

# *Attendance Allowance and care reform – briefing*

## **1. Summary**

The Commission on the Funding of Care and Support is due to report in the summer and Age UK hopes it will present proposals for radical reform of the funding of social care. As part of the recent debate on care reform there has been discussion about integrating disability benefits for people into a new system of care and support. This note explains the positive role played by Attendance Allowance (and Disability Living Allowance which is paid to people who become disabled before the age of 65). In Age UK's view reform must safeguard the essential features and underlying entitlements of the current system of disability benefits.

### **The key benefits of Attendance Allowance**

Attendance Allowance is a benefit that meets a number of policy aims, as well as being flexible and useful to those who receive it. We know that it helps to promote independence and wellbeing, supporting people to remain active in their own homes and communities. It is similar to a direct payment – recipients can choose to spend it as they wish, according to their individual priorities. It also reaches far, those who receive it are alike in that they have a disability, but it supports people with different types of need and a range of incomes. It does not require extensive resources to monitor or mean-test and therefore is good value for the state.

### **Targeting of the benefit**

It is well targeted: research shows that probability of a successful claim for Attendance Allowance is strongly linked to the severity of disability and the allowance tends to be focussed on disabled people with low incomes.

### **The join between benefits and care services**

There have previously been concerns that Attendance Allowance and social care services overlap, and that some support is duplicated as people can receive both. However, care services are typically available only to those with the highest needs, following decisions by most English councils to reduce eligibility for support, so Attendance Allowance has an important part to play for people with low or moderate levels of disability, who are unlikely to be eligible for social care services.

Assessment for benefits and social care services cover the same ground, but are currently not joined together. Greater sharing of information across agencies to avoid duplication could save time and resources and make the systems more transparent and efficient.

### **Treating people differently based on age**

We see no justification for different benefits to help with costs for people who become disabled before and after the age of 65. Age UK would strongly oppose any reforms that result in disabled people experiencing different outcomes depending on their age or on the age at which they became disabled.

### **Conclusion**

There are many benefits of Attendance Allowance, both for older people and for the state network of other support. Its reach and flexibility means that it is able to support more people than would be eligible for social care support, and it may provide a useful signpost to further services for those who receive it. When considering Attendance Allowance in the light of broader social care and welfare reform, these strengths must be considered in order to continue its effectiveness for supporting people in later life.

### **About Attendance Allowance and Disability Living Allowance**

Attendance Allowance is a social security benefit for severely disabled people aged 65 and over. From April 2011, it is paid at one of two weekly rates - £49.30 (for people who fulfil conditions relating to care during the day or at night) or £73.60 (for people who need help both day and night). It is given to people who can show they need frequent help with personal care or continual supervision.

People who are disabled and make a claim before the age of 65 currently claim Disability Living Allowance (DLA) instead. It has three rates of care component (the middle and higher are the same as the rates of Attendance Allowance) and a mobility component paid at two rates. Once in payment DLA can continue to be paid after the age of 65 if the conditions are still met.

Attendance Allowance and DLA are based on national rules. They are not means-tested or taxable. They are intended to help with the extra costs of disability and provide flexible support because they can be spent in whatever way the individual chooses.

Attendance Allowance is received by 1.6 million people in Great Britain (1.2 million in England) and DLA by about 800,000 people aged 65 and over in Great Britain.

## 2. Introduction

The Government has embarked on a major programme of welfare and health reforms since the election in May 2010. Social care in England may be the next target for change after Andrew Dilnot publishes the recommendations of the Commission for the Funding of Care and Support. There is widespread agreement that reform is needed, but as yet no clear agreement on solutions.

One area that has been particularly controversial is whether the disability benefits Attendance Allowance and Disability Living Allowance (DLA) should in some way be incorporated into the social care system. Supporters of this approach have argued that there is overlap between the benefits, which help with the costs of disability, and the provision of care services. Some also suggest that money spent on Attendance Allowance and DLA could be better targeted.

