpaid child-care givers.

Figure 10: Unpaid child-care givers lose more than £1,000 per month

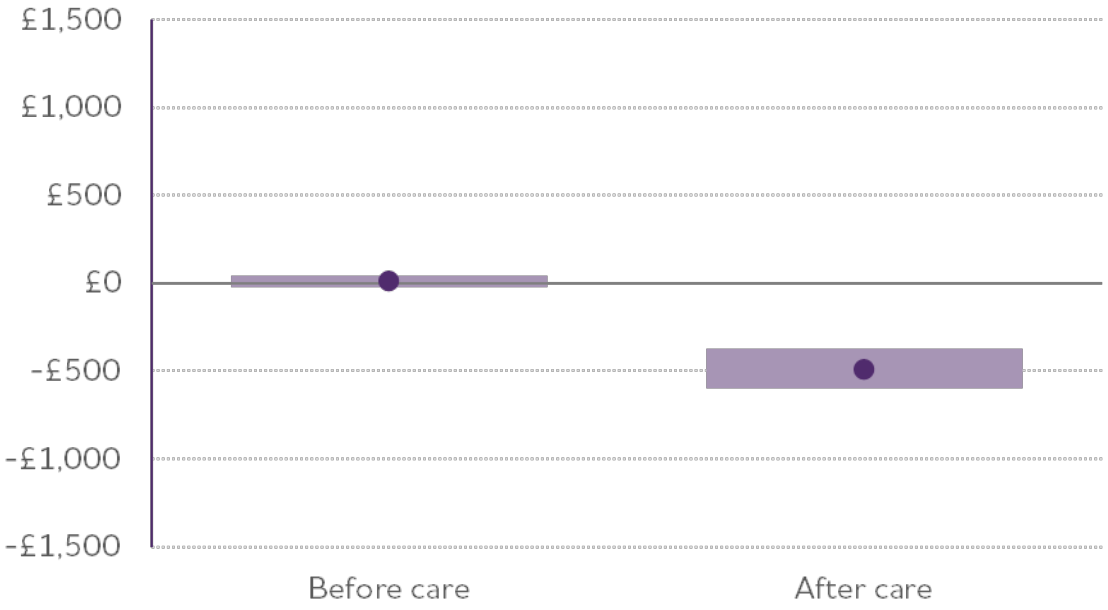
Average real monthly gross earnings penalty, unpaid child-care givers



Source: JRF analysis of Understanding Society, waves 2–10
Notes: Estimated using multi-period difference-in-differences comparing contemporaneous unpaid child-care givers with future unpaid child-care givers in each time period. Sample is restricted to unpaid child-care givers who were in paid work in the year prior to starting unpaid care. Earnings are uprated to April 2023 using the Consumer Price Index. Confidence intervals are calculated at a 5% significance level.

Figure 11: Unpaid social-care givers also face a significant pay penalty

Average real monthly gross earnings penalty, unpaid social-care givers



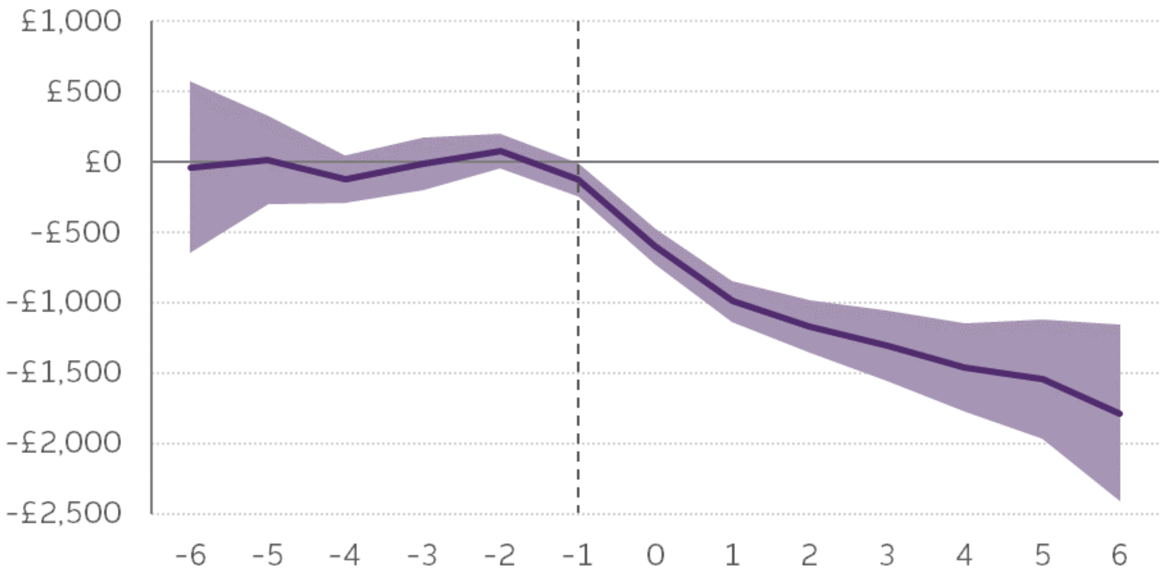
Source: JRF analysis of Understanding Society, waves 2–10
Notes: Estimated using multi-period difference-in-differences comparing contemporaneous unpaid social-care givers with future unpaid social-care givers in each time period. Sample is restricted to unpaid social-care givers who were in paid work in the year prior to starting unpaid care. No intensity threshold is used to define unpaid social care. Earnings are uprated to April 2023 using the Consumer Price Index. Confidence intervals are calculated at a 5% significance level.

To examine how the pay penalty evolves over time, Figure 12 and Figure 13 show the average pay penalty for each year since starting unpaid care. In the year when the begin caring, the pay of unpaid child-care givers is reduced by £600 per month on average, relative to what it would have been had they not undertaken caring. The penalty grows to £1,785 per month by the sixth year since they started caring. By the end of that year, unpaid child-care givers will have foregone a cumulative total of more than £100,000 on average.

Meanwhile, in the year that they start caring, the pay of unpaid social-care givers is reduced by £174 per month on average. The pay penalty increases to £744 per month by Year 6, after which the cumulative loss for unpaid social-care givers exceeds £40,000.

Figure 12: The impact of unpaid child care on earnings grows over time

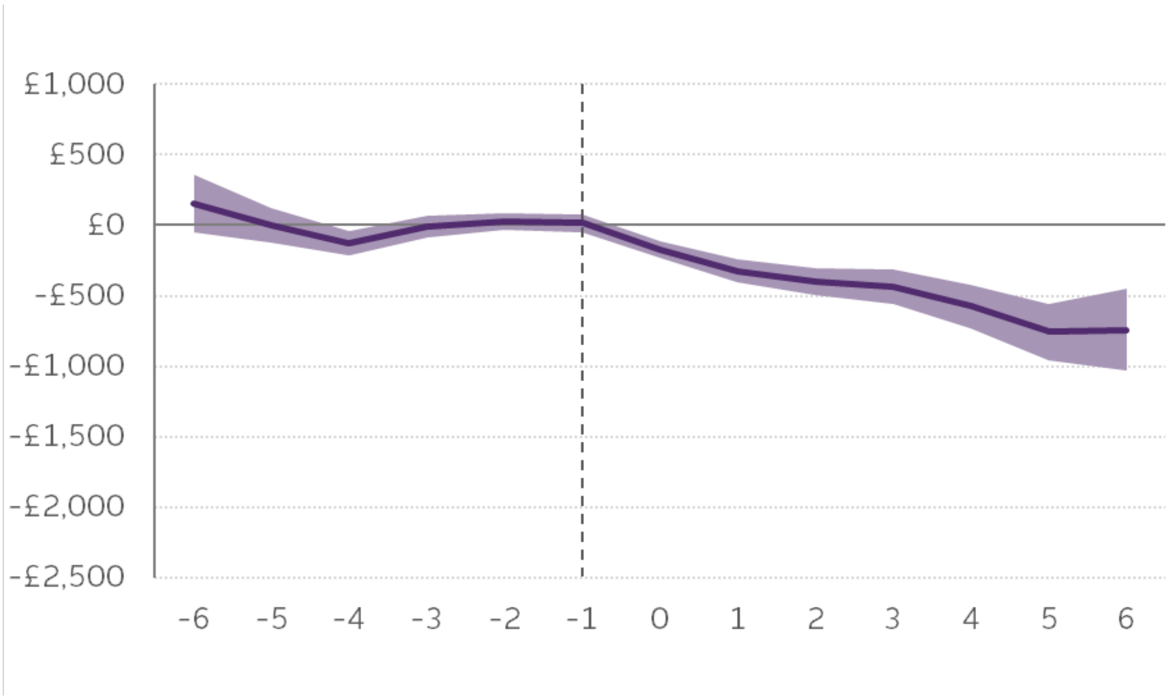
Real monthly gross pay penalty by year since starting caring, unpaid child-care givers



Source: JRF analysis of Understanding Society, waves 2–10
Notes: Estimated using multi-period difference-in-differences comparing contemporaneous unpaid child-care givers with future unpaid child-care givers in each time period. Sample is restricted to unpaid child-care givers who were in paid work in the year prior to starting unpaid care. Earnings are uprated to April 2023 using the Consumer Price Index. Confidence intervals are calculated at a 5% significance level.

Figure 13: The pay penalty for unpaid social-care givers grows too

Real monthly gross pay penalty by year since starting caring, unpaid child-care givers



Source: JRF analysis of Understanding Society, waves 2–10
Notes: Estimated using multi-period difference-in-differences comparing contemporaneous unpaid social-care givers with future unpaid social-care givers in each time period. Sample is restricted to unpaid social-care givers who were in paid work in the year prior to starting unpaid care. No intensity threshold is used to define unpaid social care. Earnings are uprated to April 2023 using the Consumer Price Index. Confidence intervals are calculated at a 5% significance level.

The analysis above focuses on individuals who undertake unpaid care, whether out of choice or due to a lack of alternatives. However, individuals and households will be making choices about which individual in each household provides care based on the extent of the anticipated pay penalty, and many households will be deterred from provisioning unpaid care at all.[viii]

These choices and constraints will be shaped by the specific characteristics of each individual and their household. External factors, such as the availability and affordability of formal care, entitlements to cash benefits and subsidised services, and options around flexible and part-time working, will also have an influence.

The result is a complicated picture. For example, high-income households and those with more opportunities for progression would be expected to face larger penalties, all else being equal, and may therefore be less likely to perform unpaid care. However, low-income households may be less able to absorb even a small pay penalty (Heitmueller, 2007). The persistence of the pay penalty also matters, and this may vary with income.

Similar issues will be at play within households. Perspectives that treat the household as a single actor predict that caring responsibilities will be allocated to the individual with the lowest expected penalty. In reality however, traditional gender roles often come into play, so that women assume caring responsibilities even if they are higher paid than their male partners (Andrew et al., 2021).

Changes in work status and working hours are driving the pay penalty

Changes in earnings can result from changes in one or more of three factors: work status, working hours and wages. Based on the existing literature, we would expect unpaid care to be associated with a change in work status, as individuals exit the labour market due to the time constraints of caring (Ferrant, Maria Pesando, and Nowacka, 2014). Carers may also reduce their working hours in order to accommodate unpaid care, or switch to lower-paid employment which is more flexible or geographically closer (Goldin, Kerr, and Olivetti, 2022).

To understand which of these factors is driving the caring pay penalty, we can continue our longitudinal analysis on earnings, following the same cohorts of carers who were previously in paid work to track changes in work status, wages and working hours. While this analysis does not take into account what would have happened in the absence of undertaking unpaid care, the Methodology Briefing shows that the conclusions are unchanged if we incorporate the counterfactual.

