

Personal Independence Payment – Policy briefing Note

Award durations and exceptions to fixed-term awards

Objectives

1. Personal Independence Payment will be a dynamic benefit which can respond to changes in individual needs and circumstances. To achieve this, we need to ensure everyone continues to receive the correct amount of benefit. As such, there needs to be a process for regularly checking that an individual is still receiving the appropriate level of support.

Considerations

2. Currently there is no systematic process for regularly reviewing Disability Living Allowance (DLA) awards and the majority of DLA recipients – 70 per cent¹ – have an indefinite award, which means it may not be reviewed unless the individual reports a change in their condition or circumstances. As a result, some people are currently receiving an incorrect amount of DLA. This undermines the credibility of the benefit – particularly when fraud cases receive coverage in the media. This affects public perceptions of genuine DLA recipients, who in some cases may simply not have noticed their needs have changed if the change has been gradual. When designing Personal Independence Payment we want to restore confidence in disability benefits by ensuring that the right support always goes to those who face the greatest barriers to leading full and active independent lives.

Key policy proposals

3. We want to ensure that Personal Independence Payment awards remain correct. We will do this by making awards for a fixed term, except in exceptional circumstances. The length of award will be based on the individual's needs and the likelihood of their health condition or impairment changing.
4. In exceptional circumstances we will make ongoing awards. For all awards there will be an in-built review process to ensure they remain accurate. We will take a tailored approach to how reviews are conducted so that they may involve a face-to-face consultation with a trained independent assessor, but in some cases it could be a paper-based assessment, if that would be more appropriate. We recognise that it will be important to ensure that the review process is applied sensitively and appropriately and we are considering this as we develop the operational processes involving disabled people and their representatives.

¹ *Analysis of Disability Living Allowance: DLA Awards*, Department for Work and Pensions, March 2011

Our rationale

5. Although we are able to reassess the level of award of any individual at any time, we do not currently have a systematic way of ensuring that DLA awards remain correct. This means that, over time, some people may be receiving an incorrect amount of benefit. This is especially a problem in DLA because more than 70 per cent of the current DLA caseload have an indefinite award².
6. There is evidence that people on DLA are receiving an incorrect amount of benefit, as identified by the 2004/05 National Benefit Review, whether through over or under-payment of awards.³ Although only a small proportion of this is due to fraud or official error, the review identified £440 million net overpayments of benefit which occurred as a result of individuals not reporting changes in circumstances. This was not classified as fraud as the individuals' circumstances had changed so gradually they could not reasonably be expected to have known they needed to report a change. Nonetheless, it is evidence that individuals on DLA are receiving incorrect awards and that we need a systematic process in place to ensure everyone continues to receive the correct level of support. This will enable us to ensure that cash benefits are appropriately targeted at those with the greatest need.

How it will work in practice

7. As part of the objective assessment, the trained independent assessor will provide a recommendation to the Department on the duration of the award, based on the individual's particular circumstances, the evidence that has been gathered (including that provided by the claimant) and the likelihood of their condition changing. We will provide a framework for award durations to assist the assessor when providing their recommendation to the Department.
8. Durations would be based on the likelihood of changes – either an improvement or deterioration – to the disabling condition itself or the impact of the condition on the individual.
9. Shorter-term awards (up to 2 years) would be used where significant improvement could be expected in that period, for example where conditions improve with time or treatment; and the barriers the individual faces may reduce.
10. Longer term awards (e.g. 5 or 10 years) would be used where changes are less likely but possible. For example, where some improvement is possible over time or where the needs of the individual are likely to increase.
11. It is anticipated that ongoing awards would be used in a small minority of cases where changes, either positive or negative, are unlikely. For example, where improvement over time or in response to treatment or rehabilitation is unlikely and where the needs of the individual are also likely to remain broadly the same.

² *Analysis of Disability Living Allowance: DLA Awards*, Department for Work and Pensions, March 2011

³ *Fraud, error and other incorrectness in Disability Living Allowance: The results of the Benefit Review of Disability Living Allowance*, 2005.

Further work we will do

12. As work on the objective assessment progresses over the summer, we will continue to refine the award duration framework and develop guidance for trained independent assessors and decision makers with some examples of the types of circumstances where these award durations might be appropriate.
13. We will also develop guidance on the circumstances in which fixed-term awards would be inappropriate, and we will publish this before introducing Personal Independence Payment. This guidance will also include instructions on timing and format of award reviews.
14. Some respondents to the public consultation on DLA reform⁴ expressed concern that the thought of an award ending could cause undue stress and worry for some individuals. We aim to ensure that the process is as sensitive as possible, and intend to remind claimants that their fixed-term award is coming to an end and give them an indication of their options going forward. As we do more work on this part of the process, we will work with disabled people and their organisations to ensure it is as clear and straightforward as possible for the individual. We remain committed to ensuring that a balance is struck between minimising any potential anxiety amongst disabled people and ensuring that the correct level of benefit is being paid according to an individual's needs.

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⁴ *Disability Living Allowance reform (Cm 7984)*, Department for Work and Pensions, December 2010.