

# Consultation Response

## Age UK's response to the DCLG consultation *Self-sufficient local government: 100% Business Rates Retention*

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## **About this consultation**

The Government is reforming local government finance so that by the end of this Parliament local councils in England will retain 100 per cent of taxes collected locally. The consultation paper seeks to identify some of the issues that should be kept in mind when designing the 100 per cent business rate retention system and associated reforms.

The consultation is of interest to Age UK because the paper states that, in order to ensure the change to business rates is fiscally neutral, local government will need to take on new responsibilities and one of those suggested is Attendance Allowance (AA). The paper states 'As announced in December, the Government will also consider giving more responsibility to councils in England to support older people with care needs – including people who, under the current system, would be supported through AA. 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.'

## **Key points and recommendations**

Age UK strongly opposes the idea of transferring responsibility for support currently given through AA to councils. Reforms to business rates are not a reason to deprive future older disabled people of a valued and important system of support that promotes and often sustains their independence.

While there can be advantages in delivering some types of support at a local level we do not believe this is the case for AA, particularly given the financial pressures that councils are currently facing. We are deeply worried that the proposed transfer would create a patchwork of different local approaches in place of a single national scheme of eligibility and assessment which gives older people, and their families, clarity over their entitlement to support.

AA provides a flexible cash payment that can be used in a way that meets individuals' needs and promotes independent living. In line with the Government's broader policy towards older people, it offers choice and control and enhances older people's sense of dignity and self-reliance – something that is tremendously important to them and that we should place high value on as a society.

AA also helps to sustain informal and family care and support for older people, the extent of which vastly outweighs the contribution of the State. In particular, AA acts as a 'gateway' benefit to enable carers to claim Carer's Allowance and other financial support, so we are very concerned about the potential impact on carers of transferring AA.

The Local Government Association has said that councils do not want responsibility for administering AA and Age UK believes they would, in practice, find it very difficult to meet future needs, which are set to grow as a result of demographic change. The administration of AA in general works reasonably well and there is a danger that if councils have to invest time and resources in setting up new procedures and running their own systems, considerably less would be available to help older disabled people to stay independent.

Although the business rates reforms are intended to be fiscally neutral, Age UK is very worried that transferring AA to councils would lead to an overall fall in the level of support across England for disabled older people, as there is no guarantee that in future, funding would keep pace with demand. We appreciate that transferring resources from the social security budget to councils could be seen by some as a way to reduce the shortfall in funding for social care, but while there is an urgent need to put more resources into care, this should not be achieved by limiting vital support for other disabled older people.

The ability to raise business rates in an area is highly unlikely to correspond to the numbers of older people living there who need support. While there would have to be some form of redistribution, however this is carried out it is unlikely to fully account for variation in local needs or be capable of easy adjustment to reflect changes over time.

Academic research looking at people aged 65 and over receiving AA or Disability Living Allowance (DLA) has found that although the benefits are not means-tested, they are actually well targeted on those at risk of poverty. Many older people who claim AA have multiple long term conditions and so, not surprisingly, AA plays a strong preventive role and reduces pressures on health, social care and other services. It is widely agreed that helping older people with multiple long term conditions to self-care and manage well at home is central to the future sustainability of the NHS: AA does precisely this.

We share the Government's view that promoting choice and control should be central to all national policy for older people. Effectively, AA is the original direct payment for disabled older people and taking away future access to this cash allowance payable as a national entitlement would significantly erode older disabled people's capacity to exercise choice and control.

For all these reasons, reform of business rates is not a good justification for transferring AA to councils in Age UK's view. We do however believe that there is a case to look more broadly at current systems to see if there are more effective ways to provide care and support for older people in need. There could also be advantages in exploring ways to join up processes within the current care and benefit systems.

## 1. Introduction

Age UK is the country's largest charity dedicated to helping everyone make the most of later life. The Age UK network includes over 150 local Age UKs, reaching most of England. Each year we provide information and advice to around 5.9 million people through web based and written materials, and individual enquires by telephone, letter, email and local face-to-face sessions. We work closely with Age Cymru, Age NI and Age Scotland.

We are responding to this consultation which covers England only, specifically on the possible changes to AA, as this is such an important benefit for older disabled people and we have major concerns about responsibility for this support being transferred to councils.

