



BRIEFING PAPER

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The future of Attendance Allowance

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In December 2015 the Government announced that it would consider “giving more responsibility to councils in England, and to Wales, to support older people with care needs – including people who, under the current system, would be supported through Attendance Allowance.” In July 2016 the Department for Communities and Local Government (DCLG) launched a consultation on the Government’s plans to allow local government to retain 100% of the business rates that they raise locally. As part of this, it sought views on a range of functions and responsibilities that could be funded locally from retained business rates. This includes Attendance Allowance, although no further details of what devolution might involve were given.

The business rates consultation closed on 26 September 2016. Although the consultation response has not yet been published, in January 2017 the Communities and Local Government Secretary Sajid Javid announced that devolution of Attendance Allowance would not now be taking place.

This briefing gives background information on Attendance Allowance, and such information as was available on the Government’s plans. It also summarises initial reactions to the proposals from local government bodies and other stakeholders, as well as reaction to the Government’s decision not to proceed with the devolution of Attendance Allowance.

1. What is Attendance Allowance?

[Attendance Allowance](#) is a social security benefit for older people with care needs, first introduced in 1971. It is non-contributory – i.e. it does not depend on the person having paid National Insurance contributions – and is not affected by any income or capital (savings) the person or their partner might have. It is also tax free.

Attendance Allowance can be claimed from age 65 onwards¹, and is payable at two rates (2016-17 rates):

Lower rate £55.10 a week

Higher rate £82.30 a week

¹ The age at which Attendance Allowance may be claimed will however rise as the (equalised) State Pension age for men and women starts to increase beyond 65

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The lower rate is payable if the person needs help with personal care frequently or supervision continually throughout the day only, help with personal care or someone to watch over them during the night only, or someone to be with them when they are on dialysis.

The higher rate is payable if the person needs help with personal care, or someone to supervise or watch over them frequently throughout the day and also during the night.

The stated purpose of Attendance Allowance is to “provide a financial contribution towards the generality of extra costs experienced by severely disabled people as a direct result of their disabilities.”² A person can get Attendance Allowance even if no one is actually providing them with care or supervision; it is entirely up to the recipient what they spend the money on.

2. Who gets Attendance Allowance?

As of May 2016, 1.45 million people were receiving Attendance Allowance in Great Britain, with 878,000 (61%) receiving the higher rate. Of the 1.45 million recipients, 1.0 million – more than two-thirds – were aged 80 or over. More women than men receive Attendance Allowance – 943,000 compared with 505,000.³

Total expenditure on Attendance Allowance in Great Britain in 2016-17 is forecast at £5.5 billion. Expenditure is expected to increase to around £5.7 billion a year in 2020-21 (real terms, at 2016-17 prices).⁴

3. What did the Government propose?

In its [consultation on the provisional Local Government Finance Settlement](#) for 2016-17, published on 17 December 2015, the Government announced that it would consider “giving more responsibility to councils in England, and to Wales, to support older people with care needs – including people who, under the current system, would be supported through Attendance Allowance.”

The proposal was put forward within the context of wider changes to local government finance and powers. The Government proposed to allow local councils to retain 100% of business rates collected in their area, to give councils the power to cut business rates to boost growth, and to give elected city-region mayors the power to levy a business rates premium for local infrastructure projects.⁵

The consultation paper stated:

As part of these reforms, the main local government grant will be phased out and additional responsibilities devolved to local authorities, empowering them to drive local economic growth and support their local community. For example, the government will consider transferring responsibility for funding the administration of housing benefit for pensioners and Transport for London’s capital projects to local government, and will also consult on options to transfer responsibility for funding public health. The Government will also consider giving more responsibility to councils

² DWP, [Attendance Allowance, Disability Living Allowance and Carer’s Allowance: Retrospective equality impact assessment](#), September 2010, paras 2.1-2.2

³ [DWP Tabulation Tool](#)

⁴ [DWP Benefit expenditure and caseload tables 2016](#)

⁵ For further background see Commons Library briefing CBP-7538, [Reviewing and reforming business rates](#)

in England, and to Wales, to support older people with care needs – including people who, under the current system, would be supported through Attendance Allowance. This will protect existing claimants, so there will be no cash losers, and new responsibilities will be matched by the transfer of equivalent spending power. The Government is planning to consult in the New Year on this proposal, including on the right model of devolution and the level of flexibility that councils would need in order to effectively deliver this additional responsibility.