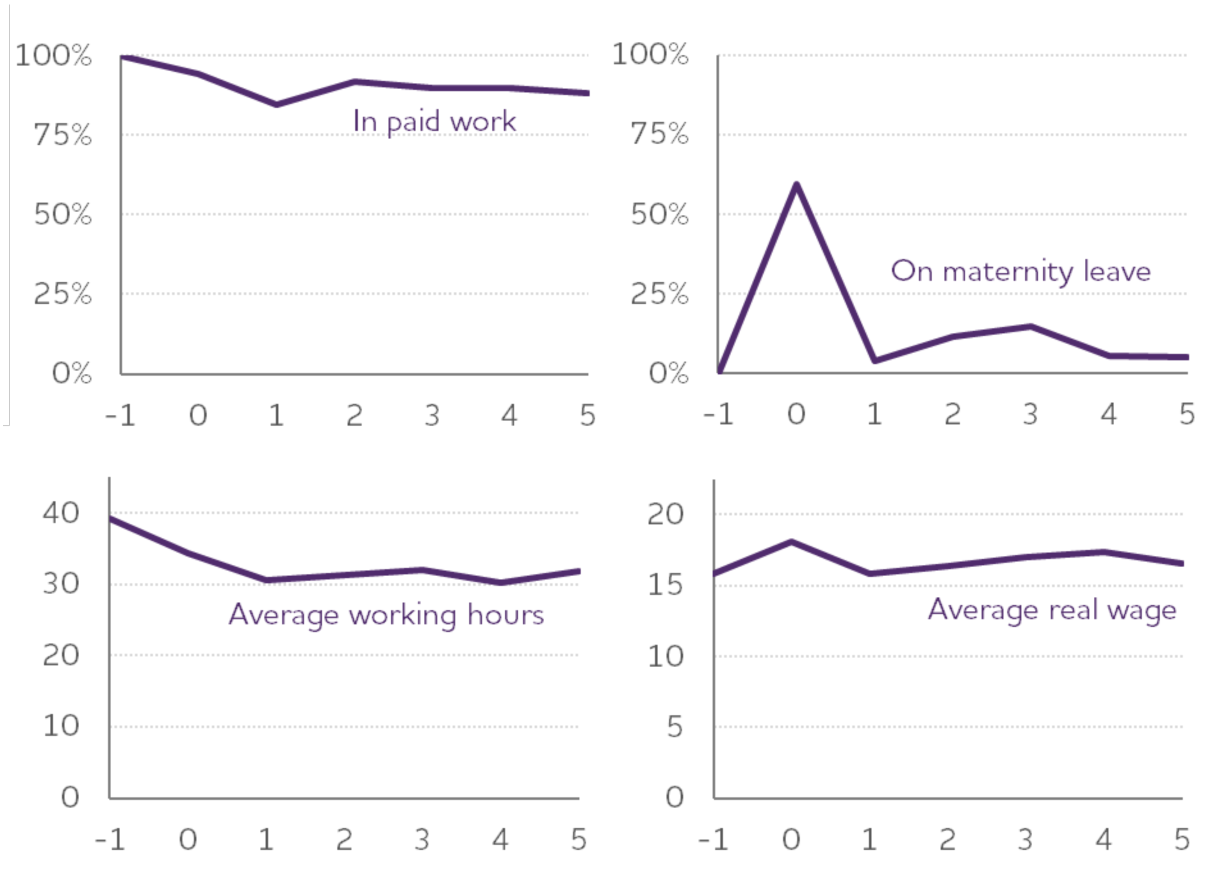
Figure 14 shows the proportion of the unpaid child-care givers who are in paid work each year after starting unpaid care, having either stayed in work or returned after a hiatus. Since the definition of paid work includes maternity leave, which is also likely to be associated with a fall in earnings, the figure additionally shows the proportion of unpaid child-care givers who are on maternity leave each year since starting unpaid care, along with changes in average wages and working hours.

The most notable change is that 60% of the unpaid child-care givers go on maternity leave in the year of starting unpaid care. A smaller proportion of carers exit paid work, particularly in the year of starting care and the subsequent year, with 88% of the unpaid child-care givers either remaining or returning to paid work by Year 5.

We also observe falls in average working hours, from around 40 hours per week to around 30, signalling a shift to part-time work.[ix] Little change is observed in average wages, though it is conceivable that impacts may be felt beyond our five-year time horizon, for example if the shift to part-time work constrains wage growth in the long term (Costa Dias, Joyce, and Parodi, 2018).

Figure 14: Falls in pay for unpaid child-care givers are driven by changes in work status and working hours

Unpaid child-care givers: percentage in paid work, percentage on maternity leave, average working hours, and average real wage, by year since starting unpaid care



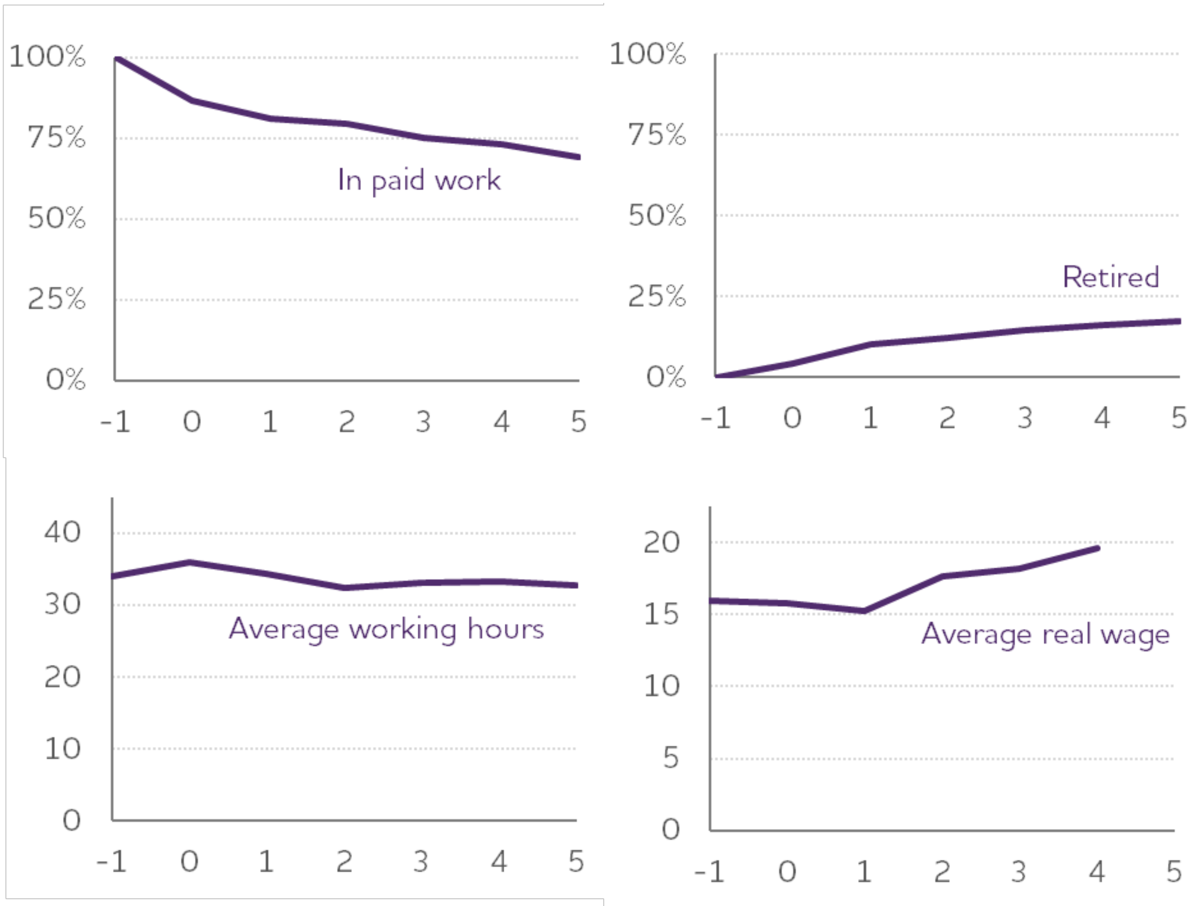
Source: JRF analysis of Understanding Society, waves 2–10
Notes: Sample is restricted to unpaid child-care givers who were in paid work in the year before starting unpaid care, and who have at least two consecutive years of data before starting caring and five consecutive years after starting caring, and who were not providing care in the previous two waves. Wages are uprated to April 2023 using the Consumer Price Index. Paid work includes maternity leave.

Figure 15 repeats this analysis for unpaid social-care givers. Given that these carers tend to be older, we also show the proportion who are retired each year. Five years after starting caring, 31% of the unpaid social-care givers are no longer in paid work – nearly double the proportion for unpaid child-care givers. Over half of these leave due to retirement, with 17% of the cohort retiring by Year 5. Although we would expect some of these retirements to have occurred anyway, over half of those who retire by Year 5 do so before reaching State Pension Age (SPA) – a pattern which could be influenced by the demands of unpaid care.

Relatively small reductions are observed in average working hours among those in paid work, along with notable wage increases.[x] We also observe that working hours are lower to begin with when compared to unpaid child-care givers, pointing to a higher prevalence of part-time work in the pre-care period.

Figure 15: The pay penalty for unpaid social-care givers is driven by movements out of paid work

Unpaid social-care givers: percentage in paid work, percentage on maternity leave, average working hours, and average real wage, by year since starting unpaid care



Source: JRF analysis of Understanding Society, waves 2–10
Notes: Sample is restricted to unpaid social-care givers who were in paid work in the year before starting unpaid care, and who have at least two consecutive years of data before starting unpaid care and five consecutive years after starting unpaid care. Unpaid social care is defined as providing at least 20 hours of care per week, and the sample is restricted to carers who provided zero hours of care in the previous two waves. Earnings are uprated to April 2023 using the Consumer Price Index. Confidence intervals are calculated at a 5% significance level. We exclude wages in Year 5 because the confidence intervals are excessively wide, reflecting the large proportion of the sample which is no longer in paid work. Paid work excludes retirement.

4 Mitigations are not protecting carers

Key findings

- Over 80% of mothers who take up maternity leave return to paid work the following year, suggesting that the policy helps keep mothers in paid work.
- However, average earnings drop during and after leave as the support does not replace incomes and around half of mothers who were working full-time come back to work part-time.
- Carers Allowance (CA) is effectively an out-of-work benefit, disincentivising paid work through inflexible eligibility criteria. Looking at new CA recipients, broadly the same proportion are in work in Year 0 (15%) as in Year 2 (16%).
- A significant minority (44%) of carers see no income replacement whatsoever from CA, Universal Credit (UC), or pensions, evidencing the strict eligibility criteria and low levels of these payments.
- Household income is generally more stable than our measure of individual pay, but penalties on household income remain, averaging £731 per month for unpaid child-care givers and £234 per month for unpaid social-care givers.
- Relative poverty rates double for unpaid child-care givers within 5 years of starting caring (from 10% to 20%), with an increase of 7 percentage points for unpaid social-care givers if disability benefits are excluded (from 11% to 18%).

While examining gross earnings helps us quantify the economic changes associated with unpaid care, individuals experience these changes in net terms. In addition, living standards are determined not only by individual earnings, but also by other sources of household income. Benefits are of particular interest, especially those that are designed to replace or supplement earnings.

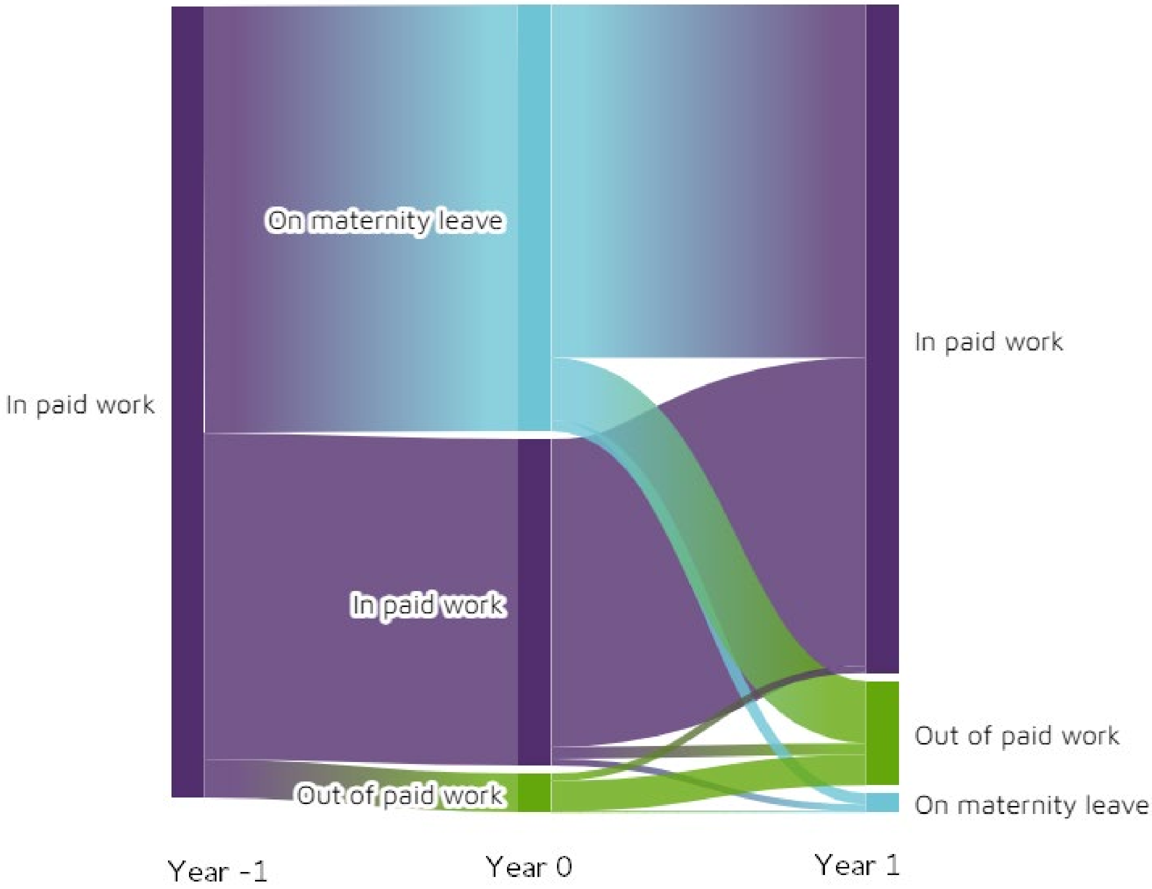
Maternity leave helps unpaid child-carers stay in work but incomes drop

In the case of unpaid child-care givers, the most relevant source of earnings replacement is paid maternity leave. We have already seen how a large proportion of new unpaid child-care givers in paid work go on maternity leave in the first year of providing care. To investigate this issue more closely, Figure 16 presents the employment flows of new unpaid child-care givers who were in paid work before starting care, across three years: the year before they begin providing care, the year in which they begin providing care and one subsequent year.