Changes were considered by the previous Government whose Green Paper on social care stated that 'We think we should consider integrating some elements of disability benefits, for example Attendance Allowance, to create a new offer for individuals with care and support needs'<sup>1</sup>. This provoked major public concern which led to the then Government ruling out changes to DLA before the consultation period ended and later to a White Paper which stated that there would be no changes to DLA or Attendance Allowance to fund reform. Age UK welcomed this and the commitment in the 2010 Conservative Party Manifesto that Attendance Allowance and Disability Living Allowance would be protected. However, we were disappointed that this was not repeated in the Coalition Agreement.

The Welfare Reform Bill currently before Parliament replaces DLA with a new cash payment, the Personal Independence Payment. So far there has been silence about the future of Attendance Allowance and the Government has not yet decided whether those aged 65 or over currently receiving DLA will be reassessed. This leads to continued uncertainty and anxiety among many older disabled people.

Age UK is keen to explore options to improve the current care system, including a more joined up approach which enables disabled people to more easily access all sources of state support, possibly through a single 'gateway'. However, we know that Attendance Allowance has a hugely positive impact on the lives of many older disabled people. So for any reforms to be acceptable they must provide a real improvement in the access to, and quality of, care and support while safeguarding the essential features and underlying entitlements of the current system of disability benefits.

Age UK has gathered evidence on the effectiveness of Attendance Allowance as well as older people's strong concerns about changes to the benefit. This paper emphasises the important role of Attendance Allowance and its compatibility with the social care system. The main focus is Attendance Allowance although much of the information covered here also applies to people aged 65 receiving the care element of DLA.

### 3. Key features of Attendance Allowance

Older disabled people value the role that Attendance Allowance (and the care component of Disability Living Allowance) play in providing support. The key positive features are set out below.

#### **It promotes independence and well being**

Although the Attendance Allowance assessment is based on the need for care there is no requirement to use it to pay for care and it has always been intended to help with costs broadly. For example, the DWP 2010 retrospective equality report states ‘The purpose of Disability Living Allowance and 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’<sup>ii</sup>.

Indeed it can make little contribution to buying care given even the higher rate of Attendance Allowance is only £73.60, sufficient for around 5 to 10 hours a week of a care assistant’s time<sup>iii</sup>.

As the results of the survey below show, older people spend Attendance Allowance on a variety of things, but the majority bought support or services to help them in their home. Many reported that without the Attendance Allowance they would be unable to leave the house.

#### **What do people spend Attendance Allowance on?**

In 2008 Age UK carried out a survey of 700 older people who had been recently supported to claim benefits through our local advice services. We asked what they were spending the extra money on.

The majority (60 per cent) of respondents spent their Attendance Allowance on help in the home, for example, cleaners and gardeners. Just over a quarter (27 per cent) spent their Attendance Allowance on household repairs and decorations and a quarter (25 per cent) bought care services.

Those surveyed were able to spend more money on essentials. 46% spent extra money on heating their homes. 36% spent extra money on food. This might be more or better quality food or food relating to a special diet or having pre-prepared or cooked meals delivered. 14% used the money to buy clothes and shoes.

13% also spent some of their extra money on travel, for example, buying a mobility scooter or adapted car, paying petrol money to people who gave them lifts and hiring taxis when public transport was not an option.

## **It allows choice and flexibility – the original direct payment**

Offering a cash payment which people choose to spend on support which meets their own individual needs sits well with the current direction of national social care policy. In its recent *Vision for Social Care: Capable Communities and Active Citizens*, the Department of Health committed to ‘extend the greater rollout of personal budgets to give people and their carers more control and purchasing power.’<sup>iv</sup> Much has been made of the imaginative ways people have used their budgets, moving away from the more traditional commissioned services. It also fits well with the focus on ‘outcomes’ in social care. Social care services will in future be assessed according to whether individuals have been supported to achieve their outcomes, rather than by measuring service delivery or achieving fixed targets.<sup>v</sup>

Attendance Allowance can be seen as the original direct payment – with the advantages of choice and flexibility and no bureaucratic monitoring of spending – features that are strongly supported by Government and older people themselves.

## **It is a national non-means-tested entitlement**

Older people often report that they put off asking for care and support because they are reluctant to admit that they cannot manage. Means-testing for support often represents an additional barrier. In addition, the more that income and support in retirement is means-tested, the greater the injustice felt by those who have saved for their retirement, who already complain that they are penalised for savings as they miss out on additional benefits. Any extension of means-testing would particularly affect those with modest incomes just above the poverty line. It can be said that because Attendance Allowance is not means-tested it reaches those people who would be reluctant to apply otherwise.