## 2. About Attendance Allowance

AA is a non-means-tested, non-taxable benefit for people aged 65 and over who are 'so severely disabled physically or mentally' that they need frequent help with personal care, or supervision to remain safe. It is paid at a higher rate of £82.30 a week for people who need help day and night, and a lower rate of £55.10 for those who need help either during the day or the night.

AA is currently received by around 1.23 million people in England.<sup>1</sup> It is a benefit to help with the costs of disability, which can be wide and varied. It is not specifically intended as a payment to buy care – in fact the higher rate, paid to people who need help both day and night, would meet less than 5.5 hours of care a week based on the average cost paid by local authorities to independent sector providers of £15.30 a week.<sup>2</sup>

Age UK is well placed to comment on the importance of AA for older disabled people as every day we see how it transforms people's lives. Through our national and local advice services we dealt with over 110,000 enquiries about the allowance last year, with many local advisers providing support with claims. In addition, Age UK webpages about AA were visited more than 240,000 times during the year and 54,000 copies of Age UK leaflets and factsheets on AA were downloaded or sent out in paper form.

To add to the information we already have about the role of AA we distributed a questionnaire to older people who had claimed AA, mainly through local Age UKs. This covered issues such as what they used the allowance for, what difference it made to their

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<sup>1</sup> DWP tabulation tool, February 2016 data.

<sup>2</sup> *Personal Social Services Expenditure and Unit Costs England* Health and Social Care Information Centre, 2013-14.

lives and what contact, if any, they had with their council. We received over 550 responses. A summary of the findings has been submitted with this response.<sup>3</sup> Most were completed by the recipient themselves, although a small number needed help, for example from a family member.

### **3. Devolving responsibilities to councils**

Age UK believes that devolution can be a positive way of delivering local services as long as it is accompanied by adequate resources, and there is accountability, transparency, and a good understanding of the issues affecting older people locally. However, we do not believe this is the case for the current proposal to transfer responsibility for AA. Where people have the substantial levels of disability that mean they meet the criteria for entitlement to AA, they are likely to have a range of additional costs wherever they live. We are deeply worried that the proposed transfer would create a patchwork of different local approaches in place of a single national scheme which gives older people, and their families, clarity over their entitlement to support.

The consultation paper sets out some guiding principles which have been informed by discussions with local government representatives. It states devolution of a responsibility should:

- Build on the strengths of local government.
- Support the drive for economic growth.
- Support improved outcomes for service users or local people.
- Be made with consideration to the financial impact on local government.

Below, we look at transfer of AA in terms of outcomes for disabled older people and their carers, the ability of councils to deliver support, and issues around funding.

### **4. Outcomes for older people**

Age UK believes that not only would devolving AA fail to meet the principle of improving outcomes for older people, but there is a real danger that reforms would have a detrimental impact on older people needing support in the future.

Under the section on outcomes, the consultation paper refers to the importance of 'flexibility' and 'user-centric outcomes'. The feedback we have from older AA claimants

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<sup>3</sup> *Summary of findings from Age UK's survey of disabled older people receiving Attendance Allowance*, Age UK, 2016.

shows the benefit is currently valued highly precisely for these reasons – it already provides a flexible payment that can be used in a way that meets individuals' needs and promotes independent living.

Life can be more expensive if someone has a disability. Some of the costs are:

- The need to pay others for support and practical help. This could be for care services, or for help in the home such as cleaning, gardening and tasks such as repairs and decorating which people would previously have been able to do themselves and which are crucial to their ability to sustain living at home.
- Disability-related items such as non-NHS health and medical items, and disability equipment.
- Higher everyday living costs. For example, people may need to pay for extra heating, special diets, high laundry bills, or taxis if they can no longer use the bus.

Providing cash to help meet these costs is in line with the Government's broader policy towards older people as AA offers choice and control, and enhances people's sense of dignity and self-reliance. These factors are very important for wellbeing and resilience against illness and risks of all kinds.

Through our questionnaire, we asked AA recipients what they used their allowance for. The most common responses were: practical help at home, transport to essential services (such as the GP or hospital appointments), extra heating, and food (including special diets due to health problems). If there are changes, we do not know what support local authorities will provide, although we understand that the intention is not simply to replicate the current system at a local level. In order to get a picture of the impact AA makes in its current form, we asked recipients what difference it would make if they no longer received it (while making clear that the Government has said that existing AA claimants would be protected). We received 460 comments a few of which are set out below.