The figure shows that in the year when they start caring, over half (54%) of unpaid child-care givers go on maternity leave.[xi] Of these, over 80% return to paid work the following year, suggesting that maternity leave helps keep mothers in paid work – though we cannot isolate the effect of maternity leave from other factors.

Figure 16: Most mothers who go on maternity leave stay in paid work

Flows between being in paid work, being out of paid work and being on maternity leave for new unpaid child-care givers who were in paid work in the previous year, by year since starting unpaid care



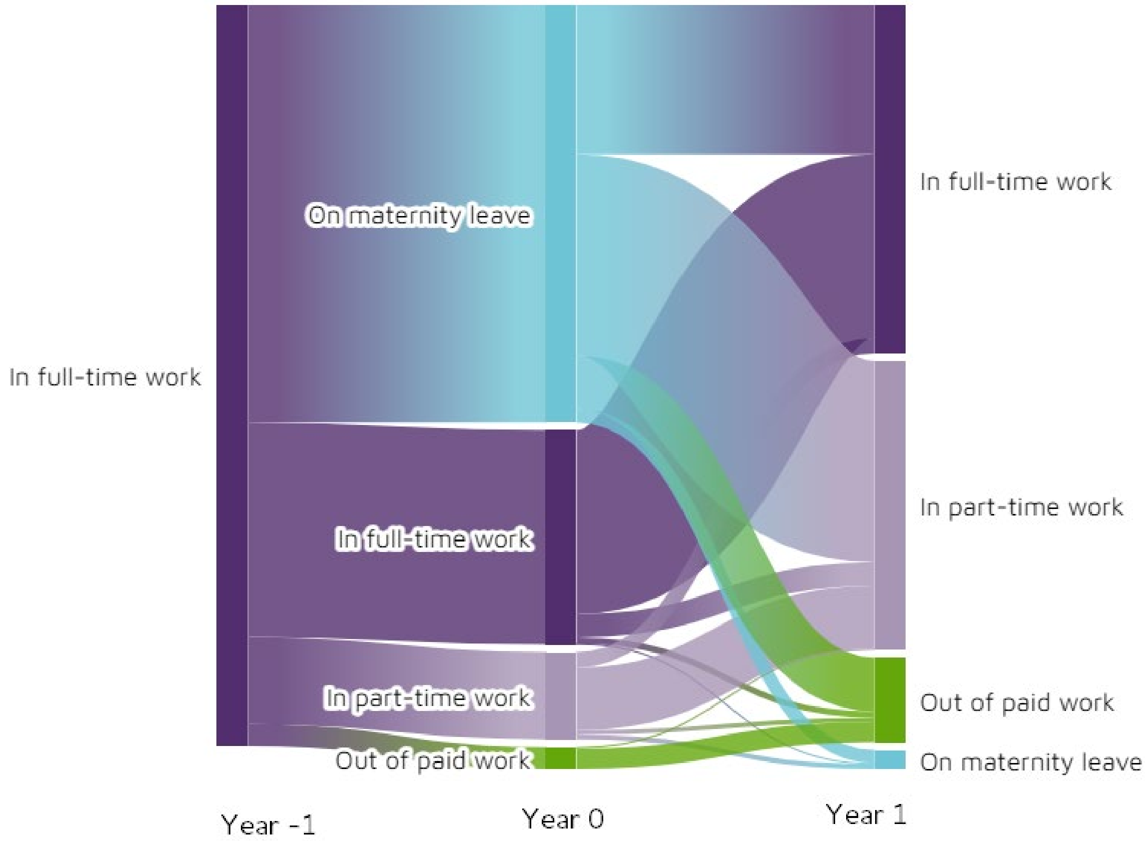
Source: JRF analysis of Understanding Society, waves 2–10
Notes: Sample is restricted to unpaid child-care givers who were in paid work in the year before starting unpaid care, and who appear in the data in at least one subsequent consecutive wave. Paternity leave is included within maternity leave, but is only indicated by spontaneous responses and represents a very small proportion of all unpaid child-care givers on leave.

While maternity leave appears to be effective in keeping mothers in paid work, their working patterns often change. Figure 17 below restricts the analysis to those who were in full-time work before starting unpaid child care, and divides paid work into full-time and part-time work.

The figure shows that although over half (56%) of these full-time workers go on maternity leave in the year of starting care, nearly half of those who go on maternity leave (48%) come back to part-time work, with one in three (36%) returning to full-time work. Combined with other flows, including mothers going straight into part-time work, the result is that less than half of the carers are in full-time work one year after starting unpaid child care.

Figure 17: Most full-time workers who go on maternity leave do not return to full-time work

Flows between being in full-time paid work, part-time paid work, out of paid work and on maternity leave for new unpaid child-care givers who were in full-time paid work in the previous year, by year since starting unpaid care



Source: JRF analysis of Understanding Society, waves 2–10

Notes: Sample is restricted to unpaid child-care givers who were in full-time paid work in the year before starting unpaid care, and who appear in the data in at least one subsequent consecutive wave. Paternity leave is included within maternity leave, but is only indicated by spontaneous responses and represents a very small proportion of all unpaid child-care givers on leave.

Taking on part-time work reflects the choices that carers make to balance competing demands on their time. However, part-time work is likely to mean lower pay in the short term and can prevent progression compared with full-time work – thus leading to even lower pay in the long term (Costa Dias, Joyce, and Parodi, 2018). In any case, the significant flow from full-time to part-time work – already indicated in our analysis of working hours – is not necessarily due to the design of maternity leave. Some of these newly part-time workers may have left paid work completely in the absence of the policy, and some of them may increase their hours in the future as their child-care responsibilities become less intense.

Even if mothers return to work, the period of maternity leave is itself associated with a drop in income. This was evident in our analysis of the pay penalty, which showed a fall in average earnings (which includes maternity pay) in the year when unpaid child-care givers start providing care, at the same time as the majority go on maternity leave. While different maternity policies will apply to different workers, in most cases mothers will be paid less than their previous earnings. This is set out in Table 1, which shows the main features of Statutory Maternity Pay (SMP), Enhanced Maternity Pay (EMP) and Maternity Allowance (MA).

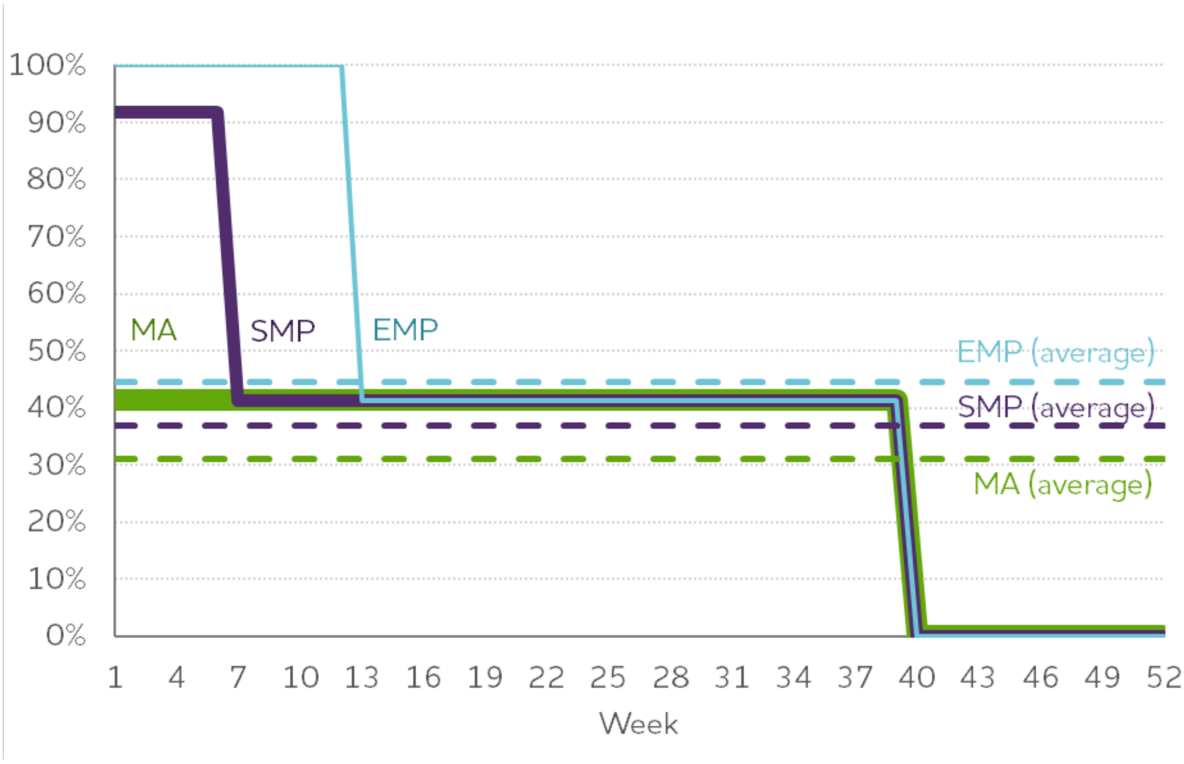
Table 1: Main maternity policies available to unpaid child-care givers

Policy	Eligibility	Amount and duration
Statutory Maternity Pay (SMP)	Employees who earn enough (£123 per week), have been with the same employer for long enough (26 weeks) and give enough notice.	After 6 weeks of paying 90% of regular earnings is subject to a cap of £172.48 per week for weeks 7 to 39. The remaining 13 weeks of maternity leave are unpaid.
Enhanced Maternity Pay (EMP)	Employees working in participating places of work.	Most commonly, full pay for 12 weeks, then reverting to SMP. May be subject to clawback depending on if the worker returns to work and for how long.
Maternity Allowance (MA)	Workers not eligible for SMP, including self-employed and recently unemployed workers.	£172.48 per week for the full 39 weeks of maternity pay.

Figure 18 shows the proportion of earnings which are replaced by each of these policies for a worker with gross earnings of £500 per week. EMP has been modelled as full pay for 12 weeks, followed by SMP. The figure shows that, even if the worker receives EMP, the average replacement rate over the course of the 52 weeks of maternity leave is still less than 50%. The rate is less than 40% if the worker receives only SMP, and around 30% if the worker receives MA.[xii]

Figure 18: Maternity pay does not adequately replace earnings

Percentage of net earnings replaced by Maternity Allowance (MA), Statutory Maternity Pay (SMP), and Enhanced Maternity Pay (EMP) for a worker with gross earnings of £500 per week



Source: JRF analysis
Notes: Averages assume that 52 weeks of leave are taken. Income tax and National Insurance have been taken into account in all calculations.

Mothers receiving maternity pay may also receive Universal Credit (UC), but their eligibility and award will depend on a wide range of factors, including their partners' incomes. Furthermore, those receiving MA will have their UC award reduced pound-for-pound, while SMP or EMP are treated as earned income and are thus subject to the work allowance and taper rate.

To the extent that maternity pay keeps mothers in paid work, it will help to mitigate the carer pay penalty. However, maternity pay replaces only a fraction of earnings during the period that it is received, with the shift to part-time work contributing to the pay penalty in the longer term.

Fathers can also access two weeks of paternity leave and pay, paid at £172.48 for two weeks. We have not analysed the impact of paternity leave here due to the lack of carers in our sample who relied on the support and the very limited level of income replacement it provides. Similarly, we have not examined the impact of Shared Parental Leave due to very low take-up rates of the policy (Dunstan, 2023).