These changes will need legislation, and the Government will be seeking the earliest possible legislative opportunity. In the meantime, the Government will be developing the parameters of the scheme and the operational delivery details.⁶

As set out further in section 10, in January 2017 the Communities and Local Government Secretary Sajid Javid announced that the Government had decided against the proposed devolution of Attendance Allowance to local authorities.

4. What did the July 2016 consultation cover?

On 5 July 2016 the Department for Communities and Local Government (DCLG) [launched a consultation](#) seeking views on the implementation of the Government's commitment to allow local government to retain 100% of the business rates that they raise locally. The consultation sought to "identify some of the issues that should be kept in mind when designing the reforms." This included additional responsibilities that should be devolved to local authorities alongside 100% retention of business rates.

The consultation considered a range of functions and responsibilities that could be delivered differently. This included Attendance Allowance (see page 19 of consultation paper).⁷ The consultation sought views on the following questions:

Question 1: Which of these identified grants / responsibilities do you think are the best candidates to be funded from retained business rates?

Question 2: Are there other grants / responsibilities that you consider should be devolved instead of or alongside those identified above?

No further details were given about what devolution of Attendance Allowance might have involved, and how any new powers and responsibilities would relate to existing adult social care provision.

5. What about Scotland, Wales and Northern Ireland?

5.1 Scotland

Under the *Scotland Act 2016*, responsibility for Attendance Allowance – and for all the other extra-costs disability benefits including Disability Living Allowance and Personal Independence Payment – is devolved to the Scottish Parliament. The Scottish Government

⁶ DCLG, [The provisional Local Government Finance Settlement 2016-17 and an offer to councils for future years: Consultation](#), paras 1.4-1.5

⁷ DCLG, [Self-sufficient local government: 100% Business Rates Retention: Consultation Document](#), 5 July 2016

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recently consulted on how the new welfare powers in the *Scotland Act 2016* should be exercised. Disability benefits are covered in section 6 of the July 2016 consultation paper, [A New Future for Social Security: Consultation on Social Security in Scotland](#).

No specific proposals were put forward for Attendance Allowance, but the paper sought views on, among other things, possible changes to claims and assessment procedures for disability benefits, a “whole life” approach where a single disability benefit would cover all age groups, whether in some cases people should be given the option of receiving support other than as cash, and whether and how mobility support should be offered to older people. The consultation paper also sought views on how disability benefits could “work more effectively with other services at national and local level”, including social care, although no specific ideas were put forward.

The consultation paper emphasised that “we will not change current UK disability benefits policy without good reason and where there is a clear consensus and support for the existing arrangements.”⁸ The deadline for responses to the Scottish Government’s consultation was 28 October 2016, and a Government response has not yet been published.

5.2 Wales

It is not clear whether, should the Government have decided to take forward the plans for Attendance Allowance, it would have applied to Wales as well as to England.

In its [consultation on the provisional Local Government Finance Settlement](#) for 2016-17, the Government announced that it would consider (our emphasis) “giving more responsibility to councils in England, **and to Wales**, to support older people with care needs...” More recent PQs have however only mentioned devolving responsibility to local authorities **in England**.⁹

Responsibility for business rates is devolved to Wales (and to Scotland and Northern Ireland), so the July 2016 DCLG consultation paper on proposals for 100% retention of business rates and associated reforms (including transferring responsibility for Attendance Allowance) covers England only (although the Government did also state that “this is an open consultation and all interested parties are invited to respond”).¹⁰

A [joint project between the Welsh Local Government Association and the Bevan Foundation](#) looked into the options for devolving responsibility for Attendance Allowance to Wales and the potential benefits and downsides of doing so. It raised concerns that devolution could lead to issues around adequate funding levels and could lead to Attendance Allowance’s effective absorption into local authorities’ social care budget. The report also highlighted the potential complexity for claimants of having Attendance Allowance, administered by the Welsh Government, as a passporting benefit for other, UK-administered benefits.

