

Attendance Allowance – Where does it fit?

Kevin Stewart, IRRV, MAAT, MCFI
IRRV Immediate Past President and
Local Taxation and Benefits Manager,
Wealden DC

Who is eligible for attendance allowance?

- Attendance allowance is not means tested
- Is available to anyone over 65 who meets the eligibility criteria. It is intended for:
 - People who have a physical disability (including a sensory disability, such as blindness), a mental disability (including dementia and learning difficulties), or both.
 - People with a disability severe enough to need help caring for themselves, or need someone to supervise them, for their own or someone else's safety.

To qualify, your relative must have lived in Great Britain for at least two out of the last three years and be in the country when they claim. There are some exceptions to this. They will also normally have to have met the conditions for six months, although the recently disabled can apply immediately.

Facts and Figures

- In November 2015 1.24m recipients of AA in England
- **Full £4.755 billion** of current public spending on AA.
- Two thirds are female
- Over two thirds are aged 80 or over
- Receipts aged less than 70 is less than 50,000

Government Proposals

- The government has proposed to **give local authorities in England control of additional revenue worth up to £13 billion** each year.
- The aim of encouraging councils to take decisions that drive economic growth.
- In order to give councils **additional spending responsibilities** of an equivalent amount, the government has proposed giving local authorities the **responsibility to support older people who, under the current system, would be supported through Attendance Allowance (AA)**.
- While maintaining payments to existing recipients, this would ultimately result in the **transition of all public expenditure on AA to local government**.

So what now

- **Retention of current AA system**
- **Pros**
- **Control**
- **Simplicity**
- **Consistency**
- **Predictability**
- **Accountability**
- **Distribution of spending**

Attendance Allowance

- **Cons**
- **Limited take-up**
- **Level of support**
- **Targeting of support**
- **Targeting by income**
- **Varying disability costs**
- **Lack of focus on outcomes**

Transfer AA spending to local authority ASC system

- The government stops all new claims for AA, while continuing to pay AA to current recipients.
- As savings accrue from this change, the government transfers these savings to local authorities, as ring-fenced funding to be spent meeting duties under the Care Act
- Phasing out AA would mean that more individuals may be entitled to local authority financial support for home care, and for increased levels of financial support.
- In addition, without AA, individuals who fund their own residential care may pay lower fees as 'self-funders', reducing the amount of 'cross-subsidy' in the residential care market from self-funders to local authorities.
- Gradually transferring public spending on AA to local authorities over a number of years would result in a net increase in ASC budgets of **less than the full £4.755 billion** of current public spending on AA.

For and against the case

- **Pros**
- **Local authority budgets**
- **Cons**
- **Reduction in supported population**
- **Disability costs and unmet need**
- **Increased ASC demand**
- **Political risk**
- **Pressure on care homes**

Administration of AA system by local authorities

- **Summary**
- The current AA system is retained
- But administered by local authorities rather than DWP.
- The legislation underpinning the AA system is incorporated into the Care Act (2014)
- Relevant new legal duties apply to local authorities.
- Public spending on AA transfers from DWP to local government.
- Eligibility for AA remains universal and unchanged, relating to physical disability, mental disability, or experiencing a disability severe enough for the person to need help caring for themselves or someone to supervise them.
- AA continues to be a weekly cash payment, paid at Higher and Lower rates, with the rates set by national government.

Pros and Cons of LA's administering AA

- **Pros**
- **Continuity** – the AA system will retain the same benefits for older people in relation to **control, simplicity, consistency, predictability** and **political resilience**;
- **No reduction in supported population**
- **Local authority reach**
- **Targeted support**
- **Cons**
- **Take-up**
- **Administrative costs**
- **Additional local authority costs**
- **Inflexibility and budget pressures**

New universal, disability-related cash payment for older people paid by local authorities

- **Summary**
- While protecting existing AA recipients, AA is replaced by a new, universal 'Direct Payment AA' for older people living with a disability, paid by local authorities.
- Public spending on AA is gradually transferred to local authorities.
- An additional eligibility assessment applied by local authorities is incorporated into the Care Act (2014), drawing on the existing AA assessment.
- Eligibility for the new 'Direct Payment AA' is not means tested
- Local authorities are free to set their own rates for the new payment.

Pro's and Con's of This New System

- **Pros**
- **Simplicity and control**
- **Take-up of local authority support**

- **Cons**
- **Take-up of 'Direct Payment AA'**
- **Local variation**
- **Political risk**

Opportunities for reforming AA exist

- Local authority ASC system does have advantages over AA, for example, in the scope to tailor support to individuals with the highest needs.
- 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 via the existing system.
- Implementing such measures could considerably increase the value-for-money of public spending on AA, be an effective form of prevention,
- This would ultimately reduce demand for ASC and NHS support.

The future

- Local authorities do not want to take on AA and continue to try and resist it
- CLG have insisted they will take on AA but stated that local authorities could decide whether to continue attendance allowance or something else.
- LA s believe AA should be transferred outside Business Rates Devolvement.
- The CLG claim LA's administering AA would help adult social care

Where does it fit

- The simplification of Benefits in the current Welfare Reform Agenda?
- Who administers what, particularly in a two tier area?
- Is it easy to understand?
- Think of the customer
- What is happening in Scotland and Wales
- Finally – any questions?