Unpaid social care benefits are very low and discourage paid work

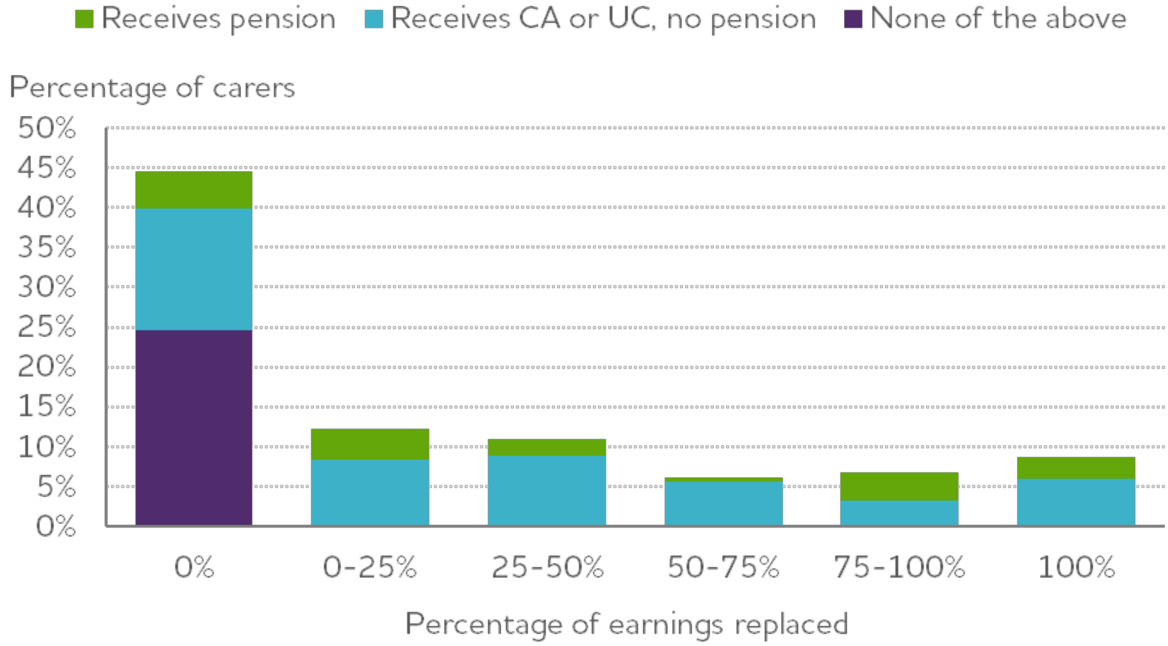
Carers Allowance (CA), the main benefit available for unpaid social-care givers, is set even lower than SMP, at a mere £76.75 per week. In addition to CA, some carers in low-income households will also be eligible for UC, which includes a carer element of £185.86 per month (equivalent to around £43 per week). However, CA will be deducted pound-for-pound from the UC award, so these households will effectively receive a net additional amount for caring equivalent to only the carer element of £43 per week. Others will be receiving private or State pensions, but these do not offer additional amounts for unpaid care, and the CA payment is effectively reduced pound-for-pound for any State pension received.

Figure 19 groups unpaid social-care givers by the degree to which changes in CA, UC (including legacy benefits) and pensions compensate for their drop in earnings. These are carers who were in paid work in the previous year but have exited paid work in the year that they begin caring for at least 20 hours per week.

The figure shows that around 25% of these carers do not report receiving a pension, CA, or UC, and consequently experience no earnings replacement from these benefits. Among those who do receive these benefits, replacement rates vary widely with no clear pattern. This partly reflects the flat rate of CA and State pension, which will cover different percentages of earnings for different recipients. It also reflects the fact that UC is assessed at the household level, which can lead to fluctuations in award levels that are unrelated to the situation of the individual carer.[xiii] All told, these benefits replace less than 50% of earnings for the majority (two-thirds) of new unpaid social-care givers who exit paid work, and provide no earnings replacement at all for a significant minority (44%).

Figure 19: Carer benefits fail to help many carers

Percentage of new unpaid social-care givers who exit paid work by percentage of drop in net earnings offset by change in pensions, Carers Allowance (CA) and Universal Credit (UC) plus legacy benefits



Source: JRF analysis of Understanding Society, waves 2–10

Notes: Pooled cross-sectional analysis. If individuals move into unpaid social care more than once in the data, only the first move is counted. Carers whose net earnings are recorded as increasing when they exit paid work are excluded. UC category includes UC, Employment and Support Allowance, Income Support, Jobseekers Allowance, Housing Benefit, Working Tax Credit and Child Tax Credit.

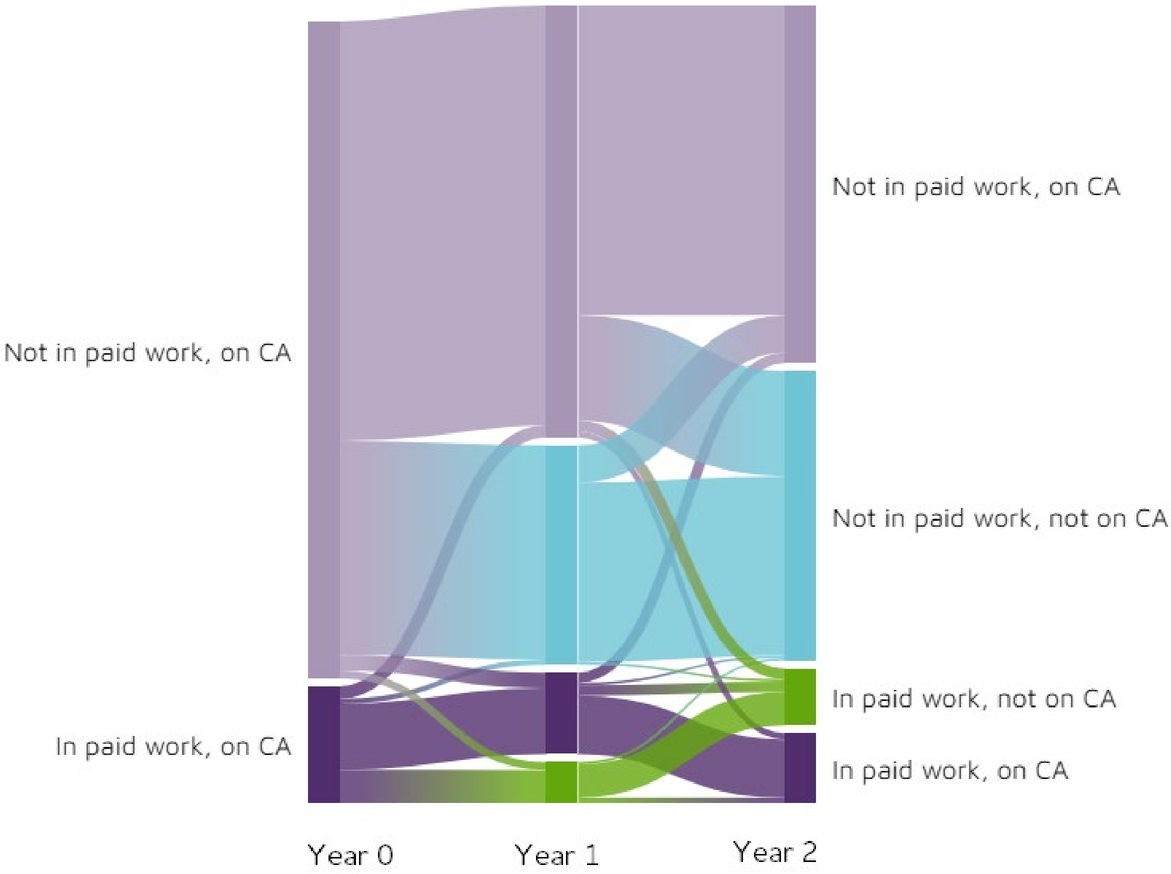
There is no equivalent to maternity leave for unpaid social-care givers. Carers can receive CA while in work, but the maximum earnings threshold of £123 per week and the minimum care threshold of 35 hours per week – the latter of which also applies to the carer element of UC – mean that CA is primarily an out-of-work benefit. Many workers who face significant care responsibilities will therefore need to leave paid work, without the kind of anchor provided by maternity leave.

Indeed, the benefit disincentivises paid work by creating cliff-edges around both hours and pay (Casey, 2023). Even someone earning the minimum wage can only work 13 hours per week before they exceed the means test, and working more hours than this while also providing 35 hours of care could become challenging. What is more, the earnings threshold tends to be uprated with inflation rather than average earnings, making more carers ineligible over time and further penalising paid work.

To investigate this issue more closely, Figure 20 shows the work and benefit flows of new CA recipients in the year that they begin receiving CA and two subsequent years. The figure shows, first, that a minority of new CA recipients (15%) are in paid work. Over the next two years, we observe notable flows off CA, both for workers and non-workers, but very few flows in (or out) of paid work. As a result, by the second year after they begin receiving CA, approximately the same percentage of the carers (16%) are in paid work.

Figure 20: Carers Allowance does not help carers move back into paid work

Flows in and out of paid work among new Carers Allowance (CA) recipients, by year since first receiving CA



Source: JRF analysis of Understanding Society, waves 2–10
Notes: Sample is restricted to individuals reporting receipt of CA for the first time and who appear in the data in at least two subsequent consecutive waves.

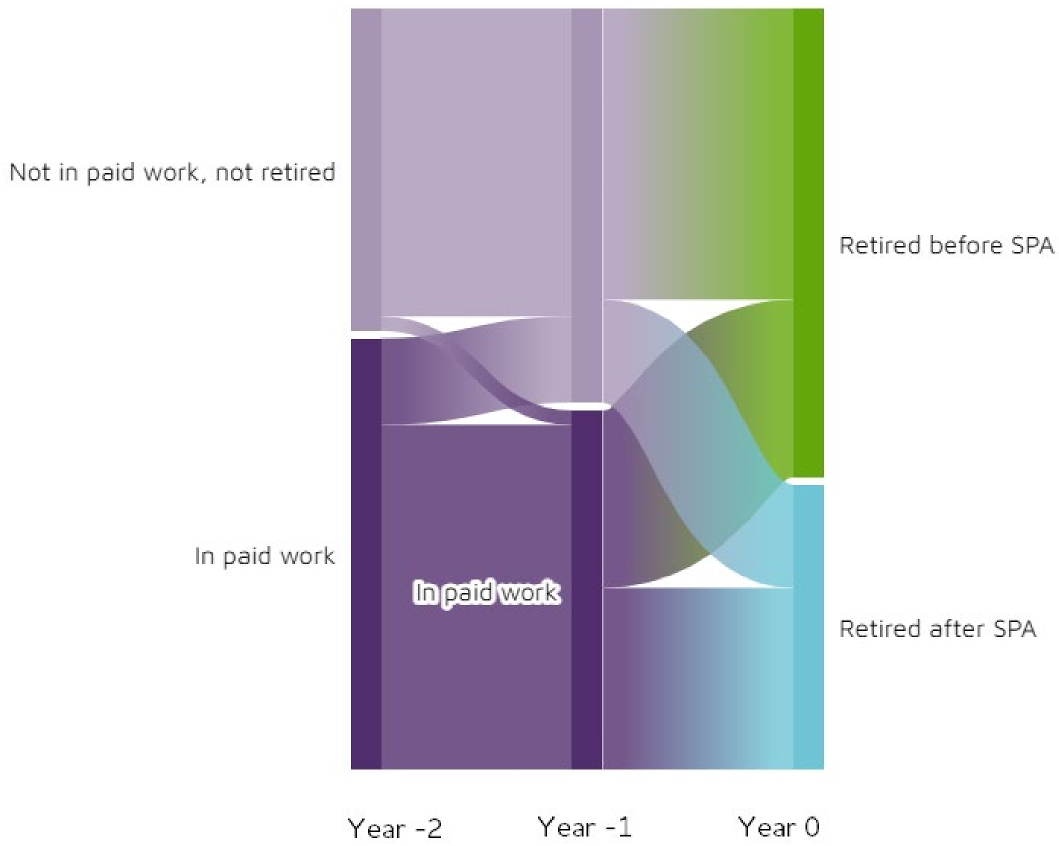
We know from our previous analysis that a large proportion of carers who leave paid work go into retirement. Though all workers will eventually retire, the policy gap between paid work and unpaid care could induce some to retire early – particularly if they are already close to retirement age when their care responsibilities begin.

