

## SCOTTISH GOVERNMENT POSITION PAPER

### SEVERE DISABLEMENT ALLOWANCE

#### Introduction

This paper is one of a series providing an update on our position on various matters relating to the development of the devolved social security benefits in Scotland.

The purpose of this paper is to set out the Scottish Government's position on the continued delivery of Severe Disablement Allowance (SDA), a now closed benefit, by the Department for Work and Pensions (DWP) on behalf of Social Security Scotland. The Scottish Government will take responsibility for SDA in April 2020 when Executive Competence transfers. SDA will continue to be delivered by the DWP using an Agency Agreement. This allows DWP to carry out functions on behalf of Scottish Ministers, and specifies what DWP is being asked to do.

#### Background

SDA was introduced in 1984. It is work-related and designed to replace income lost due to someone being unable to work due to illness or disability. It differs from the other forms of Disability Assistance being devolved as it is a legacy benefit which has been closed to new applicants since 2001. This means that there is a very small caseload in Scotland and that caseload continues to decline. In May 2018 around 2,000 individuals in Scotland received SDA, of which only 2% of these were under age 65. The equivalent benefit available now for people unable to work due to illness or disability is Employment Support Allowance (ESA) which is not being devolved to Scotland and is one of the benefits being replaced by UC.

#### Consultation and Experience panels

In total, 117 respondents answered the question relating to SDA in the *Consultation for Social Security in Scotland* in 2016. Most respondents (83%) agreed with the Scottish Government's proposal to continue to deliver SDA without making any changes. Those who agreed with the Scottish Government's proposed approach focused on three main points:

- Many respondents welcomed the continuity that this would provide and argued that for the small and reducing number of people supported, any reform would be unsettling and unnecessary.
- Some respondents drew attention to the fairness of this approach.
- A few respondents supported the continuation of SDA for existing claimants, but recommended that the Scottish Government should use its powers to offer enhanced support to severely disabled people who are not able to access SDA following its closure to new applicants in 2001.

A few respondents gave reasons why they disagreed with the Scottish Government's proposed approach. These included suggestions to stop the scheme entirely; to merge it with other programmes; or to leave the responsibility to the UK Government.

The fact that individuals and stakeholders have made clear that they do not want the Scottish Government to do anything unnecessary or unsettling with SDA, has been our main consideration in deciding that DWP should deliver it through an Agency Agreement.

In 2018 a survey was issued to Experience Panel members inviting them to share their experience of SDA. Although only a small number of responses were received, members did not raise any significant concerns or identify areas for change.

### **Interaction with UK benefits.**

When they approach State Pension age, SDA clients are offered the opportunity to claim State Pension or retain SDA. Where individuals choose to claim State Pension and this is less than the amount of the SDA they were paid, they receive an 'SDA top up' payment with their State Pension. This is currently paid as a combined payment. If the Scottish Government transfers SDA, for these individuals it would result in one payment from DWP for State Pension and another top up payment of SDA from Social Security Scotland. The Scottish Government believes that this will cause unnecessary disruption to individuals.

### **Conclusion**

The Scottish Government believe that there is no benefit in transferring SDA, because:

- there will be no new claims for SDA;
- there is a small and declining caseload for SDA;
- the Scottish Government is not proposing to make changes to the benefit and this proposal is largely supported by stakeholders and individuals;
- the interaction with the State Pension could cause unnecessary confusion for clients and;
- Transferring the benefit may cause unnecessary disruption to some SDA clients.

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