The Bevan Foundation noted that there was little political support in Wales for devolution:

Ahead of the 2016 National Assembly for Wales elections, only Welsh Labour made specific reference to AA in its manifesto, which stated, “[w]e will resist attempts by

⁸ The Scottish Government, [A New Future for Social Security: Consultation on Social Security in Scotland](#), July 2016, p37

⁹ See for example [PQ 42360 \[on Attendance Allowance\], 19 July 2016](#)

¹⁰ [PQ 42341 \[on Attendance Allowance\], 14 July 2016](#)

the UK Government to transfer Attendance Allowance to the Welsh Government and instead fight hard to protect it at the current rate.”¹¹

5.3 Northern Ireland

The situation for Northern Ireland was also unclear.

Social security in Northern Ireland is a devolved matter, but there is a long-standing policy of maintaining parity with Great Britain in this area. Parity in social security between Northern Ireland and Great Britain is more than just a convention. The Belfast Agreement specifically cited social security as an area where parity is normally maintained, and the principle is enshrined in section 87 of the *Northern Ireland Act 1998*. There are some differences in social security provision in Northern Ireland compared with Great Britain, but these are relatively minor and, in regard to the range of benefits available, conditions of entitlement and benefit rates, the systems essentially operate as one.¹²

However, as noted above, responsibility for business rates is devolved to Northern Ireland.

6. What did local government have to say?

Responding to the launch of the business rates consultation in July, Cllr Nick Forbes, Senior Vice Chair of the Local Government Association, said:

Councils do not want responsibility for administering the attendance allowance benefit for older people. Responsibility for administering it would create significant cost pressures for councils whose budgets are already under significant strain. That is because cost pressures and applications for demand-led services like attendance allowance can go up very quickly whereas it can take much longer for local areas to generate business rates income.¹³

According to analysis by *Localis*, the proposal to devolve Attendance Allowance would have meant that “local authorities will need to fund their local claimants’ needs through their own means (which, after 2020, will not include any central grant). Given claimant counts are highly varied across the country, this means that some local authorities will be responsible for a lot more claimants than others.” For example, *Localis’s* research found that the counties of Essex, Kent and Lancashire have over 20,000 Attendance Allowance claimants, whereas the London Borough of Hammersmith and Fulham, Rutland Council and Bracknell Forest have less than 1,000.

Localis added that:

With many local authorities already facing huge cost and demand pressure delivering social care services, it’s understandable they’re nervous about Attendance Allowance. Local authorities fear it will hamper the place-shaping role that greater financial independence allows, while charities fear it could put future funding for the elderly disabled at risk. For government, this technical issue could quickly escalate into a broader political problem, much like the tax credits changes did.¹⁴

In July 2016, the Chairman of the Local Government Association (LGA), Lord Porter, was reported in *The MJ* as having “warned Whitehall” that “forcing local authorities to shoulder the cost of attendance allowance under business rate reform could be a ‘deal

¹¹ Bevan Foundation and Welsh Local Government Association, [The future of Attendance Allowance](#), November 2016, p20

¹² For more on parity see section 2.3 of Commons Library briefing CBP-7389, [A Fresh Start: the Stormont Agreement and Implementation Plan and the Northern Ireland \(Welfare Reform\) Bill 2015-16 \[Bill 99\]](#)

¹³ LGA press release, [LGA responds to DCLG consultation on business rates retention](#), 5 July 2016

¹⁴ Localis, [Should the Government devolve Attendance Allowance?](#), 25 August 2016

breaker’,” noting that “local government had ‘universally rejected’ the burden, which totals as much as half of the extra revenue the sector hopes to receive and would grow in the future due to rising demand.” Lord Porter said that “there is no reason for doing it and no added value for making us do it”.

