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Convener, Social Justice and Social Security
Committee
The Scottish Parliament
Edinburgh
EH99 1SP

3 April 2024

Dear Convener,

Thank you for your letter requesting an update regarding the Scottish Government's ongoing work to introduce split payments for households in receipt of Universal Credit (UC).

The primary policy aim of split payments is to provide access to an independent income for all adults receiving UC, based on their needs. In addition, the introduction of split payments may reduce the risk of and create a barrier to, financial coercion or domestic abuse within households.

As you know, we are reliant on the Department for Work and Pensions to deliver this policy, through changes to the existing Universal Credit system. We are currently waiting for their impact assessment of the initial policy proposal which was sent on 27 October 2023.

The Scottish Government remains committed to doing all it can to introduce split payments for Universal Credit, however we will only be able to answer to the feasibility of the policy once we have a completed impact assessment from the DWP. Officials remain in close contact with DWP but do not have a timeframe for the completion of the impact assessment.

I have provided further information on your specific questions in the annex attached. Please be aware that this is our current policy position and once the impacting assessment is received it may be necessary to further refine and amend the policy to support delivery.

I hope this update is helpful and provides you and the other committee members with a better insight into the split payments policy.

Yours sincerely,

SHIRLEY-ANNE SOMERVILLE

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Universal Credit Split Payment

Who has the Scottish Government consulted on this policy and what issues arose?

The Scottish Government worked closely with a number of key stakeholders, most notably Scottish Women's Aid and Engender to inform policy development. We also carried out user research with people who have lived experience of the current UK Government policy, and with survivors of domestic abuse.

The feedback from this consultation and research was broadly supportive of split payments as a policy but highlighted a number of important delivery points to consider. This included the potential for the introduction of split payments to exacerbate abuse within a joint household if it was introduced as a change to existing UC arrangements. Mitigations for this risk were considered as part of the policy proposal submitted to DWP, including consideration of applying the change only to new applications for Universal Credit.

Scottish Government officials have also held a series of discussions with DWP to understand how they assess household payments for Universal Credit and the implications for splitting the payments within the current systems. Although these sessions have been informative, the discussions have remained informal. The DWP have not provided any formal views on the deliverability of the policy and will provide a formal view on the policy once an impact assessment has been completed.

Details of the policy and proposed split of Universal Credit payment.

The policy was developed using data from the DWP on the different types of households in Scotland in receipt of UC to identify four key household characteristics which were present in all households in receipt of a joint payment of UC. These characteristics were used to identify a potential weighted split for the payments within a household, details of proposed split are set out in Annex B. These proposed splits have been tested with stakeholders and people with lived experience and the proposals were well received.

The four household characteristics are:

- presence of children within the household
- the primary caregiver for those children
- presence of Limited Capability for Work Related Activity (LCWRA); and
- presence of caring responsibilities

The Health and Disability White Paper published by the UK Government in March 2023 contained proposals to scrap the Work Capability Assessment (WCA) along with the Limited Capability for Work Related Activity (LCWRA) benefit top-up. Planned changes due in 2026/27 mean that a UC Health Element will replace LCWRA as one of the listed characteristics. We do not currently know how this will impact the policy, however this will be explored as part of the formal impact assessment.

Split payments will need to interact efficiently with existing Scottish choices. Splitting some elements of the UC award, such as housing or childcare, may result in affordability issues

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within a household. Therefore, the current policy proposals suggests that the split will be applied after housing costs and other variable costs, such as childcare are allocated.

One of the most significant delivery considerations of split payments is the need to have two sets of bank details in order to be able to make two separate payments. The current policy position assumes that there will be an option for a couple to continue to receive a single household payment. The policy position provided to the DWP acknowledges this and seeks options on how this might be addressed and will form part of the discussions to refine the position once the impacting assessment is available.

What are the barriers to achieving this policy and how might they be removed?

The key constraint to the delivery of split payment policy is the existing UC computer system. During our informal discussions with the DWP, it was noted that the system has not been designed in a way that would easily accommodate split household payments.

Any changes to the existing UC system to deliver Scottish Government policy must be paid for by the Scottish Government along with any additional training and administrative costs. The systems changes are likely to be complex and will need to be planned into the DWP wider programme of systems development.

As the Committee has highlighted there is also the Move to UC, which is currently taking place across the UK, moving people from legacy benefits on to Universal Credit. The impact this has on the policy will also be considered as part of the impact assessment by the DWP and the conversations which take place after it has been carried out.

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	Household Characteristics	Proposed split proportion	
		Partner 1	Partner 2
1	Couple with no other characteristics described below (or those where both partners have LCWRA or both partners are carers)	50%	50%
2	Partner 1 is a carer and there are no children in the household	60%	40%
3	Partner 1 has LCWRA and there are no children in the household	70%	30%
4	Partner 1 has LCWRA and Partner 2 is a carer and there are no children in the household	60%	40%
5	Partner 1 is the primary caregiver of the household's only child	70%	30%
6	Partner 1 is the primary caregiver of the household's two or more children	80%	20%
7	Partner 1 is the primary caregiver of the household's children (any number) and has LCWRA	80%	20%
8	Partner 1 is the primary caregiver of the household's children (any number), and Partner 2 has LCWRA	70%	30%

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