Figure 21 shows the employment and retirement status of unpaid social-care givers who retire when providing at least 20 hours of care per week, in the two years leading up to their retirement. We see that a majority of these carers (62%) retire before reaching SPA. While early retirement is not unusual, this high proportion suggests that the demands of unpaid care induce at least some carers to retire early.[xiv] This in turn points to a failure of policy, which is costly not only for individuals but also for the economy as a whole – particularly when set against the backdrop of an ageing society and rising economic activity.

We also see that a majority of carers who retire before SPA do so after already being out of paid work in the previous year – a pattern which contrasts with those who retire after reaching SPA, most of whom transition directly from paid work. This finding is consistent with the interpretation that early retirement often represents the end point in a struggle to balance paid work and unpaid care, with carers eventually deciding that they have little prospect of returning to work.

Figure 21: Most unpaid social-care givers who retire do so early

Flows into retirement among unpaid social-care givers providing at least 20 hours of care per week, by year until retirement



Source: JRF analysis of Understanding Society, waves 2–10
Notes: Sample is restricted to individuals who retire while providing at least 20 hours of unpaid social care per week and appear in the data in at least two previous consecutive waves. SPA denotes State Pension Age.

Pay penalties translate into household income penalties

It is clear that benefits and paid leave can help to mitigate the pay penalty, but only partially. For most carers, we would expect leaving or reducing paid work to be associated with a fall in living standards. However, household incomes are determined by many other factors, including the earnings of spouses. To understand how living standards change when people undertake care, we therefore need to observe household incomes directly.

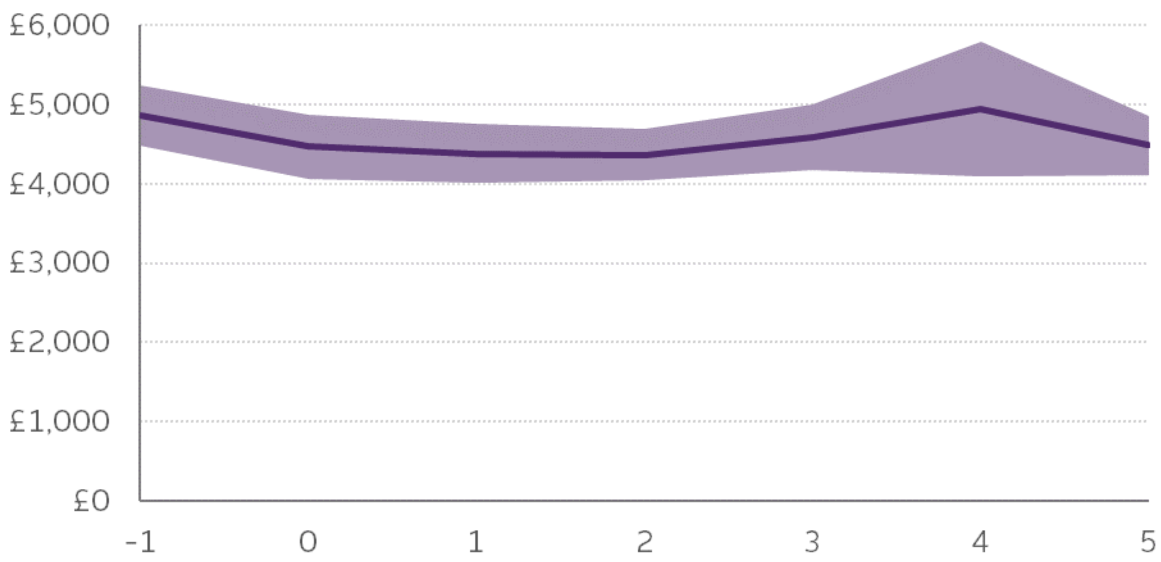
Figure 22 and Figure 23 show changes in average net household income among the cohorts of unpaid carers that we tracked in the previous section. Note that these figures include disability benefits, but do not take into account the additional costs which households are likely to incur when individuals begin unpaid care, for example when a child is born or when a household member becomes sick or disabled.

We find that household income is generally more stable than our measure of individual pay, at least on average. Whereas the gross earnings of unpaid child-care givers fall by 19% in the year of starting caring, their net household income only falls by 8%, and remains at a similar level five years later even as their gross earnings drop 21% below their pre-care levels.

Similarly, whereas the gross earnings of unpaid child-care givers fall by 9% in the year of starting caring, their net household income only falls by 7%, on average. Five years later, their household income is 11% below its pre-care level, whereas their gross earnings have dropped by 34%.

Figure 22: Household income falls for unpaid child-care givers

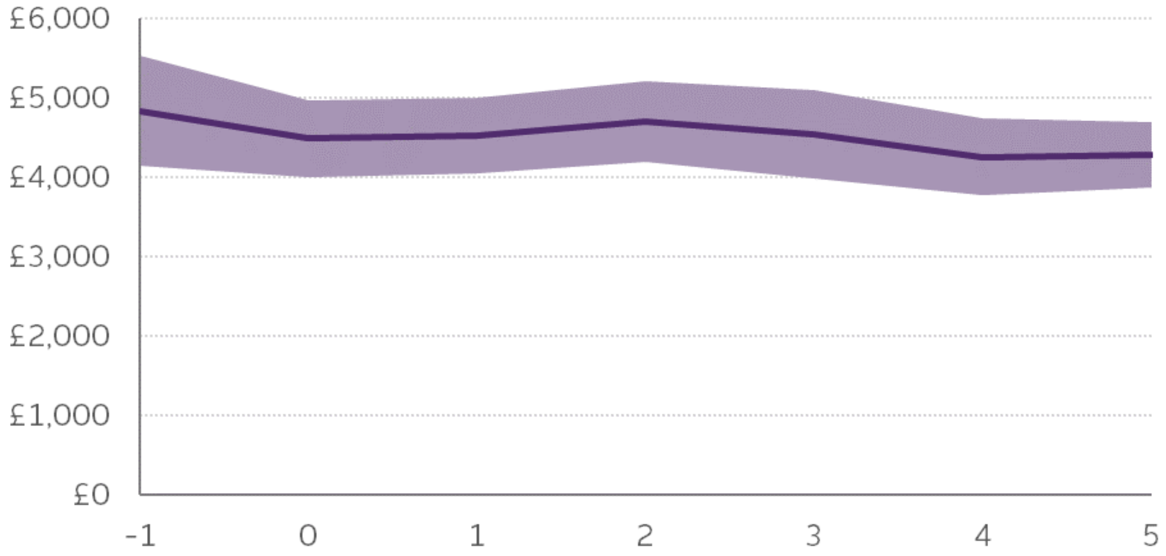
Average real monthly net household income by year since starting unpaid child care



Source: JRF analysis of Understanding Society, waves 2–10
Notes: Sample is restricted to unpaid child-care givers who were in paid work in the year before starting unpaid care, who have at least two consecutive years of data before starting unpaid care and five consecutive years after starting unpaid care, and who were not providing care in the previous two waves. Household income is gross of Council Tax and is uprated to April 2023 using the Consumer Price Index. Confidence intervals are calculated at a 5% significance level.

Figure 23: Household income falls for unpaid social-care givers

Average real monthly net household income by year since starting unpaid social care



Source: JRF analysis of Understanding Society, waves 2–10
Notes: Sample is restricted to unpaid social-care givers who were in paid work in the year before starting unpaid care, and who have at least two consecutive years of data before starting unpaid care and five consecutive years after starting unpaid care. Unpaid social care is defined as providing at least 20 hours of care per week, and the sample is restricted to carers who provided zero hours of care in the previous two waves. Household income is gross of Council Tax and is uprated to April 2023 using the Consumer Price Index. Confidence intervals are calculated at a 5% significance level.

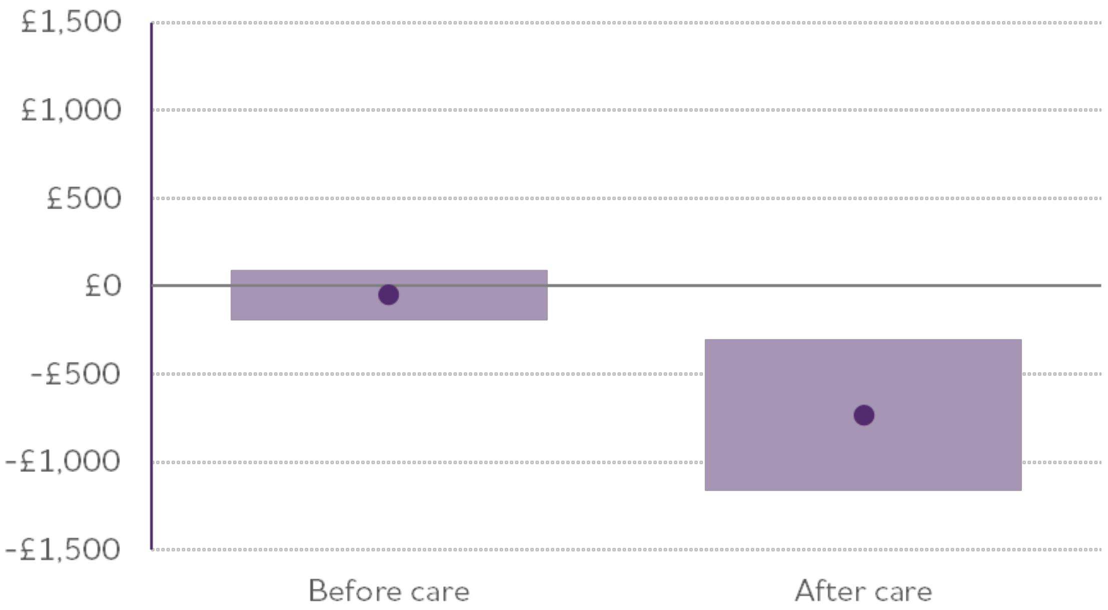
The apparent stability of household income reflects the role of the benefits system and other sources of household income in cushioning falls in gross pay, as well as the fact that household income is expressed in net terms and so is less changeable in the first place. However, averages can also conceal significant variations across individuals – particularly in the case of household income, which will be determined by a wide range of factors other than the effects of unpaid care. There are also issues of gender equality if women's individual earnings are replaced by household-level benefits (Howard and Bennett, 2021).

In any case, average household income does fall over in the five years after starting caring, for both groups of carers. And if we compare the observed changes in household income with a counterfactual, we find that household income penalties remain, even though they are lower than the individual pay penalties.

Figure 24 and Figure 25 show that unpaid child-care givers experience a monthly household income penalty of £731 on average, while the average penalty for unpaid social-care givers is £234 per month. As set out in the Methodology Briefing, these penalties likewise grow over time, reaching £892 for unpaid child-care givers and £454 for unpaid social-care givers. By the end of the sixth year after starting care, these groups of carers will have foregone over £60,000 and nearly £20,000 in net household income respectively.

Figure 24: Unpaid child-care givers lose nearly £750 per month in household income

Average real monthly net household income penalty, unpaid child-care givers

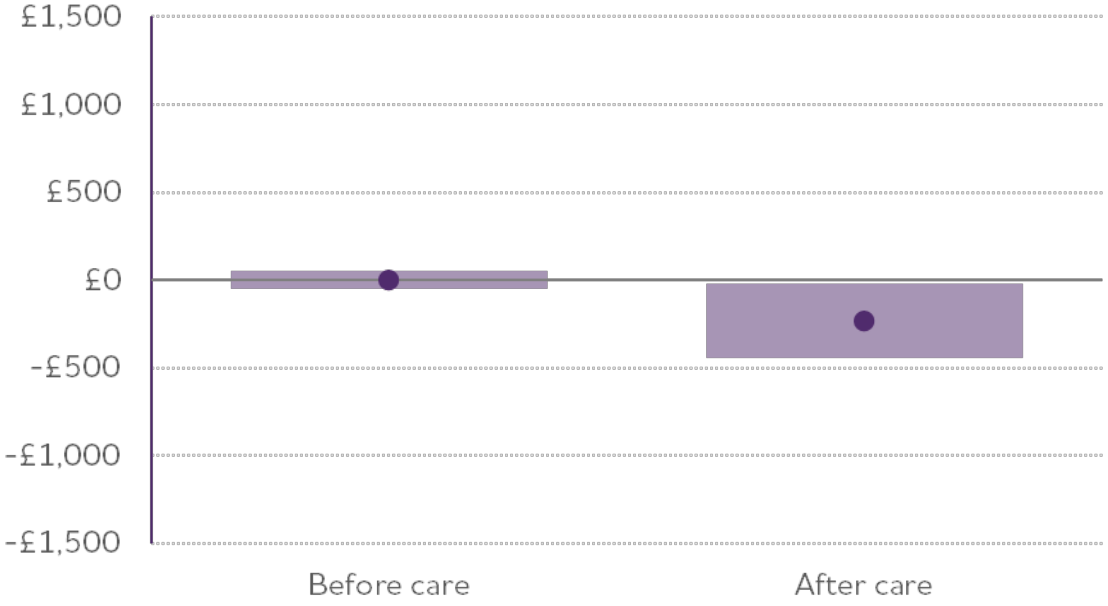


Source: JRF analysis of Understanding Society, waves 2–10

Notes: Estimated using multi-period difference-in-differences comparing contemporaneous unpaid child-care givers with future unpaid child-care givers in each time period. Sample is restricted to unpaid child-care givers who were in paid work in the year prior to starting unpaid care. Household income is uprated to April 2023 using the Consumer Price Index, with disability benefits excluded, and is gross of Council Tax. Confidence intervals are calculated at a 5% significance level.