In the same article, Cllr Izzi Seccombe, the LGA’s health and well-being spokesperson said that the sector “had to be ‘very cautious and very robust’ in its opposition to taking on attendance allowance.”¹⁵

7. How did other stakeholders react?

Age UK argued that the Government’s plans to pass responsibility for Attendance Allowance would have “put this vital benefit for older people under threat” and started a campaign asking members of the public to sign its open letter to Ministers calling on them not to go ahead with the changes:

We are writing to voice our deep concern about the proposal to transfer responsibility for Attendance Allowance to councils.

We are extremely worried that this would create a patchwork of different approaches in place of a single national scheme that means older disabled people can decide the help they need. We are equally concerned that locally generated funds would be outstripped by the growing numbers of older people who will need Attendance Allowance in future, depriving them of help, undermining their independence and increasing burdens on other local services.

This proposal has huge implications for tomorrow’s older disabled people and their families and we fear could effectively mean the end of a vital source of support.¹⁶

Carers UK also campaigned against changes to Attendance Allowance:

We strongly disagree with the proposal to devolve Attendance Allowance to local authorities. We have a number of concerns about the possible consequences.

Currently, Attendance Allowance is a national entitlement. This means that demand for Attendance Allowance is matched by funding.

Under the new proposals, local authorities could have a fixed budget and local responsibility for funding the demand – which we know is growing with our increasingly ageing population.

We think this local responsibility and freedom over how to use funds could lead to a postcode lottery. Local authorities could be given the freedom to set their own eligibility criteria for Attendance Allowance, while others may choose not to provide a similar payment to Attendance Allowance at all, and/or subject any help to the social care rationing system.¹⁷

Carers UK also produced a longer briefing, [Potential devolution of Attendance Allowance: impact on carers](#).

Disability Rights UK (DR UK) was similarly opposed to the proposals and called for the Government not to include Attendance Allowance in the responsibilities to be funded from retained business rates:

DR UK strongly disagrees with proposals to include AA [Attendance Allowance] within the list of responsibilities that could be funded from retained business rates in future.

¹⁵ TheMJ.co.uk, [Porter: Attendance allowance is business rates deal-breaker](#), 22 July 2016 [subscription required]

¹⁶ Age UK, *The choice is mine: Why Attendance Allowance is so important to older people*, October 2016

¹⁷ Carers UK, [Protect Carers Allowance](#), (last accessed 25 January 2017)

We are extremely concerned that if local authorities were required to replace AA in this way, many older disabled people would lose access to support they would have otherwise received, with significant, harmful consequences for individuals, carers, family members and local authorities.

Our key concerns are that:

- Local authorities' ability to meet growing demand for support previously provided by AA may not match income from business rates in their areas and could lead to postcode lotteries of provision.
- AA both prevents and offsets social care costs, which could then fall on local authorities if this support were no longer available.¹⁸

The National Association of Welfare Rights Advisers (NAWRA) supported the LGA's position that responsibility for Attendance Allowance should not be passed to local authorities. NAWRA also argued that the consultation on the Attendance Allowance proposals had been insufficient:

We believe that inadequate consultation on this particular aspect of the proposal has taken place and many organisations have not been made aware of this proposal as it has only been referred to in the Business Rates retention consultation and not addressed in a usual Social Security consultation. This will inevitably lead to a lack of responses and may skew the opinion of decision makers on this issue.¹⁹

8. Had any research been done on the implications of devolving Allowance to local authorities?

The Strategic Society Centre published a paper in July 2016, [Attendance Allowance and Local Government – Examining the evidence and the options](#).

