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**03 May 2022**

Dear Elena

Thank you for your letter dated 1 April seeking further information following the Committee session on the Department for Work and Pension's role in devolved social security held on 10 March. I am pleased that the Committee found this session so helpful.

### **Passporting options following policy divergence**

You ask for reassurance that whatever Scottish Government policy is or may be on disability benefits, disabled people in Scotland will see no loss of entitlement to reserved benefits – whether this is achieved through continued 'passporting' or by some other means. I can give the Committee that reassurance.

As outlined at the Committee session, for the time being DWP Ministers are content that Child Disability Payment and Adult Disability Payment meet the terms under which additional payments arise in reserved benefits. If in future they ceased to do so, then it would be for the UK Government to establish how to identify people in Scotland who are entitled to such additional amounts to ensure that they are at no disadvantage compared to people in England and Wales

There are various potential means for achieving this without relying on interdependencies between benefits. In Universal Credit, for example, the Carer Element is accessible where the claimant reports that they have caring responsibilities without the need to claim Carer's Allowance. The Universal Credit assessment will determine whether someone provides at least 35 hours a week for a severely disabled person who receives a disability related benefit as an integral part of their claim.

The earlier sight my Department has of the Scottish Government's plans for the introduction of new benefits, such as the replacements for Carer's Allowance and Attendance Allowance, as well as any adaptation of existing ones, the more time there is for it to develop alternative mechanisms, if

necessary, to identify people in Scotland who are entitled to additional amounts in reserved benefits.

### **Spill-over effect**

You ask about the process relating to spill-over effects under the Fiscal Framework. A methodology for this was jointly developed and agreed between both Governments in early 2021. This will be put into practice later this financial year.

In summary, both governments agreed that a 'top-down' approach was the most suitable methodology for dealing with spill-overs. This involves an aggregate level calculation based on outturn data showing the value of benefit premia spill-over. This is achieved by estimating DWP premia spend on behalf of claimants in Scotland if the policy remained in line with England and Wales, and then comparing it to the outturn premia spent. This methodology will be run in retrospect and the calculation will be done annually to align with the Autumn fiscal event and Block Grant Adjustment timescales.

The spill-over process is a *post hoc* arrangement at aggregate level, so in no case will anyone receiving benefits be placed at any disadvantage.

The principle of spill-overs is already a part of the Fiscal Framework, which is being reviewed later this year.

### **Working across different social security systems**

You ask about 'future-proofing' against any IT incompatibilities between UK Government and Scottish Government systems. Procurement of Digital technology is a matter for individual Government Departments, and each needs to assess the need for interoperability as part of the broader consideration of its business needs. In the case of DWP, some of those systems were procured many years ago. The key to ensuring a pragmatic approach is continuous and open communication between Departments.

With respect to DWP and the Scottish Government, several joint forums have been established and these are working well. These include regular joint DWP / Scottish Government meetings looking at detailed delivery plans and resolution of business and IT technical matters. DWP provides access to its Customer Information Systems to identify and verify information and has enabled Social Security Scotland's use of its payment and accounting services. Successful implementation of the Scottish Government benefits introduced to date demonstrates the effectiveness of this collaborative approach, although as I mentioned in Committee we are always keen to minimise the extent of interdependencies where this is possible because any interdependency is a potential source of risk to both Governments.

Where these interdependencies exist, however, it is vital that the Scottish Government provides my Department with details of its design and delivery plans as soon as possible.

### **Scottish Child Payment (SCP) data sharing**

You asked about the technical difficulties relating to data sharing to help determine eligibility to SCP. In short, these related to a range of changes needed to different DWP IT systems to enable data to be gathered and then shared.

Information for younger children for example (aged under 6 years) was able to be extracted from existing sources because it was used for other purposes such as, NHS Healthy Start and it was already available to Social Security Scotland for the administration of Best Start Grants. Information for older children however (aged 6 to 16 years) was not readily available for children in families receiving Universal Credit as they do not receive the same services as children under six, hence a change needed to the Universal Credit system.

Had my Department been approached earlier on the matter, it could have advised Scottish Government colleagues that this data feed was not available. This reinforces the need for early and frank communication, and the testing of assumptions before public announcements are made. In this case I am pleased that the issue has been resolved through joint working after the event, and we are able to support the Scottish Government in delivering a major priority and manifesto commitment. DWP has been able to adapt and reuse a data sharing solution, which had recently been developed to support the successful introduction of the Scottish Government's Child Disability Payment, as well as utilize a new IT system that has been developed to share information on changes of circumstances between DWP and other organisations. However, the interim discussion has, I know, been picked up by the Scottish media, potentially and unnecessarily unsettling parents in Scotland about whether they would receive payments. I hope that both Governments can avoid this situation in future over matters which are purely technical, can be resolved at a technical level, and need not arise in the first place if assumptions are tested in advance of announcements being made.

Yours ever,

A handwritten signature in black ink, appearing to read 'Chloe Smith', with a horizontal line underneath it.

**Chloe Smith MP**

**Minister for Disabled People,  
Health and Work**