Figure 25: Unpaid social-care givers experience a household income penalty too

Average real monthly net household income penalty, unpaid social-care givers



Source: JRF analysis of Understanding Society, waves 2–10
Notes: Estimated using multi-period difference-in-differences comparing contemporaneous unpaid social-care givers with future unpaid social-care givers in each time period. Sample is restricted to unpaid social-care givers who were in paid work in the year prior to starting unpaid care. No intensity threshold is used to define unpaid social care. Household income is uprated to April 2023 using the Consumer Price Index, with disability benefits excluded, and is gross of Council Tax. Confidence intervals are calculated at a 5% significance level.

Carers' relative poverty rates rise as they take on caring responsibilities

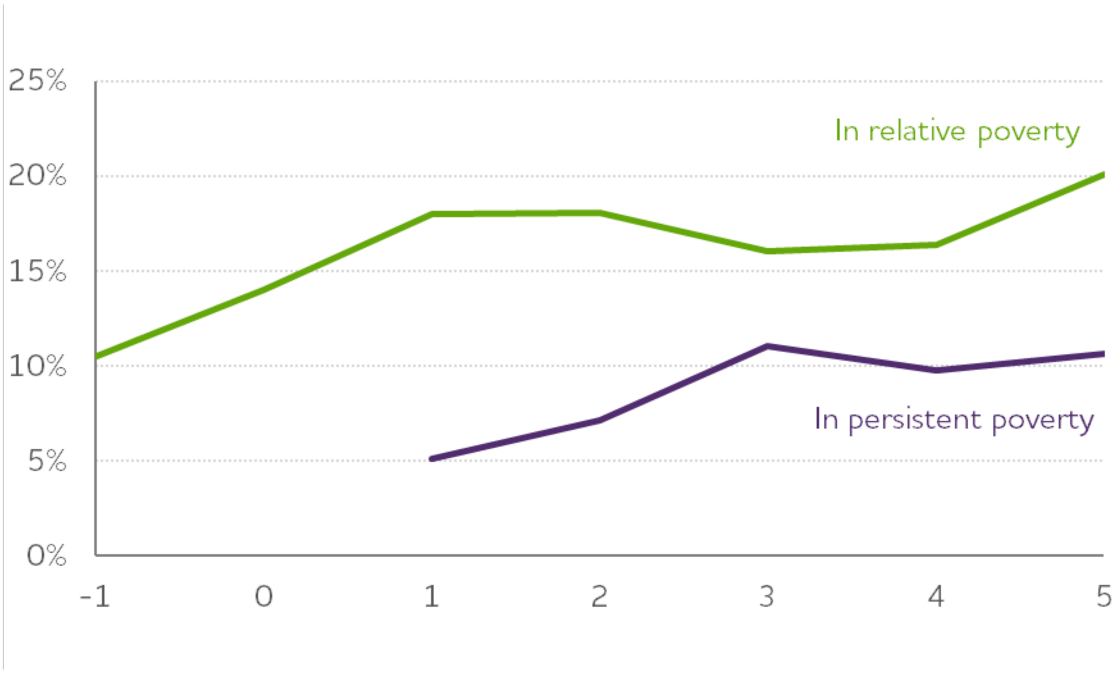
So far, the analysis in this section has focused on average incomes. To understand how unpaid caring affects the distribution of incomes, we can examine changes in relative poverty rates. This has the additional advantage of taking into account differences in household size and composition and differences in housing costs, thus affording a more complete measure of living standards. We can also examine changes in persistent poverty, defined as being in relative poverty in at least three of the four current and previous years.

Figure 26 and Figure 27 show the percentage of unpaid carers who are in relative poverty and persistent poverty each year since they start caring. The poverty rate of unpaid child-care givers doubles between Year -1 and Year 5, from 10% to 20%.[xv] Similarly, persistent poverty more than doubles, from 5% in Year 1 to 11% in Year 5.

Relative poverty rates are more stable among unpaid social-care givers, though poverty appears to be more persistent when it does occur. However, if we exclude disability benefits – which are intended to compensate for additional costs – we see a marked increase in relative poverty. On this measure, relative poverty rises from 11% in the year before they begin caring to 18% five years after they begin caring.

Figure 26: Poverty rates double for unpaid child-care givers after they start caring

Relative poverty and persistent poverty status of unpaid child-care givers by year since starting unpaid child care

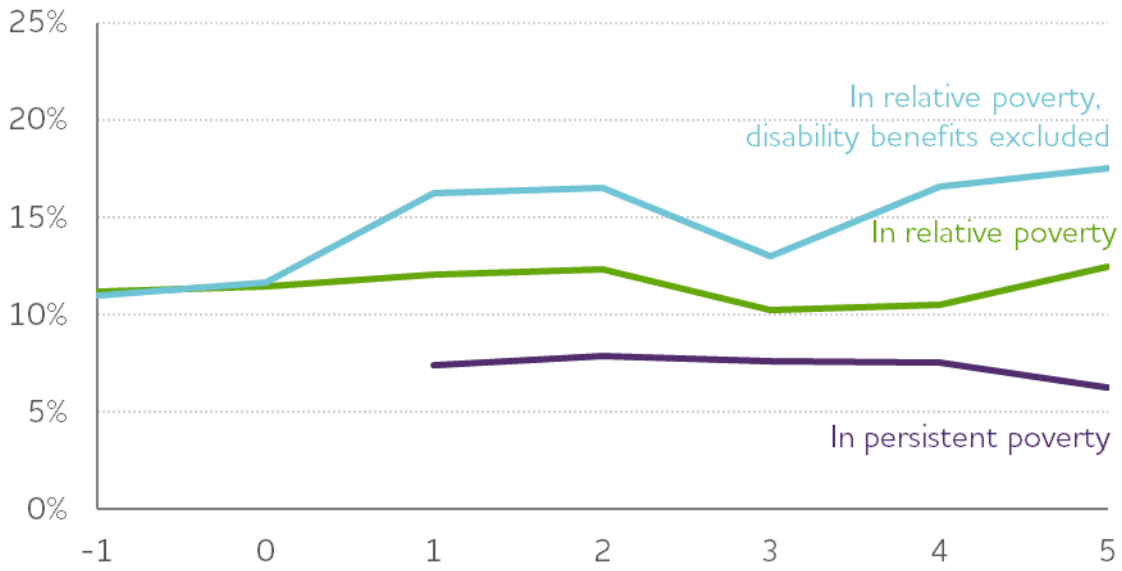


Source: JRF analysis of Understanding Society, waves 2–10

Notes: Sample is restricted to unpaid child-care givers who were in paid work in the year before starting unpaid care, who have at least two consecutive years of data before starting unpaid care and five consecutive years after starting unpaid care, and who were not providing care in the previous two waves. Relative poverty is defined as having less than 60% of median equivalised household income in a given year. Household income is gross of Council Tax. Due to small sample sizes, relative poverty is measured as a simple rolling average of the contemporaneous and previous year. Persistent poverty estimates begin in Year 1 because they require 3 years of historical data and we only have data on the full cohort from Year-2.

Figure 27: Unpaid social-care givers experience a rise in relative poverty when disability benefits are excluded

Relative poverty and persistent poverty status of unpaid child-care givers by year since starting unpaid social care



Source: JRF analysis of Understanding Society, waves 2–10

Notes: Sample is restricted to unpaid child-care givers who were in paid work in the year before starting unpaid care, and who have at least two consecutive years of data before starting unpaid care and five consecutive years after starting unpaid care. Unpaid social care is defined as providing at least 20 hours of care per week, and the sample is restricted to carers who provided zero hours of care in the previous two waves. Relative poverty is defined as having less than 60% of median equivalised household income in a given year. Household income is gross of Council Tax. Due to small sample sizes, relative poverty is measured as a simple rolling average of the contemporaneous and previous year. Persistent poverty estimates begin in Year 1 because they require three years of historical data and we only have data on the full cohort from Year -2.

To summarise, falls in net household income are generally less pronounced than falls in gross individual earnings. In part this reflects the role of benefits in stabilising incomes. However, benefits, along with paid leave, still leave a gap in income. As a result, carers face a significant household income penalty, which manifests as an increase in poverty.

5 Ending the caring penalty

While it is not surprising that undertaking unpaid care has a financial impact, its scale and persistence are concerning. The distribution of the penalty – falling disproportionately on people with health conditions in the case of unpaid social care, on minority ethnic groups in the case of unpaid child care, and in both cases on women – further exposes a failure to achieve equality.

No one intervention will address the financial impact of caring across the life cycle. Rather, a mix of policies, including reforming the mitigations already in place, will be needed to tackle the caring penalty.

Making formal care services more affordable to those who need and want it will be central to ending the financial impact of caring. In the child-care system, the UK Government has taken decisive steps to improve affordability for many families, increasing subsidies to the poorest families and expanding free provision for working parents in the recent Budget. As practitioners and experts have set out, more is needed to deliver a high-quality, easy-to-access and affordable service for all families (IPPR, 2023; Coram, 2023; Early Years Alliance, 2023).

In social care, very few people are eligible for free or subsidised formal support and despite government promises to increase subsidies to more people, most people pay for their own care and costs can devastate households (Warren, 2022). JRF's own research into the experience of low-income unpaid carers found that expensive formal care services often drove carers' decisions to take on unpaid care themselves rather than a wish to take on this responsibility (Casey, 2023).

Expanding formal provision alone will only solve one part of the problem, however. Many people do want to undertake care themselves out of love or duty and not rely on formal care services, but their choices are limited by work. Any future settlement around care should recognise this need and help people take on caring responsibilities without a significant financial hit. Beyond the moral need to let people make free choices about this important aspect of their lives, there are economic benefits of reducing the need for formal care services.

Given that the pay penalty is driven by people exiting work to care, tackling the caring penalty requires a radical redesign of work and how we perceive the role of care within it. This means interventions that mitigate the financial impact of losing or reducing paid work and, of equal importance, which allow people to stay in paid work while fulfilling their caring responsibilities.

Statutory Care Pay – a new paid carers' leave entitlement for unpaid social carers

People need more opportunities to balance paid work and unpaid care. The Government recognises this, having recently passed a bill which gives employees five days of unpaid care leave per year. Campaigners have long called for this kind of emergency leave to be paid to mitigate the financial hit of reducing paid work to care.

We think government should go much further when designing a future settlement for care. Policy-makers and employers recognise that earnings replacement policies sustained over a longer period can prevent scarring – maternity leave and the 'furlough' scheme during the Covid-19 pandemic are two prominent examples. Our analysis suggests that the former, despite its low level and specific eligibility requirements, helps most of the women who take up the policy to stay in work. The latter is estimated to have prevented most job losses as a result of the pandemic (Pope and Shearer, 2021; National Audit Office, 2020).

The existing system of financial support for carers – CA and UC in tandem with the carers element – is flawed and needs reform. As we have shown, CA fails to get carers back into work, and in fact incentivises withdrawing from paid work due to strict and inflexible eligibility thresholds. At the low level it is set, it does not protect carers from the significant pay penalty associated with caring. This is despite the crucial role unpaid care has in helping people in vulnerable situations lead independent lives, while also saving the taxpayer money through reduced demand for formal care services.

There is need for more generous support for unpaid carers, in particular to maintain the relationship between the worker and the employer, much like maternity leave. We propose the UK Government should put into place a new Statutory Care Pay policy, which allows unpaid social-carers to take longer periods of paid time off work. Equivalent policies exist in 25 high-income countries and 25 European countries, with the UK one of just 15 countries in Europe with no long-term care leave at all, paid or unpaid:

- In **Canada**, care givers can receive three types of caregiving benefits, for children, adults and for end-of-life care, paid at 55% of earnings and capped at $650 (around £385) a week. The support ranges from up to 15 weeks of paid leave for care of adults, to 26 weeks for end-of-life care, to 35 weeks for a critically ill or injured child, and the recipient of care does not need to be a family member. A doctor's note is required to confirm the cared-for person's caring needs.

