

Universal Credit and the severe disability premium

The severe disability premium (SDP) is an extra weekly payment (£69.40 per week - 2022/23 rates) available to claimants who receive a qualifying disability benefit, count as living alone and do not receive certain types of care. The SDP is payable within claims for Income Support, income-related Employment and Support Allowance, income-based Jobseeker's Allowance and Housing Benefit.

Qualifying disability benefits: Personal Independence Payment daily living component, Attendance Allowance, Disability Living Allowance middle or higher rate care component, Constant Attendance Allowance or Armed Forces Independence Payment.

Universal Credit does not include an equivalent element. Following several court cases, the **transitional SDP amount** was introduced to mitigate the significant loss of income for those who had to claim Universal Credit due to a change in circumstances (known as natural migration). Alongside this compensation, the **SDP gateway** rules were introduced from 16th January 2019, which prevented claims for Universal Credit from those who were entitled to the SDP (or had been within the last month). Claimants in this position were able to access the legacy benefit system instead.

The SDP gateway closed on 27th January 2021, with claimants directed to claim Universal Credit even if they are entitled to the SDP. Further regulations evolved the transitional SDP amount into the **transitional SDP element**.

Who is entitled?

Claimants who were entitled to the severe disability premium in an award of **Income Support, income-based Jobseeker's Allowance** or **income-related Employment and Support Allowance** within the month prior to naturally migrating to Universal Credit **and** the following conditions are met:

- in a case where the award of the legacy benefit ended during that month, the claimant continued to satisfy the conditions for the severe disability premium up to and including the first day of UC entitlement (see note below):
 - the claimant has remained entitled to an award of Disability Living Allowance middle or high rate care component, Personal Independence Payment daily living component, Attendance Allowance or Armed Forces Independence Payment;
 - no one receives the carer element or Carer's Allowance for looking after the claimant;
 - the claimant counts as living alone.

- the award of Universal Credit has remained continuous (eg. it has not ended, a single person has not become a couple and vice versa).

The transitional SDP element can be paid to both partners of a couple following a separation, where the SDP had been included in the legacy award. This is a change from the transitional SDP amount rules where only the claimant was eligible, as the ex-partner didn't have a claim in their own right. All other conditions must still be satisfied.

Note: it is arguable that to satisfy the conditions of the SDP on the first day of entitlement to Universal Credit, the claimant must continue to satisfy the conditions throughout their first monthly assessment period. This is because a change in circumstances in a monthly assessment period is backdated to the first day of that period. This point has not yet been settled at appeal.

Who is not entitled?

- Claimants who are 'manage migrated' to Universal Credit (moved to Universal Credit by the DWP) – as they will be entitled to a transitional payment;
- Claimants who still receive a legacy benefit with an SDP included; and
- Claimants who had the SDP in an award of **Housing Benefit only** before they naturally migrated.

How much will people get?

At the point of migration to Universal Credit (or the point that the transitional SDP amount was awarded to those who migrated prior to the introduction of the SDP gateway rules), claimants will receive:

Single claimants

- £120 per month if the limited capability for work-related activity (LCWRA) element is included in their award; or
- £285 per month if the LCWRA is not included in the award.

Joint claimants

- £405 per month if the higher SDP rate was payable and no one has become a carer for either of them; or
- £120 per month if the conditions for £405 per month are not met and the LCWRA element is included in the award in respect of either of them; or
- £285 per month if the conditions for £405 per month are not met and the LCWRA element is not included in the award in respect of either of them.

Note: a backdated amount was payable to those who migrated to Universal Credit prior to the introduction of the SDP gateway rules to compensate them for the time already spent receiving Universal Credit.

The transitional SDP element is paid at the maximum rate in the first monthly assessment period. After this, it is treated as though it is a Universal Credit transitional element and is subject to erosion when other elements in the maximum amount increase (not including the Childcare Costs element). If increases in other elements cause the transitional SDP element to stop, it cannot begin again if other elements subsequently reduce.

It can also stop in some circumstances:

- When a partner leaves or joins a household;
- If your earnings from work reduce below a specified limit for three consecutive monthly assessment periods;
- Your Universal Credit award ends for any reason.

If your award has come to an end, you cannot get a transitional SDP element in any future award, unless your award ceased due to increased earnings and your new UC award begins within three months of the old award ending.

FAQ's

Is the transitional SDP element lost if I get a carer or lose my disability benefit?

The requirement to satisfy the conditions of entitlement to the SDP only apply to the period up to and including the first day of entitlement to Universal Credit (although see note in 'Who is entitled'). This means that subsequent changes which impact hypothetical entitlement to the SDP do not impact entitlement to the transitional SDP element.

My disability benefit has been awarded and backdated at appeal – am I entitled?

If the revision or supersession means you became entitled to the qualifying disability benefit prior to your move to UC, and you satisfied the other conditions of the SDP, then UC should revise your award to include the relevant transitional SDP element. This also applies in cases where entitlement to the SDP was missed in error.

Can you move from a lower rate to higher rate?

The rate of the transitional SDP element is set in the first monthly assessment period and does not change (other than due to erosion) in response to changes in circumstances. This means that you cannot move from a lower rate to a higher rate, or vice versa.

What if I'm only entitled to the SDP after a change in circumstances?

If this change in circumstances means the SDP becomes payable (eg. a claimant is moving out to live alone), it is advisable to contact the DWP to inform them of the change, and then wait at least a full benefit week before claiming UC. Claimants may need support to work out the best timing of this change, and each case should be considered separately, as delaying a claim for Universal Credit could have other consequences.

Trudi was in receipt of income-related Employment and Support Allowance which included the SDP. She moved to a new local authority area in September 2018 and had to claim Universal Credit to get help with her housing costs. She remained entitled to Personal Independence Payment daily living component and no one became a carer for her. As the LCWRA is included in her award, she received £120 per month as a transitional SDP element.

In November 2020, Trudi's health deteriorated and she moved house to be closer to family. Her £120 per month compensation payment reduced as the rent at her new property was higher than her previous property, which led to an increase in her housing costs element.