#### **Comments from Age UK questionnaire responses – the difference AA makes**

*Now I am paying carers so it helps me with their charges as the household demands and chores increase. I have a lot of extra expenses due to my disabilities so it is used solely to help with these - gardening, cleaner, laundry and a carer comes every day to check on me. Plus lack of transport. It is a major problem as I have difficulty getting on and off buses. Our local hospital is 9 miles away from my house and as you know, taxis are very expensive. (Female 80-89).*

*I would be more isolated, have to rely on family and become a burden to them which I don't want. I would not eat properly again, or get out of the house at all, i.e. to post office, doctor, eye hospital, and my legs would swell up. I would worry all the time, my garden would be overgrown, I would not see anyone from day to day. (Female 80-89).*

*Would be very stressed. Would have to give up practical help which enables me to live independently and may have to go into a home. (Male 90-100).*

*I wouldn't be able to afford to keep my heating on so much, get to hospital and GP appointments and would just worry I couldn't manage. (Female 90-100).*

The consultation paper also refers to the need to consider how a service can reflect the distribution of need, and the effect on groups with protected characteristics under the Equality Act 2010. As a national entitlement, the current system ensures support is based closely on need as all older people who apply are treated in the same way regardless of where they live or their individual circumstances.

If AA was transferred to councils we do not know what support would be offered instead. However, we know it would be a different system and those newly requiring support would no longer have the same access to a national cash benefit based on a national system of entitlement. This would be in contrast to younger disabled people, who can claim Personal Independence Payment (PIP) and previously Disability Living Allowance (DLA), and older people already in receipt AA (or DLA/PIP because they claimed before the age of 65).

## **5. Outcomes for carers**

AA helps to sustain informal care in our country. This is often the preferred way of providing and receiving support, and is especially important today as fewer people are getting help from social care services, leaving more and more older people to rely on their own resources and the kindness of family, friends and neighbours. In many ways AA, and the gateway it provides to carers benefits, helps 'oil the wheels' in families and communities when it comes to the care of older people. In Age UK's view and experience, informal care arrangements are already often quite fragile and so any proposal that might impact on them needs the most careful consideration.

### **Benefits for carers**

Carers providing substantial levels of care are often only in a position to do so because they can claim Carer's Allowance and other benefits to help meet their basic living costs.

The benefits system can be complicated and too often leaves carers having to manage on very low incomes. However, one positive aspect of the system is that establishing that someone is a carer for benefit purposes is relatively straightforward because it is linked to providing at least 35 hours a week of care to someone who is assessed as qualifying for AA (or other benefits in respect of people disabled before the age of 65). AA therefore acts as a 'gateway' or 'passporting' benefit to Carer's Allowance and carer additions given as part of means-tested benefits (subject to the other criteria being met).

If people are no longer awarded AA in the future, we would be very concerned about the impact that this would have for carers. For example, one woman who completed our questionnaire on behalf of her mother, told us her brother had given up work to be a carer. She said without the Carer's Allowance her brother would not be able to continue to provide care as he would have to go back to work.

It seems unlikely that the DWP would provide benefits for carers based on a council assessment, and it is very unclear what financial support councils would give carers. There is a danger that overall support for carers would be much more limited, and highly dependent on where someone lives.

### **Using AA to support informal care and assistance**

Some AA recipients use their allowance to help enable friends and family to provide support by covering expenses such as petrol costs to visit. They may also use AA for modest gifts to friends and neighbours to thank them for tasks such as shopping or help around the home. Many older people are reluctant to seek support and without the ability to show their appreciation they may be unwilling to ask for help or to accept it. The quotes below from our survey give some examples.

#### **Comments from Age UK questionnaire responses – supporting informal care**

*I use some of it to get help from my friend to go shopping ..... [without it] I would be poor; my friend couldn't take me shopping. (Female 70-79)*

*It allows me to have taxis to hospital and GP appointments, also to pay some fuel money to my daughter as she helps me with personal care and takes my heavy washing to do at her home. (Female 70-79)*

*It helps to have a family member to do work in the house. My dad doesn't want outside helpers/strangers. (Daughter of male 80-89)*



## 6. Would transferring AA ‘build on the strengths of local government’?

The paper states there ‘should be an appetite from local government’ for the new responsibilities to be delivered at a local level, and the capacity to deliver. Both are lacking in respect to AA. The Local Government Association (LGA), while supporting the idea of further retention of business rates, opposes the transfer of AA, saying:

*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.*<sup>4</sup>

### Councils’ capacity to carry out assessments

The current national system for dealing with AA claims is generally fairly straightforward. It would take time, money and staff resources for each council to set up and run their own scheme and assessment system and it seems inevitable that more of the money that could be used to directly help older people remain independent would go on administration.