Because Attendance Allowance is provided on a consistent national basis it is not subject to local variation or the so-called ‘post-code lottery’ that affects care services. Entitlement to the benefit is set down in legislation and upheld by case law. This provides a sound basis for its provision, which is not cash-limited. Age UK is concerned that if Attendance Allowance were to be merged with social care, or removed altogether, the basis for entitlement would be less secure. Social care services can be restricted by a number of factors within a local council, including the amount the council has decided to spend on provision, as well as the wealth or income of an individual. This is a much weaker and less clear-cut entitlement and is harder for people to challenge.

Attendance Allowance is paid throughout Great Britain and (through parallel legislation) Northern Ireland. This currently means there is consistency across the UK. If the Government wanted to reform Attendance Allowance and link funding more closely to care in England there would need to be discussions about the implications for other countries in the UK.

## **It provides a straightforward 'passport' to further support**

As Attendance Allowance is based on a national assessment it provides a useful and consistent way of identifying people with severe disabilities in order to 'passport' them or their carers to other forms of support without a separate assessment.

For the disabled person receipt of Attendance Allowance or certain elements DLA can provide additional support through means-tested benefits. If there was no national system of assessment and entitlement then it would be hard to continue to provide such support in a consistent way.

Equally important are benefits for carers which are linked to the person being cared for receiving a disability benefit. Additional support for carers can include:

- Carer's allowance – paid to carers looking after someone who is in receipt of Attendance Allowance or the middle or higher care components of DLA for 35 hours a week or more.
- Carer premium/addition in income-related benefits – this increases these benefits by up to £31.00 a week (2011-12 level).
- Credits towards the basic state pension and state second pension.

## 4. How well targeted is Attendance Allowance?

### Targeting towards people with a disability

The number of people over 65 receiving Attendance Allowance or DLA (care component) is much higher than the numbers receiving care services, which has led some to assume that the allowances are received by many who are not disabled enough to need support. However, the criteria for the allowances are set out in legislation which specifically refers to people who are 'severely disabled' and an award is only made following a detailed application process and assessment. Far from being easy to get, in Age UK's experience, many in later life find the process very difficult and often need support from an adviser in order to ensure they are able to receive their entitlements.

This is backed up by analysis carried out by Pudney (2009) who, using national survey and administrative data, looked at the factors that influenced the likelihood of a successful claim for Attendance Allowance<sup>vi</sup>. He found that the probability of a successful claim is strongly related to severity of disability and that there is evidence of a substantial volume of potentially successful claims that remain unpursued.

While many people in receipt of benefits are not receiving care services it does not follow that they do not have additional financial needs, relating to their disability. This point is discussed later, in section 5.

### Targeting by income

Attendance Allowance and DLA are not means-tested. There is a strong justification for this on the grounds of equality between disabled and non-disabled people. The allowances are not intended to make disabled people better-off but to provide some support to help compensate them the extra costs of disability which people are likely to face whatever their financial circumstances.

Regardless of the arguments around equity some commentators have suggested that given pressures on resources, support should be more targeted on those in financial need. However recent research supported by Age UK by economists at the Universities of Essex and East Anglia shows that although Attendance Allowance is not means-tested in practice it tends to be focussed on disabled people with lower incomes, because they are both more likely to be disabled and more likely to make a claim (see box).

This new research backs up previous findings by Berthoud and Hancock which showed that Attendance Allowance and DLA mainly support those with limited incomes<sup>vii</sup>. They calculated that if the allowances were not paid, around 4 out of 10 would have incomes of less than 60% median income (the most commonly used indicator of poverty).

## **Findings from recent research**

### **Prevalence of low income**

Hancock, Morciano and Pudney (2010) defined low income as an individual or couple having income, below the standard Pension Credit guarantee credit level excluding any means-tested benefit or Attendance Allowance/DLA received. They found that for people aged 65 and over who did not qualify for disability benefits just over a fifth (22 per cent) had a low income. However, for those aged over 65 entitled to DLA the rate approached two fifths (38 per cent) and for those receiving Attendance Allowance it was nearly a half (48 per cent)<sup>viii</sup>.