The report noted the differences between the objectives of Attendance Allowance, and the adult social care [ASC] departments of local authorities which would have been responsible for it if Attendance Allowance was devolved, and found that "importantly, academic research suggests there is limited overlap between the two systems: just over one-third of local authority ASC recipients receive no disability benefits, and only one-third receive Higher rate disability benefits":

Comparing the AA [Attendance Allowance] and local authority adult social care (ASC) systems reveals substantial differences between the two, in relation to:

- Policy objective – AA is a contribution toward the cost of living with a disability, whereas the ASC system seeks outcomes that support people's wellbeing;
- Numbers receiving support - around 1.24 million older people in England receive AA, compared to around 411,000 who receive some form of local authority ASC support;
- Type of public spending – AA comprises 'Annually Managed Expenditure', but ASC represents 'Department Expenditure Limit' (DEL) spending;
- Total public spending – AA costs around £4.755 billion per year, whereas local authority expenditure on ASC is around £14.081 billion;

¹⁸ DR UK, [Our response to proposals to transfer Attendance Allowance to councils](#), 26 September 2016

¹⁹ NAWRA, [Self-sufficient local government: 100% Business Rates Retention: NAWRA response](#), September 2016

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- Determination of eligibility – eligibility for AA is not dependent on whether individuals receive formal or unpaid care, where they live, nor on a person's level of income or wealth. However, eligibility for ASC depends on an assessment of their care needs, and a means assessment;
- Reach and consistency - the reach of the disability benefits system among older people with a disability is considerably greater than the ASC system, and historically, there has also been more consistency in reach across different areas, compared to variations in the local reach of the ASC system.²⁰

Noting that “take-up of AA and DLA [Disability Living Allowance] is higher than local authority ASC among older people living with a disability, including those with the highest levels of disability,” the study argued that (original emphasis):

Proposals that responsibility for supporting individuals who would currently receive AA is transferred to local authorities suggest that councils would take on more responsibility for more people, including some with the very highest levels of disability. This raises the important question of whether **effective ‘demand’ for local authority ASC could increase through transferring AA to local government:** some individuals in receipt of AA may qualify for local authority support, and councils would be obliged to provide it, **potentially at considerable extra cost.**²¹

In conclusion, the report made the following observations for policymakers and social care stakeholders:

- AA population group - it is important that the government and local authorities have a clear understanding of the population that receives AA. The government's proposal to transfer responsibility for this group implies local authorities taking on additional responsibility for over one million people, who are typically older, poorer, live alone, and with substantial levels of disability – which may pose a significant challenge for councils;
- Targeting - the local authority ASC system places a great emphasis on targeting support, both in relation to need and financial means. However, public spending on AA is also geared toward poorer households, and AA reaches a far higher proportion of older people with high levels of disability than the ASC system;
- Potential additional costs for local authorities - any transfer of AA expenditure to local authorities may result in additional costs for councils in the form of entitlement to increased levels of means tested support for care at home, and reduced cross-subsidy of care fees in the residential care market. Demand for local authority ASC may increase as more individuals who would have received AA but never applied for council support come into contact with the ASC system. If the transfer of responsibility for AA reduces the reach of support of the AA system, this could reduce the provision of other forms of support, such as unpaid care, that may depend on the availability of AA, and could lead to an increase in demand for local authority ASC;
- Public spending and political risk – as a form of ‘DEL’ public spending, subsequent spending reviews could see local government budgets cut, including the value of any transfer from the AA system. In fact, to the extent that public spending on AA ultimately finds its way into the local authority ASC system, this revenue is arguably more likely to be maintained in future and guaranteed for local authorities – and care providers - if it remains ‘AME’ spending as part of the benefits system;
- Opportunities for reforming AA exist - there are significant opportunities available to policymakers to reform AA and improve the AA system. For example, telephone advice and information could be targeted at AA recipients

²⁰ Strategic Society Centre, *Attendance Allowance and Local Government – Examining the evidence and the options*, July 2016, pp3–4

²¹ *Ibid.*, p27

via the existing system. Implementing such measures may considerably increase the value-for-money of public spending on AA, and ultimately reduce demand for ASC and NHS support.²²

The Joseph Rowntree Foundation report, [Disability and poverty in later life](#), which was published in August 2016 commented on the principle of making local authorities responsible for both adult social care and devolved Attendance Allowance:

Britain currently has a dual system of public support for older disabled people. Central government pays disability benefits (mainly Attendance Allowance and Disability Living Allowance), while local authorities manage the provision of social care services. The two systems are quite separate and have little overlap, and it is sometimes suggested that they should be merged into a single system of disability support. While this sounds neater and may save some administrative costs, it runs the risk that many more people may miss out on government support completely. We think it is too big a risk to take with such a vulnerable group.

