

WELFARE REFORM AND PENSIONS ACT 1999

EXPLANATORY NOTES

COMMENTARY

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Section 65: Abolition of Severe Disablement Allowance;

This section, and *Part IV of Schedule 13*, abolishes Severe Disablement Allowance (SDA), by repealing sections 68 and 69 of the Contributions and Benefits Act.

SDA is a non-contributory, non means-tested benefit, paid to people who cannot work because of illness or disability, and who have not paid sufficient National Insurance contributions to qualify for Incapacity Benefit (IB). For people who become incapable of work before the age of 20, the qualifying test of “incapacity” is the same for SDA as for IB—but those aged 20 and over must additionally be assessed by a doctor as “80% disabled”.

Approximately 70% of SDA recipients also claim Income Support to top up their income, and therefore see no financial gain from claiming the benefit. This is because SDA is paid at a lower rate, and is always deducted pound for pound when calculating the amount of Income Support payable.

Part IV of Schedule 13 makes the necessary consequential repeals for the abolition of SDA.

Section 85 provides a regulation-making power to make transitional and saving provisions which will allow the Government to protect existing recipients. In *A new contract for welfare: SUPPORT FOR DISABLED PEOPLE* (Cm 4103), the Government said that those recipients aged 20 or above at the point of change would continue to get the benefit.

The Government intends to make regulations that will automatically transfer, a year after the changes are introduced, those under 20s who were entitled to SDA at the point of change, onto long-term Incapacity Benefit. This will give this group of people access to long-term IB at the same time as those who became entitled to short-term IB under the new entitlement conditions introduced by section 64 of this Act.