### **The impact of the abolition of disability benefits**

Hancock and Pudney (2010) carried out detailed analysis of the distributional impact of a range of reforms to disability benefits. They concluded that withdrawing these benefits would result in 'substantial losses' for older people whose pre-benefit income is generally in the lower part of the income distribution. Losses for low income groups could be mitigated through means-tested benefits systems but only as long as people claimed their full entitlements<sup>ix</sup>.

The authors emphasise the need to be careful in how low income is defined. If an income measure is used that includes Attendance Allowance/DLA, without any account taken of the extra costs that people face, then disabled people can appear to be better off than they actually are, and analysis of the impact on low income groups can be misleading. If disability brings extra costs then a poverty line for disabled people needs to take these into account.

In reference to a suggested move from cash benefits to local authority support Hancock and Berthoud note:

'It is likely that the proposal will lead to a loss of cash income for a large proportion of disabled people claiming Attendance Allowance or DLA care. We have shown that most of them have modest incomes. Standard of living indicators suggest that the present benefits do little more than compensate disabled people and the families for the extra costs associated with disability. A reduction in cash incomes is likely to lead to an increase in deprivation'.

Evidence on the targeted nature of disability benefits can also be seen by geographically mapping receipt of Attendance Allowance and DLA and areas of deprivation. The maps presented in the Appendix show very similar pictures and there is a strong statistical relationship between areas with high numbers in later life receiving disability benefits and areas of income deprivation.

These findings are likely to reflect the higher levels of disability among people from lower social economic groups and the lower probability of better off people with disabilities making a claim<sup>x</sup>.

## 5. Do benefits and care services overlap?

Some people aged 65 and over receive both Attendance Allowance and care services while others receive one but not the other. In Great Britain, 1.61 million older people receive Attendance Allowance and 0.83 million people over 65 receive the care component of DLA.<sup>xi</sup> An estimated 800,000 people aged 65 and over receive services as part of a care package in the UK. This includes residential care, community care and direct payments. 29% of Attendance Allowance recipients receive no formal or informal care.<sup>xii</sup>

### Assessing the overlap

Most people receiving local authority care services at home also receive Attendance Allowance but this is normally taken into account in the financial assessment for care charges therefore there is no double provision. Where someone receives local authority support towards care home fees then Attendance Allowance is not paid.

Many people in later life who receive Attendance Allowance or DLA care are not receiving social care services. With more local councils opting to raise eligibility criteria for social care, there is an increasing number of disabled older people who do not qualify for support. They are also people who may not receive social care because they have a carer who is assessed as meeting their needs while others may choose not ask the local authority for help or may be unaware of services. In all these situations people can still face extra costs and have support needs which disability benefits can help to meet. So rather than overlapping with care services the benefits can provide vital support which helps maintain independence.

People whose income or assets are too high to be eligible for council-funded support remain entitled to Attendance Allowance, because it is not means-tested. They are able to continue receiving this whether they live at home or in a care home. It can be argued that this state contribution towards their care costs is a form of co-payment, in that the state and the individual both make a financial contribution towards the cost of support. This is a good starting point for future reform of social care where those with higher incomes or wealth are able to expect a degree of support from the state – albeit in the current system only a small contribution in the case of someone who has high care needs. Attendance Allowance or a similar benefit could be seen as the minimum state contribution, with those with fewer means receiving more support. Age UK hopes a future system will build on this by providing extra payments to people with high incomes or assets incurring high care costs.

### Duplication of assessment

Information to assess Attendance Allowance is collected using a standard application form which has been developed to gain all the information needed to make a decision on entitlement. It is intended to be mainly based on self-assessment – that is without a medical assessment – although many people do need help completing the form as a great deal of information is gathered. Each local authority has its own assessment for social

care so there is no defined standard, and it is very likely that a great deal of information is gathered more than once between the two processes. However, there are moves towards self assessment and local authorities are looking to avoid unnecessary duplication.

Age UK is supportive of looking at ways to share information in order to save time for both older people and the professional resources as long as individuals agree to this. Given the clear national entitlement to Attendance Allowance we would see this as the starting point for considering how processes could be more integrated to avoid duplication. Progress in this area may depend on whether there are moves towards national eligibility for social care. National eligibility for social care might also make it possible to present all entitlements as a package, with a single access gateway.