- In **Japan**, under the Family Care Leave Benefit, care givers can receive 93 days of leave paid at 67% of previous earnings, which can be taken continuously or in three portions. The recipient of care should be a family member and taking up the support entitles the worker to request changes in working hours and flexibility up to three years after the caring event.

- In **Norway**, care givers providing end-of-life care can receive 60 days of paid care leave, paid at 100% of the employee's average wage over the last three months. The support is seen as directly replacing formal care services – paid leave is granted after an assessment by the Norwegian Labour and Welfare Administration regarding the propriety of informal over formal care and is taxed as income.

These examples set out some of the ways a paid care leave entitlement could be structured and serve as natural experiments to guide policy design. Analysis into the policy in Japan suggests long-term care leave prevents people from dropping out of the labour market, even more so than other mitigations like flexible working policies (Niimi, 2021).

We think a UK equivalent should replicate the broad structure of maternity leave – earnings-related support capped at a given level – to minimise administration costs and provide continuity to employers. We propose the following eligibility and design for the policy:

- To be eligible for the policy, an individual would need to be in paid work and providing care for a loved one, confirmed by a GP or equivalent frontline professional through a doctor's note, as in Canada. In line with the threshold for CA, carers would need to be undertaking 35+ hours of care per week to qualify. As with maternity leave, the support would not be discretionary and would be granted as long as the worker had been in continuous employment with the organisation for a given time (for example, six months), and sufficient notice and evidence was provided.

- Carers would be eligible for 39 weeks of leave – and to reflect the fact that caring is often intermittent, Government should look to design the policy so carers can take this leave in three sections rather than only as one continuous period. This would be in keeping with the Japanese policy, which was originally offered as a once-in-a-lifetime option but became more flexible over time, reflecting the needs of carers.

- The policy would be funded by Government, and at a minimum, paid at the level of SMP, which is currently 90% of average pay for the first six weeks of maternity leave, with this amount capped at £172.48 per week for the following 33 weeks. A higher cap, set for example at median earnings or the full-time equivalent of the minimum wage, would help ensure that the policy is adequate as a replacement for earnings, while remaining targeted and affordable. As with SMP, employers would be encouraged to provide their own schemes in addition to the statutory offer.

It will be important to engage with businesses and employers to ensure the entitlement is well understood and adhered to. In particular, there may be a tension between the needs of carers for flexible and dynamic leave entitlements, and employers who may prefer workers to take leave in one period to more easily arrange cover.

Once support is in place, we can envision it being adapted and extended further. For example, policy-makers could expand eligibility beyond providing unpaid social care, to providing unpaid child care once a parent has expended their maternity, paternity or shared parental leave entitlement.

Who will the policy help?

Broadly, the policy will help individuals who experience a conflict between paid work and unpaid care, providing an opportunity and incentive to stay in paid work once the need for care lessens or ends. An average of 210,000 unpaid social-care givers who are providing at least 35 hours of care per week report that their care responsibilities prevent them from working as much as they would like, while 438,000 are prevented from working at all. Together, this encompasses over a third of all carers over the 35-hour threshold.[xvi]

The policy will not resolve the conflict between work and care for all of these individuals. It will be most helpful, and most attractive, for people in specific circumstances – particularly those caring for individuals with time-bound, intensive caring demands, or those experiencing a series of acute caring events. The policy would therefore most clearly benefit carers who support loved ones experiencing:

- Episodic mental health conditions
- Severe, sudden-onset conditions like Motor Neurone Disease
- Physical health conditions characterised by 'flare-ups', like multiple sclerosis
- Cancer treatment that requires dedicated support over a number of months
- End-of-life care.

For people caring for individuals with degenerative or very long-term conditions, it is less likely that the paid leave entitlement would be sufficient to keep them in work. Many will therefore continue to rely on CA, which the Government should look to reform – both by increasing the level of payment and widening the inflexible eligibility criteria (Petrillo and Bennett, 2023).

On the other hand, long-term caring responsibilities can sometimes be shared amongst a network (for example a number of family members) with each person using the entitlement in turn before returning to work. In addition, the policy could free up time for unpaid carers to arrange a long-term alternative, particularly in the case of sudden-onset conditions or physical injuries.

The impact of the policy will also depend on the characteristics and circumstances of the carers themselves. For example, we showed previously that a large proportion of carers who exit paid work go into retirement, and many of these retire early. For individuals who would otherwise feel compelled to retire in order to take on caring responsibilities, the policy could provide a way to return to paid work before retiring at their preferred age.

By the same token, the policy may be less suitable to individuals who are very close to retirement age, or who retire early for other reasons. Although this will represent a significant proportion of carers, an average of approximately 825,000 carers who provide at least 35 hours of care per week are under 55 – nearly half of all of these carers.[xvii]

In summary, the policy will be most helpful to individuals who are not in proximity to retirement and who encounter a tension between paid work and unpaid care, due the emergence of either an intensive caring responsibility which lasts for up to a year or a series of short-term, discontinuous caring needs.

How many people will take up the policy?

We estimate that 65,000 people will take up the policy each year. This figure is based on differentiating between three groups of carers:

- those who would have exited paid work in order to provide care in the absence of the policy, but instead go on carers' leave and continue working afterwards ('Group 1');

- those who would have managed to juggle paid work and caring responsibilities in the absence of the policy, but instead go on carers' leave and continue working afterwards ('Group 2');

- those who go on carers' leave but do not return to paid work once the leave finishes, for example because they retire ('Group 3').

Table 2 shows our estimates of take-up for each of these groups. These are estimates of a 'steady state', after the policy has been in force for a length of time.

Table 2: Estimated take-up of Statutory Care Pay

	Annual caseload
Group 1	30,000
Group 2	30,000
Group 3	5,000
Total	65,000

Source: JRF analysis of Understanding Society, waves 2–10
Notes: figures represent simple annual averages among people starting to provide at least 35 hours of care per week who were in paid work in the previous year, excluding self-employment. Figures rounded to nearest 5,000.

Estimating take-up is challenging as we lack sufficiently detailed information to identify individuals who are caring for people with specific health conditions.[xviii] Ascertaining the duration of care periods is also difficult, even with longitudinal data.[xix] We therefore identify each group primarily based on work status and age.[xx]

We must also account for the fact that carers in each group will face a different set of trade-offs and may therefore exhibit different take-up behaviour. For example, whereas carers in Group 1 would have otherwise received no pay, carers in Group 2 would have otherwise received their full pay. Many of these carers will likely continue to work rather than sustain a drop in income, although this response will depend on where the payment cap is set as well as their personal circumstances.

Similar issues pertain to Group 3, since in some cases the carer would be better off drawing a pension than going on leave. Furthermore, those who expect to retire or care for a long period of time may not consider the policy as an option in the first place. We therefore impose additional constraints when estimating the sizes of Groups 2 and 3, using survey responses on the tension between care and work to isolate those who particularly struggle to balance the two.[xxi]

As a comparison with our estimates, of the 960,000 people receiving CA in November 2022, around 150,000 had been receiving the benefit for less than one year (DWP, 2023).[xxii] While not all of these carers will be eligible for carer leave, for example if they were out of paid work or self-employed when they started on CA, this suggests that that there may be a wider pool of carers who could benefit from the policy. Higher levels of take-up may therefore be possible, for example if CA applicants who are in work were rerouted to carers' leave.

How much will the policy cost?

The estimated costs of the policy are set out in Table 3, with three illustrative options for setting the payment cap. We assume that all takers-up use their full entitlement of 39 weeks. Note that these costs are based on the take-up estimates above and are therefore subject to the same sources of uncertainty. In practice, the level of the cap may also influence take-up. The net figures are adjusted for the increase in revenue from income tax and National Insurance consequent on Group 1 carers staying in work, the reduction in tax revenue consequent on Group 2 carers taking leave, and the tax levied on leave pay itself.[xxiii]

Table 3: Estimated annual cost of carers' leave, April 2023 prices

Cap after week 6	Gross cost	Net cost
Statutory Maternity Pay	£430m	£420m
Full-time National Living Wage	£620m	£590m
Median Earnings	£700m	£670m

Source: JRF analysis of Understanding Society, waves 2–10
Notes: Figures rounded to nearest £10 million. Full-time National Living Wage defined as £10.42 per hour for 35 hours per week. Median pay taken from HMRC real-time data for April 2023, converted into weekly terms. Statutory Maternity Pay cap is £172.48 per week in 2023/24.

For the purposes of this analysis, we have not considered individuals in paid work who would have otherwise used (more) formal care services, but as a result of the policy provide (more) care themselves. Since we lack sufficient evidence to quantify and predict such effects, we have assumed that care behaviour remains unchanged, focusing instead on the labour-market response. However, to the extent that these effects obtain, we would expect there to be additional savings, either to households (if they would have purchased care services) or to government (if they would have used subsidised services).

For illustration, the unit cost of replacement care was estimated to be £25 per hour in 2021, equivalent to around £29 in 2023 prices (Jones et al., 2022). An unpaid carer who provides 35 hours of care per week is therefore saving over £1,000 per week, equivalent to around £53,000 per year, in formal care costs. This is more than four times the cost of our policy proposal for someone working full-time at the National Living Wage, assuming that their leave pay is not constrained by the cap.[xxiv] Of course, the costs will be higher for individuals with higher earnings and under more generous policy variations; but conversely many individuals taking up the policy will be providing more than 35 hours of unpaid care per week, thus generating additional savings.

Improving maternity and paternity leave entitlements

The pay penalty for unpaid child-carers is significantly higher than for unpaid social-carers, likely due to their age and associated potential for earnings growth. This 'motherhood penalty' has been well documented, as have its remedies – reformed entitlements to paid leave for both parents, and a more radical shift to job design that actually meets the needs to modern caring responsibilities.

Maternity pay

Our evidence shows that while maternity pay policies successfully keep mothers in work, they do not adequately replace earnings and that support likely ends too soon. While policy discussion on increased maternity pay is often linked to making shared parental leave more generous, we think it important to also focus on maternity pay given our evidence shows the financial impact of caring on mothers remains significant.

Experts have called for changes to SMP, including an extension to the duration mothers are paid at 90% of their income and higher minimum payments linked to the Living Wage. The treatment of MA in the UC system – namely its treatment as unearned income, which can penalise mothers with low incomes who are in otherwise identical situations to mothers on SMP – also needs reform (Maternity Action, 2020).

Around 33% of organisations offer just statutory maternity pay/leave with no EMP (CIPD, 2022). Organisations who offer the statutory minimum are more likely to be in the private sector (38% as opposed to 13% in the public sector) and public-sector EMP polices tend to be more generous than those in the private sector. More needs to be done by sector bodies and government to encourage private sector employers to offer some form of EMP, for example through guidance and case studies, particularly if SMP remains at current low levels.

Paternity leave

Statutory Paternity Pay in the UK is low compared to equivalent countries and the entitlement to paid leave is short. Polling from the Trade Unions Congress (TUC) shows that over half of families struggle financially when a father takes paternity leave and 21% of families polled said fathers took no paternity leave at all, overwhelmingly due to financial pressures (TUC, 2023).

While some fathers have access to enhanced paternity leave arrangements provided by their employer, these are clustered in higher-paid industries and the public sector (CIPD, 2022). Only 14% of fathers with a household income under £25k take up enhanced paternity leave compared to 35% for households with an income over £80k (Fogden et al., 2023).

A range of potential interventions have been put forward by campaigners and policy-makers to improve the generosity of paternity leave (Hochlaf, Billingham, and Franklin, 2022). We agree with Pregnant Then Screwed and the Centre for Progressive Policy's (CPP) recommendation that non-transferable leave should be extended to a minimum of six weeks paid at 90% of salary, in line with current SMP (Fodgen et al., 2023). Their analysis on labour market outcomes in OECD countries shows that paid paternity leave of a least six weeks is associated with a decrease in both gender wage gaps and labour force participation gaps.

Shared Parental Leave

In 2015 the Government introduced Shared Parental Leave (SPL), which gave mothers the right to share some of their maternity leave with their partners. Take-up has been very low, at around 2% of eligible couples (Dunstan, 2023), possibly due to the reduction in overall support a mother can receive.

Increasing SMP levels may encourage more couples to use SPL but more ambitious reform is needed long-term. Government should look to put in place an expanded settlement that does not involve mothers sacrificing maternity leave but provides a mix of longer paternity leave for fathers and an element of additional leave which can be shared or used by one partner.

Dramatically increasing the availability and take-up of flexible working

Flexible working is essential to keep unpaid carers in the labour market. It encompasses a range of working arrangements which can include choice over location, hybrid working, part-time hours, term-time contracts, genuine choice of shifts, different start or finish times or compressed hours. Being able to move into a good-quality part-time job has a transformative impact on poverty rates. Analysis carried out for JRF shows that for workless single parents, the poverty rate falls from 70% to 10% as a result of getting a decent part-time job (Timewise, 2022). Research from CPP shows that millions of women would like to work more hours if they had flexible working opportunities (Hochlaf, Franklin, and Billingham, 2022).

