

Free Personal Care and Attendance Allowance

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Introduction

Attendance Allowance (AA) is a tax free social security benefit paid to UK citizens aged 65 years or over who need help with personal care or require high levels of care. Under the rules of the Social Security (Attendance Allowance) Regulations 1991, payment of AA is withdrawn by the Department for Work and Pensions (DWP) from people who receive financial help from the local authority with the cost of a care home.

Free Personal Care (FPC) was introduced in Scotland on 1 July 2002 for people aged 65 years or over. The DWP considered FPC payments to be financial help from a local authority to an individual for the cost of a care home and as such withdrew AA for self-funders in residential care.

The Scottish Government has compensated for the loss of AA to ensure residents did not lose out. In 2002, personal care payments were set at a flat rate of £145 per week, representing the £90 recommended by the Care Development Group and £55 to allow for the withdrawal of AA. Personal care payments have increased most years in line with inflation and currently sit at £177 for 2019-20.

Estimating the cost of compensating for loss of attendance allowance

We can estimate the cost to the Scottish Government for compensating for the loss of AA in the following way;

1. Estimate the number of people impacted. The Scottish Government's [Free Personal and Nursing Care publication](#) provides the number of self-funders up until 2017-18.
2. Use the value of AA (average weekly value) for each year since the introduction of FPC in Scotland via data held by the DWP. The higher rate applies to people requiring help or supervision throughout both the day and night. This likely applies to self-funders in care homes.
3. Multiply the number of self-funders by the higher rate of AA multiplied by 52 weeks to calculate an estimated cost for each year.

Using the above method, we can estimate that the cost to the Scottish Government, at the time of payment, for compensating for the loss of AA to self-funders receiving FPC payments is **£550 million** up to 2017-18, using the most recently published data.

To calculate what the £550 million figure is worth if the cash payment is made now, we can apply the 2019-20 AA higher rate to the number of self-funders each year. Using this method, we can estimate that the cost to the Scottish Government for

compensating for the loss of AA to self-funders, up to 2017-18 is **£681 million** if paid in 2019-20.

To estimate the cost up to the end of September 2019, we can estimate the number of self-funders for 2018-19 and 2019-20 using the average 5 year change and applying a pro-rata rate for 2019-20. Data on AA rates up until 2019-20 are published by the DWP.

Using this method, we can estimate that the cost to the Scottish Government, at the time of payment, for compensating for the loss of AA to self-funders receiving FPC until the end of September 2019 is **£618 million**.

Using the method described earlier, we can also estimate that the cost to the Scottish Government for compensating for the loss of AA to self-funders, up to the end of September 2019 is **£750 million** if paid in 2019-20.

Data used in these calculations can be found in table 1 below.

Table 1: Annual estimated cost of compensating for the loss of attendance allowance for self-funders (paid at time & paid in 2019-20) since the introduction of free personal care in Scotland

Financial Year	Number of Self-funders in Care Homes ³	Higher Rate Attendance Allowance ⁴ (per week)	Estimated value of AA to self-funders (£millions) - if paid at time	Estimated value of AA to self-funders (£millions) - if paid in 2019-20
2002-03 ¹	8,350	£56.25	18	29
2003-04	8,350	£57.20	25	38
2004-05	8,900	£58.80	27	41
2005-06	9,180	£60.60	29	42
2006-07	9,370	£62.25	30	43
2007-08	9,510	£64.50	32	43
2008-09	9,580	£67.00	33	44
2009-10	9,330	£70.35	34	43
2010-11	9,490	£71.40	35	43
2011-12	9,660	£73.60	37	44
2012-13	9,520	£77.45	38	43
2013-14	9,780	£79.15	40	45
2014-15	9,870	£81.30	42	45
2015-16	9,820	£82.30	42	45
2016-17	10,350	£82.30	44	47
2017-18	10,080	£83.10	44	46
		ESTIMATED TOTAL	550	681
2018-19 ²	10,181	£85.60	45	46
2019-20 ²	10,283	£87.65	23	23
		ESTIMATED TOTAL	618	750

1. Free personal care began on the 1st July 2002, therefore the first year is pro-rata.
2. Number of self-funders for 2018-19 and 2019-20 is estimated using average 5 year change.
3. Data on self-funders in care homes comes from the Scottish Government's [Free Personal & Nursing Care publication](#).
4. Attendance Allowance rates have been provided by the Department for Work & Pensions.

Next Update

This data will next be updated in August 2020 and included in the 2018-19 Free Personal and Nursing Care Publication.

Contact us

If you have any queries or feedback about this update then please contact:

E-mail: SWStat@gov.scot