## 6. Treating people differently based on age

DLA has always been a more generous allowance than Attendance Allowance, providing support with mobility and a lower care level. In the June 2010 Budget the Chancellor announced reforms to DLA and the Welfare Reform Bill currently before Parliament sets out proposals for a new Personal Independence Payment (PIP) with two components – mobility and daily living. We have some concerns about the proposals, especially the expectation that expenditure on DLA for people aged below 65 will be reduced by 20 per cent, but we are pleased that the new benefit will continue to be a non-means-tested cash payment to help with the extra costs of disability.

However, there has been no announcement on the future of Attendance Allowance. The Government has said that people in receipt of PIP before reaching 65 (or state pension age, whichever is higher) will be able to receive it for as long as they meet the criteria. It is not yet known whether people over 65 who currently receive DLA will be reassessed once PIP has been introduced.

For older disabled people receiving Attendance Allowance or DLA it is an uncertain time. There is a need for greater clarity about the impact of the Personal Independence Payment for people aged 65 and over, and reassurance that a non means-tested benefit will still be available for those who become disabled later in life.

The Government has justified treating people disabled after the age of 65 differently on the grounds that many people disabled earlier on life have had fewer opportunities to work or save for later life. However, DLA and Attendance Allowance are intended to help with the extra costs of disability – not to provide basic income maintenance or replace lost earnings or pensions. Furthermore, while it is clear that people who are severely disabled at an early age and people disabled say in their 90s can have very different life experiences and circumstances, it is equally clear that those disabled at the age of 64 will not be significantly different to those disabled at 65. We know of no evidence to suggest that 65 or any other specific age represents a cut off point that justifies different support.

The Government's assumption that people disabled later on in life who receive Attendance Allowance will be in a better financial position than those disabled at a younger age is called into question by recent research which shows that people receiving Attendance Allowance have very similar incomes to those over 65 receiving DLA<sup>xiii</sup>. Hancock, Morciano and Pudney (2010) looked at pre-benefit incomes (that is, before disability and income-related benefits) and made adjustments for age and family size. Income levels were very similar for those receiving Attendance Allowance or DLA. However people aged 65 and over not in receipt of either benefit had higher incomes especially at younger ages. Further analysis shows similar levels of state pensions among the three groups (ie people receiving Attendance Allowance, DLA or neither disability benefit) but marked differences in the level of private pension received. As discussed above these findings are likely to reflect the higher levels of disability among people from lower social economic groups and the lower probability of higher-income disabled people making a claim.

In conclusion, Age UK believes that there is no justification for treating people with disabilities in later life differently to younger people or those disabled at younger age. Support should be based on people's need for support – not an arbitrary age.

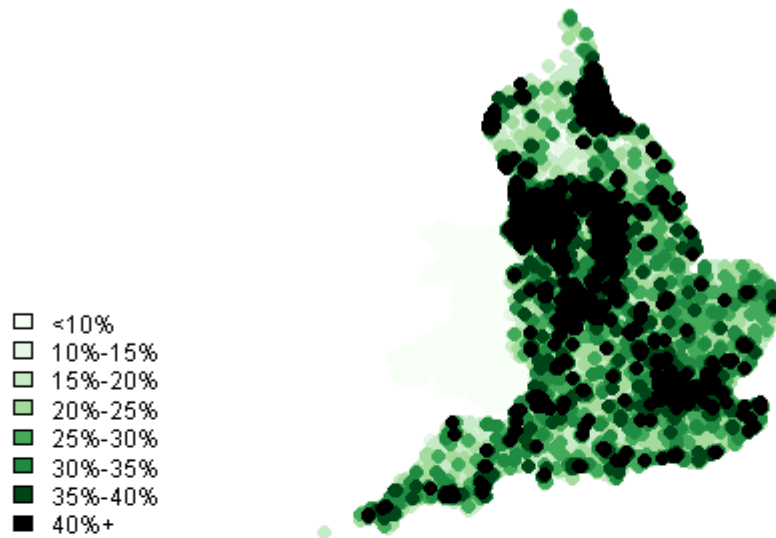
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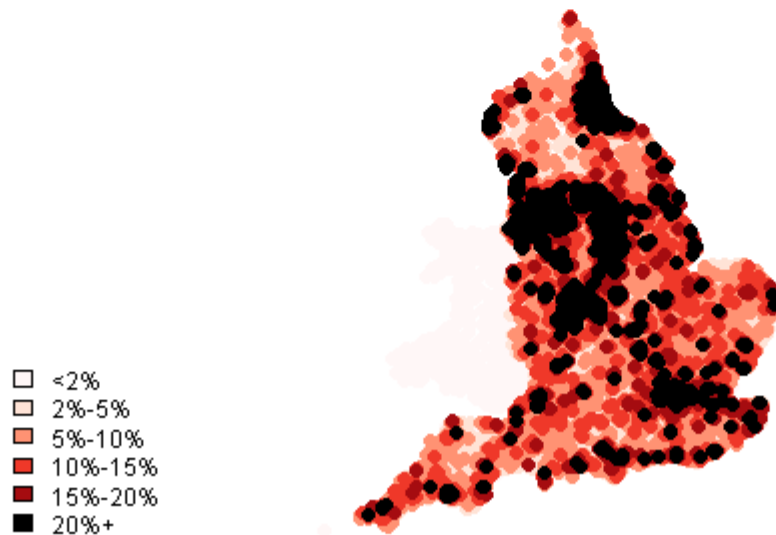
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# Appendix