Age UK is very doubtful about the ability of local authorities to deal with the future needs. Many more people receive AA than receive council services. National analysis indicates that only between 11 and 13 per cent of people aged 65+ who are receiving AA (or DLA) also receive council social care services.<sup>5</sup> We frequently hear about delays and problems with care assessments and concerns about decisions, and this could get worse if more people need to turn to their council for help.

Our questionnaire to AA claimants asked if they had approached their local council for support and, if so, what their experience was. Nearly a fifth said they had approached their council and one in seven (around 14 per cent) said they received services from them. Around 100 respondents added a comment. Around a third of these were positive but the majority of people gave mixed, or negative comments about process, the outcome or both. Some examples are given in the box below.

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<sup>4</sup> [http://www.local.gov.uk/web/guest/media-releases/-/journal\\_content/56/10180/7885378/NEWS](http://www.local.gov.uk/web/guest/media-releases/-/journal_content/56/10180/7885378/NEWS)

<sup>5</sup> *Disability and poverty in later life*, Ruth Hancock, Marcello Morciano, and Stephen Pudney, 2016. <https://www.jrf.org.uk/report/disability-and-poverty-later-life> and *Public support for older disabled people: evidence from the English Longitudinal Study of Ageing on receipt of disability benefits and social care subsidy*, Ruth Hancock, Marcello Morciano and Stephen Pudney, Health Economics Group, University of East Anglia, 2016.

### **Responses to Age UK questionnaire – experiences of applying to the council for care support**

*I applied twice and asked for help but unfortunately they did not accept, or rather they said I didn't qualify for it for reasons I know not why (Female 60-69)*

*No help at all, plenty of visits but no action. Have arranged carers privately (Female 90-100)*

*No response. Waited for over 6 months for an assessment after her last spell in hospital - and it has just come through. (Daughter of female 80-89)*

*Difficult - a constant battle to obtain care and help. I eventually got it. (Male 70-79)*

Our questionnaire also asked if people would be happy to approach their council for help such as the support they received from AA. Many were not sure, but around a third said 'no', compared to about a fifth who said 'yes'. However, of nearly 250 respondents who added comments, only around 10 were entirely positive about approaching the council. Some, including people who said they were not sure or would be happy to approach the council, made comments such as 'if I had to', or said they liked the system the way it is. Most who said they would not be happy gave a reason why not - for example, they questioned their council's ability to cope with or understand their needs, or were concerned that they would not receive the support they currently relied on. Below are some quotes that illustrate these views.

### **Responses to Age UK questionnaire – views on approaching the council for support such as AA**

*Basically I think they'd struggle to organise it. They are overstretched as it is. (Aged 70-79)*

*[No] Because I believe they would cut what I am already paid or try to stop altogether. My needs are becoming more and they are trying to reduce the hours the carers are coming in to me. (Female 70-79)*

*When I get my AA I can decide which is the most important and essential things I want to do with it and some weeks it varies. If I had it from the council they would decide how it was spent. (Male 80-89)*

*Everything works perfectly as it is. Council gets involved sounds like big trouble to me. (Male 80-89)*

## 7. Funding issues

The Government wants to transfer some responsibilities to councils as part of changes to business rates in order to make the reforms fiscally neutral. However, we are concerned about three aspects of funding if this happens:

- The overall level of support across England,
- the risk that money would be used to make up the shortfall in current funding arrangements, and
- the distribution of resources between councils.

Currently payment of AA is demand led, based on need. We believe that over time, transferring responsibility is likely to lead to cuts in overall support. We have an ageing population and Age UK estimates that the number of older people in England living with disability that could make them eligible for AA could be 14 per cent higher by 2020.<sup>6</sup> We are therefore deeply worried about the ability of business rates revenue to keep pace with the demands of an ageing population.

