Personal Independence Payment – Policy briefing note

People aged over 65

Objectives

1. Personal Independence Payment will provide a contribution towards the extra costs of overcoming the challenges faced by disabled people in order to lead full and active independent lives.

2. Our priority is to target support to those individuals with established, long-term health conditions or impairments which would put them at a financial disadvantage over a long period. We recognise that those disabled earlier in life will have had less opportunity to earn and save for retirement, and we want to provide continued support to these individuals.

Considerations

3. We are committed to introducing Personal Independence Payment for working-age people from 2013. In the Disability Living Allowance reform consultation response\(^1\) we also set out our commitment that individuals in receipt of Personal Independence Payment would continue to be entitled beyond age 65 so long as they continue to satisfy the eligibility criteria. This age-limit will increase in line with the changes to State Pension age.

4. We understand that continuing to receive Personal Independence Payment when people reach age 65 and over is important, particularly for those in receipt of the mobility component. And we know that there is concern that the loss of this entitlement for those reaching age 65 could have a damaging effect on their independence.

5. Personal Independence Payment will form part of the wide range of support that the Government makes available to older people so that they have a secure income in retirement. Government also provides support through the social care system. The independent Commission on Funding of Care\(^2\) and Support is looking at how to achieve an affordable and sustainable funding system for care and support for all adults in England both in home and other settings. The Government will consider carefully the recommendations of the Commission and the interaction between Personal Independence Payment and the social care system, to ensure people receive the support they need, when they need it, in a way that best meets their needs. The Commission is expected to report in July.

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\(^1\) Government’s response to the consultation on Disability Living Allowance reform – April 2011 Cm8051

\(^2\) The Commission on Funding of Care and Support is an independent body responsible for the review of the funding system for care and support in England.
Key policy proposals

6. The Welfare Reform Bill provides that people will not be entitled to Personal Independence Payment after they reach age 65 or State Pension age, whichever is higher.

7. This Bill includes a regulation-making power and our intention is to use this power to make secondary legislation so that individuals below the upper age limit who are in receipt of Personal Independence Payment can continue to receive the benefit beyond that age provided they meet the eligibility criteria. Having this exception in secondary legislation means it would be easier to adapt in response to any future changes to the social care system which might affect pensioners. Regulations made under this power would be subject to Parliamentary approval.

Our rationale

8. The DLA rules include a cut-off age for new claims at age 65 or State Pension age whichever is higher. Existing recipients can, however, continue to receive DLA beyond this age where their needs continue to meet the eligibility conditions.

9. We intend that the arrangements for the treatment of pensioners on Personal Independence Payment will be similar to the DLA provisions. Individuals already entitled to Personal Independence Payment before reaching the upper age limit will be able to continue receiving their award for as long as their mobility and daily living needs continue in line with the eligibility criteria.

10. As part of the normal process of ageing we can all expect to experience some health challenges, and this may prevent us being as active and independent as we would like to be. Our intention is that the upper age limit for Personal Independence Payment will ensure that support is targeted to those individuals who face barriers during their working life – and may therefore have been less able to financially prepare themselves for retirement – which they take into older age.

How it will work in practice

11. We intend to specify in regulations that individuals who are in receipt of Personal Independence Payment may continue to receive it past the upper age limit, provided their mobility and daily living needs continue in line with the eligibility criteria.

12. We have also said that we want to use the experience of reassessing the working-age caseload to inform any future decisions about the treatment of existing DLA recipients who are aged 65 and above. This will enable us to ensure that learning from the migration of working-age recipients is properly considered and taken into account before we consider introducing changes in respect of those aged 65 and over.

9 May 2011
Further work we will do

13. Our intention is to consult on the draft regulations in due course following Parliament’s consideration of the Bill. We will involve our relevant stakeholders in this process so that the proposals reflect the expertise and experiences of disabled people and their representative organisations.