Concentration of Older Recipients of Disability Living Allowance and Attendance Allowance by Super Output Area



Income Deprivation by Super Output Area



- Analysis carried out by Age UK.
- The top map shows concentration of people aged 60 and over receiving AA/DLA based on Nov 2009 DWP benefit information.
- The second map shows levels of income deprivation based on the Income Domain of the Economic Deprivation Index for 2009 produced by the Social Disadvantage Research Centre (SDRC) at the University of Oxford.
- Both variables are available at lower layer super output area (LLSOA) level. LLSOAs are small geographical areas with a mean population of 1,500 people.
- The figures show similar patterns illustrating the link between receipt of disability benefits among people aged 60 and over and income deprivation. There is also a strong significant statistical correlation.

## References

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- <sup>i</sup> [www.dh.gov.uk/prod\\_consum\\_dh/groups/dh\\_digitalassets/documents/digitalasset/dh\\_102732.pdf](http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/documents/digitalasset/dh_102732.pdf)
- <sup>ii</sup> Attendance Allowance, Disability Living Allowance and Carer's Allowance – retrospective equality impact assessment DWP 2010.
- <sup>iii</sup> Care home workers wages range from about £7-£10 per hour but if the person buys from a home care agency they could pay £10-£15 per hour.
- <sup>iv</sup> *A Vision for Adult Social Care; Capable Communities and Active Citizens*, Department of Health, 2010.
- <sup>v</sup> *Transparency in Outcomes: a framework for quality in adult social care*, Department of Health, 2011.
- <sup>vi</sup> *Participation in disability benefit programmes: a partial identification analysis of the British attendance allowance system* ISER working paper. University of Essex, 2010.
- <sup>vii</sup> *Disability benefits and the costs of care* by Richard Berthoud and Ruth Hancock, in *Advancing opportunity: older people and social care*, Smith Institute, 2008.
- <sup>viii</sup> *Attendance Allowance and Disability Living Allowance claimants in the older population: Is there a difference in their economic circumstances?* Hancock, Morciano and Pudney, 2010.
- <sup>ix</sup> *The distributional impact of reforms to disability benefits for older people in the UK* Hancock and Pudney, 2010.
- <sup>x</sup> Evidence from Universities of Essex and East Anglia to Health Select Committee [www.publications.parliament.uk/pa/cm200910/cmselect/cmhealth/22/22ii.pdf](http://www.publications.parliament.uk/pa/cm200910/cmselect/cmhealth/22/22ii.pdf)
- <sup>xi</sup> Department for Work and Pensions, May 2010.
- <sup>xii</sup> *Securing Good Care for Older People*, Kings Fund, 2006.
- <sup>xiii</sup> *Attendance Allowance and Disability Living Allowance claimants in the older population: Is there a difference in their economic circumstances?* Hancock, Morciano and Pudney, 2010.