The LGA statement set out above goes on to highlight why business rates are not an appropriate source of funding, saying:

*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.*<sup>7</sup>

The use of any funding linked to the transfer of AA would depend on the duties and requirements placed on councils and the extent to which funding is ring-fenced to meet the costs of disability. However, a major concern is that any transfer of resources from the social security budget to councils could be seen as a way to help reduce the shortfall in funding for social care as councils struggle to meet their statutory duties against a backdrop of falling budgets: at least £1.95bn came out of social care budgets for older people in the 10 years up to 2015, mostly in the last five years.<sup>8</sup>

While there is an urgent need to put more resources into care, Age UK is clear that it should not be achieved by limiting vital support targeted at other disabled older people. This would essentially amount to 'robbing Peter to pay Paul' and removing this

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<sup>6</sup> Age UK estimates based on current AA recipients and population projections in each local authority.

<sup>7</sup> [http://www.local.gov.uk/web/guest/media-releases/-/journal\\_content/56/10180/7885378/NEWS](http://www.local.gov.uk/web/guest/media-releases/-/journal_content/56/10180/7885378/NEWS)

<sup>8</sup> Briefing: *The Health and Care of Older People in England 2015*, Age UK, 2015

preventative support would not only undermine the capacity of many disabled older people to stay living at home independently for longer, it would also place more pressure on care and health services as more older people experienced a faster decline in their ability to cope. Indeed, AA is now arguably more important than ever before, since council support is increasingly targeted at those with the highest needs: only 9 per cent of people aged 65+ received State support with care needs in 2013/14, compared to 15 per cent in 2005/06.<sup>9</sup> As a result, increasing numbers of older people with developing ill-health and disability are reliant on their own resources and those of families, neighbours and friends, to 'keep going' as they often put it.

### **Variations in the amounts of funding different councils can raise and in the numbers of disabled older people living in different areas**

Councils vary in the extent to which they are able to benefit from retaining more of the business rates collected in their area. This is recognised in the consultation paper which states:

*There is a balance to be struck between providing a strong incentive for growth in local areas and considering the distribution of funding between local authorities. For example, there will still need to be some system of redistribution between councils so that areas do not lose out just because they currently collect less in local business rates.*

Age UK research indicates that there is considerable variation between areas in terms of the expected rise in the number of older people with a disability that could make them likely to be entitled to AA in the future.<sup>10</sup> However, there is no reason to believe that the numbers needing support in a particular area in the next few years will be linked to the ability of the council to raise income from business rates. As any system of redistribution between areas is unlikely to fully compensate for variation this reinforces our view that AA should not be transferred as a consequence of business rate reforms.

### **Targeting support on those who need it**

Academic research looking at people aged 65+ receiving AA or DLA has found that although these benefits are not means-tested, they are actually well targeted on those at risk of poverty (taking into account the costs of disability). This is likely to be because people with low incomes are more likely to be affected by severe disability and more likely to claim support if they are disabled.<sup>11</sup> The researchers also concluded that merging

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<sup>9</sup> *Briefing: The Health and Care of Older People in England 2015*, Age UK, 2015

<sup>10</sup> *Age UK estimates based on current AA recipients and population projections in each local authority.*

<sup>11</sup> *Disability and poverty in later life*, Ruth Hancock, Marcello Morciano, and Stephen Pudney, 2016.

disability benefits and the social care system could result in some people missing out on support altogether, which they considered 'too big a risk to take with such a vulnerable group'.

Any move to restrict the support currently given through AA, or the introduction of reforms that result in fewer people receiving help in the future, would be counter-productive in Age UK's view. The relatively modest payment of £55.10 or £82.30 a week can make a big difference to enabling people who need support to stay fit, well, and independent for longer. It therefore plays a strong preventive role, reducing pressures on health, social care and other services. This is good for individuals and for society as a whole.

It is also important to appreciate that large numbers of older disabled people who are entitled to AA are coping with multiple long term health conditions, like diabetes, COPD and arthritis. It is widely agreed that supporting older people in this position to self-care and to manage well at home is key to the future sustainability of the NHS: AA makes an important contribution in this respect.

## **8. Could the current systems work better?**

While we are opposed to the proposal to transfer responsibility for AA to councils as part of business rate reforms, we believe there is a case to look more broadly at the current systems to see if there are more effective ways to provide care and support for older people in need. We think there is also a case for looking at more joined up processes within the current systems. For example, while there are substantial differences between the role of AA and care services, and the way that assessments are carried out, some of the information collected is the same. If the individual gave permission there could be a value in sharing information, both to speed up the process of claiming and to ensure that those claiming benefits do not miss out on services and vice versa.

In conclusion, we would be happy to explore ways of making systems work better but reforms to AA to meet a need created by the policy of devolving business rates to councils would reduce the support available and is demonstrably not in the best interests of older disabled people.