Despite this, there is a dearth of good quality flexible jobs in the labour market. Only 12% of jobs are advertised with part-time hours and experts estimate that demand for part-time hours is outstripping supply. Forty-six per cent of business leaders only consider flexible working once an employee has 'proved themselves' and 17% worry about offering flexible working to new hires because of concerns around parity with existing workers (Timewise, 2022). Sometimes promises of flexibility at interview are not met when a person starts the job, particularly in lower-paid sectors with staff shortages (Woodruff, Bestwick, and Campbell, 2021).

Working from home can offer more flexibility for unpaid care and reduce the need for formal care, but is significantly more likely among higher earners (ONS, 2023c). Analysis shows that as salary bands increase, opportunities for part-time working reduce (Timewise, 2022). Part-time work is also often paid less than full-time work – hourly pay rates for part-time work are lower even when taking into account the same qualification and skills level.

What needs to change?

Unpaid carers need flexible, good-quality jobs with progression opportunities not dependent on losing that flexibility. Other workers can benefit from good-quality flexible jobs – particularly disabled and older workers. There are benefits for employers too – analysis from the Institute for Employment Studies shows that modest changes in flexible working pay dividends, through reduced sickness absence and staff turnover (Williams, Cockett, and Allen, 2022).

'Day one flex' will be rolled out across all workplaces in 2024. It will shift the right to request flexible working from 26 weeks to day one of an employment contract. Employees will be able to make two requests in any 12-month period (up from one at present), employers will need to respond more quickly (down from three months to two months) and employees will no longer have to explain to their employer how their flexible working request could be met (BEIS, 2022). These new rights will be enforced via employment tribunal. Many campaigners hope this legal change will mean most employers taking active steps to promote flexible working but more needs to be done to make sure employers are ready for the change.

Whilst a **right to request** flexibility on day one is very welcome, we need to go further to make **flexible working by default through a right to flexible working** from day one**.** This would shift flexible working to become the norm with more limited exceptions where the business can prove a genuine need for refusing flexible work. The TUC have set out how flexible working by default could be delivered practically through both a new legal obligation to advertise all roles flexibly (or justify openly why they can't be) alongside an even stronger right to request from day one allowing more appeals (TUC, 2022). Both these new elements are rooted in a principle that all roles can be delivered flexibly until employers can prove why they can't. As a result, unpaid carers would be able to move back into work or remain in work more easily knowing their flexible working needs could be met.

New and existing employment rights to flexible work only work well in practice with improved access to advice and ways to seek redress for employees. Increased investment in the employment tribunal system will make non-compliance a higher risk for employers. The Advisory, Conciliation and Arbitration Service (ACAS) should receive additional funding to support employers and employees on flexible working rights and responsibilities.

Timewise have asked employers what might influence them to start recruiting flexibly, with employers asking for better guidance and support for managers and case studies evidencing the practicalities and financial benefits of designing flexible jobs (Timewise, 2022). Government should also consider leading by example by changing public sector procurement practice.

Further questions to answer

A number of studies concur that taking on unpaid social care is associated with leaving the labour market (Heitmueller and Michaud, 2006; Heitmueller, 2007; Van Houtven, Coe, and Skira, 2013). Similar effects are well established when it comes to unpaid child care, with a shift to part-time and lower-paid work also prevalent (Harkness, Borkowska and Pelikh, 2019). Our findings add to the literature by tying these threads together, helping to understand the aggregate pay penalty for different types of carers in the round, including its evolution over time. Unlike most of the literature, we also consider household income, which is arguably a more accurate measure of living standards. All of this has enabled us to make robust policy proposals for tackling the carer penalty, which would have a profound impact on poverty and social justice more broadly.

However, the analysis also raises further questions. Firstly, based on the existing literature, we would expect the pay penalty to vary between groups. We have already mentioned that income itself will be associated with differential impacts, including among individuals who are deterred or prohibited from undertaking unpaid care as a result of the pay penalty. Other factors are likely to have a bearing too, including the number of hours spent caring, the specific type of care provided, and the gender of the carer (Gomez-Leon et al., 2017; Schmitz and Westphal, 2017; King and Pickard, 2013).

On the question of gender, the division of care responsibilities within the household will play a pivotal role in mediating the pay penalty. We have simplified this issue in the case of unpaid child-care givers by only counting the adult in each household who is primarily responsible for the children, which is usually the mother. While this does reflect a real-world disparity, it neglects variations in the degree to which caring responsibilities are shared. ‘Secondary’ carers may also face penalties, though on average men may experience a fatherhood bonus (Cory and Stirling, 2016).

Due to a limited sample size, we have also not been able to provide separate analysis on those performing unpaid child care and unpaid social care simultaneously. It would be of interest to know whether these ‘sandwich carers’ experienced an additional pay penalty, beyond the effects of the two individual pay penalties. Additionally, transitions in and out of caring, and between different levels of care intensity, are apparently significant, and we would expect these dynamics to mediate the impacts of caring on labour-market outcomes.

Questions of choice are also central. While we should not equate choice with justice, there are clearly distinct issues at play depending on whether an individual takes on care responsibilities out of choice or for lack of choice, and likewise regarding their involvement in the labour market. Furthermore, while our analysis focuses on the pay penalty, the evidence demonstrates that the impacts of unpaid care extend into other domains, such as physical and mental health as well as social relationships (Vasileiou et al., 2017; Vlachantoni et al., 2016). Some of these impacts may feed back into the pay penalty in complex ways.

Finally, the root of the caring penalty is the dichotomous way we think of care and work, and our research shows again how the design of modern work further entrenches this by forcing carers to leave or reduce work to undertake care. So, despite the life-giving labour of unpaid carers, their contributions are often not recognised or counted as productive. As feminist economists have long identified, we need to make visible these contributions in order to better understand their impact and value. JRF will be considering these questions in the next phase of this work.

Notes

[i] There are also weaknesses with the data. For example, although Understanding Society is longitudinal, it remains a series of annual snapshots, so within-year changes are obscured. There is also the issue of censoring, which refers to the fact that we do not have data on the period before a respondent entered the survey (left censoring) nor on the period after the last wave in which the respondent appears in the survey (right censoring).
[ii] This figure is significantly higher than the Census figures of 5 million in 2011 (near the beginning of our sample) and 5.8 million in 2021 (near the end of the sample) (ONS, 2013, 2023b). Besides geographical coverage – the Census only covers England and Wales rather than the whole of the UK – the main difference between these two data sources is the much larger number of low-intensity carers represented in Understanding Society. Most of this care is performed between, rather than within, households, and the wording of the question that identifies between-household carers in Understanding Society likely captures a range of activities that would not traditionally be considered care. In addition, research has shown that carers often underreport the care they provide relative to the responses of those who receive care, and prompts are in place to address this issue in Understanding Society (Rutherford, 2018). Other estimates are more in keeping with Understanding Society; for example, Carers UK estimated that 9.1 million people were providing care before the pandemic (Carers UK, 2020).
[iii] See the Methodology Briefing for a discussion on the relationship between care intensity and the pay penalty.
[iv] These figures include carers who provide care both within the household and between households, making up 10% of carers about the 20-hour threshold and 5% of carers below the threshold.
[v] For carers who perform both child care and social care, the figures include the total number of people for whom they provide care, though this only applies to a small number of carers.
[vi] Many of these carers will have previously been providing lower intensity care, and may have already dropped out of work as a result of caring responsibilities.
[vii] There are minor differences between poverty rates derived from HBAI and Understanding Society. See Fisher et al., 2019.
[viii] See the Methodology Briefing for a discussion on selection bias and how we address it. While it would be possible to compare pay penalties for different groups – including income groups – this kind of bias would be a major pitfall as we are unable to estimate the potential pay penalties of individuals who do not undertake care.
[ix] Average working hours and average wages are only calculated for those in paid work, and are therefore subject to compositional effects as carers exit and re-enter paid work. We find that these effects are minor. The only notable changes occur in Year 0, which sees an increase in the pre-care average wage of £1.40 per hour and increase in pre-care average working hours of 2.4, likely as lower-paid carers exit work. However, these effects largely disappear in Year 1.
[x] Average working hours and average wages are only calculated for those in paid work, and are therefore subject to compositional effects as carers exit and enter paid work. We find that these effects are minor. Increases in average wage could however be the result of selection effects, whereby individuals who expect wage increases are more incentivised to stay in or return to paid work than those who had less prospect for progression.
[xi] This figure differs slightly from the 56% who go on maternity leave in our earlier analysis. Because we require fewer years of data in this analysis, we can use a broader set of unpaid child-care givers.
[xii] If the mother returns to work before using her full leave entitlement, these rates would be higher.
[xiii] This also explains the significant minority of benefit recipients who experience no earnings replacement: all of these experience a reduction in their UC award in the year that they started caring.
[xiv] Reasons for early retirement vary. While some are compelled to leave work, for example due to ill health or redundancy, others do so from a position of economic security. See House of Lords, 2022.
[xv] In part this will reflect the birth of new children in Year 0, which reduces per-capita resources.
[xvi] These figures represent simple annual averages across waves 2–10 of Understanding Society. The total figure comes to 0.9 million (30%) if using a threshold of 20 hours, and 1.1 million (10%) if using no threshold.

[xvii] The figure comes to 1.4 million if we look at those providing at least 20 hours per week, and 5.6 million if we look at all unpaid social-care givers. In all cases the proportion is around 50%. These figures represent simple annual averages using waves 2–10 of Understanding Society.
[xviii] Understanding Society contains information on health conditions, but the conditions most closely associated with unpaid care, such as dementia and multiple sclerosis, are not included as separate categories in all waves of the survey. There is also no information on the health conditions of individuals receiving care from someone in a different household.
[xix] There are two main issues. First, Understanding Society is collected through annual snapshots, so within-year changes are obscured. This means that someone who appears to be caring in two consecutive years may have in fact undertaken multiple, separate caring intervals. Conversely, someone who appears to have only cared for one year may have actually provided care for anywhere between one week and two years – that is, the period between the previous and subsequent data collection points. Second, it is impossible to ascertain the length of a care spell which is already underway when an individual first enters the survey or is still underway in the latest wave that they appear in the survey – a problem known as censoring.
[xx] Group 1 is estimated by selecting carers who are no longer in paid work and are aged 65 or younger; Group 2, those are still in paid work and are aged 65 or younger; and Group 3, those who are over 65, whether in or out of paid work. In all cases, self-employment is excluded, and we only count carers who are providing at least 35 hours of care per week and were in paid work before starting caring.
[xxi] Group 2 is restricted to carers who indicate that unpaid care is preventing them from working as much as they would like (ǵ̣PЭɪᴘ equal to 2). Group 3 is restricted to those who indicate either that unpaid care is constraining their ability to work (ǵ̣PЭɪᴘ equal to 1 or 2) or that they exited work to undertake care (˝∘ЭɒP| Эǵ˝ equal to 9 or 10, or from wave 7 onwards, ˝∘ЭɒP| Эǵ˝ꙁ*or ˝∘ЭɒP| Эǵ˝ⵒ *equal to 1).
[xxii] This figure does not tell us the ultimate duration of these claims. Conversely, neither does it take into account claims that already started and stopped within the last year.
[xxiii] We assume that no carers in Group 1 would have returned to paid work in the absence of the policy, and therefore that all work returns in this group can be attributed to the policy. While this gives a maximum effect size, we have only counted the effect in a single year; in reality, those induced to stay in paid work each year may do so for multiple years.
[xxiv] An individual on a wage of £10.42 per hour working 35 hours per week would be earning £364.70 per week. Ninety per cent of their pay would be £328.23 per week, which for 39 weeks comes to £12,800.

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Oxfam UK

Dementia UK

Mumsnet

Carers Trust

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We are an independent social change organisation, working to support and speed up the transition to a more equitable and just future, free from poverty, where people and planet can flourish.

For us, ending poverty in the UK is a moral cause: to ensure dignity and respect for everyone, and to address exclusion and powerlessness.

We are working towards our mission through policy work, research and campaigns. We also resource and partner with organisations that are doing the difficult and important work of redesigning the world they want to live in, to achieve deep, transformative change.

We've supported this project as part of our programme of research and innovative development, which we hope will be of value to policy-makers, practitioners and service users. The facts presented and views expressed in this report are, however, those of the author[s] and not necessarily those of JRF.

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Joseph Rowntree Foundation
The Homestead
40 Water End
York YO30 6WP
www.jrf.org.uk

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