[...]

Overall, given our research findings, we see a distinct role for cash benefits like AA/DLA within the system of public support for older disabled people. The delivery of benefits to those in need is far from perfect but we see no reason to believe that a unitary system of disability benefits and care service would be better targeted, and there is a risk that it would be considerably worse in terms of delivery of support to those in greatest need.²³

The report's statistical analysis noted that "even among people receiving the highest rate of AA or DLA, only just over 1 in 8 receives any local authority social care," while only 11% of those on the lower rate of Attendance Allowance received social care. It also found that 35% of recipients of local authority-funded social care received no Attendance Allowance or DLA.²⁴

9. Have similar proposals been put forward previously?

Yes. In July 2009 the Labour Government published a Social Care Green Paper, [Shaping the Future of Care Together](#), which outlined its "vision" for a new care and support system for older people in England and sets out alternative ways in which a 'National Care Service' might be funded.²⁵ As part of its plans, the Government argued that there was a case for bringing together some existing funding streams to deliver the new system and that consideration should be given to integrating some elements of disability benefits – in particular Attendance Allowance – to create a "new offer for individuals with care and support needs."²⁶

A subsequent March 2010 White Paper, [Building the National Care Service](#), proposed to reform the gateway for care and support services by providing for the joint assessment of eligibility for Attendance Allowance and social care, but ruled out further changes to Attendance Allowance or DLA for the next Parliament.²⁷ A proposed National Care Service Commission would however have been established which would be asked to

²² *Ibid.*, p5 & p33

²³ Joseph Rowntree Foundation report, [Disability and poverty in later life](#), August 2016, pp1 and 23

²⁴ *Ibid.*, pp5-6

²⁵ HM Government, [Shaping the Future of Care Together](#), Cm 7363, 14 July 2009

²⁶ For further details see Commons Library Briefing SN-5136, [The future of Attendance Allowance and other disability benefits for older people](#)

²⁷ HM Government, [Building the National Care Service](#), Cm 7854, 30 March 2010

consider, among other things, the relationship between Attendance Allowance, DLA and social care.

10. Why did the Government drop its proposals?

The business rates consultation closed on 26 September. DCLG has not yet published its response.

However, in a speech to the LGA Councillors' Forum on 19 January 2017, the Communities and Local Government Secretary Sajid Javid announced that the devolution of Attendance Allowance would not now be taking place, following concerns raised by stakeholders:

I can also give you all some reassurance today.

Like I said, I've been talking to a lot of council leaders over the past 6 months.

And one concern that comes up again and again is the possibility that Attendance Allowance funding could be resourced from retained business rates.

Well, I'm listening.

Today I can confirm that the localisation of Attendance Allowance is no longer being considered as part of the business rates reforms.

I'll be announcing further details on business rates reforms shortly.

But I can tell you now that Attendance Allowance will not be included.²⁸

The announcement was welcomed by Carers UK. In a statement, the Chief Executive Heléna Herklots CBE stated:

We are pleased that the concerns of older disabled people and carers have been listened to and we're grateful to all those who made their views known. Localising Attendance Allowance would have risked fragmenting and reducing essential sources of practical and financial support both for older disabled people, and for carers.

Attendance Allowance helps thousands of older people with the extra costs of disability and enables people to live in their own homes for longer. The benefit also provides a clear route for those caring for 35 hours or more, unpaid, to get vital recognition and financial support by enabling them to claim Carer's Allowance – the main benefit for those caring unpaid and essential income for many who are unable to combine paid work with caring.²⁹

²⁸ DCLG & The Rt Hon Sajid Javid MP, [Speech: Supporting local government](#), 19 January 2017

²⁹ Carers UK press release, [Carers UK responds to Government's decision not to localise Attendance Allowance](#), 19 January 2017