7 November 2018

Dear Mr Field,

Thank you for your letter of 10 October, in relation to the UK Government’s response to the Work and Pensions Committee’s report on Universal Credit (UC) and domestic abuse. I welcome the opportunity to respond to your questions, and update the Committee on our plans to split the payment of the UC award between members of a household in Scotland.

As you know, Scottish Ministers are of the view that introducing split payments may help protect women (and their children) from financial abuse and poverty and, importantly, provide an independent income to everyone in receipt of a UC award. It is our view that entitlement to financial independence is a basic human right, and this aligns with the Scottish Government’s rights based approach to social security, and the key principles of dignity, respect and fairness which are enshrined in the Social Security (Scotland) Act 2018.

Over the last two years, we have been engaging with a wide range of stakeholders, including women’s organisations, local authorities, the third sector and landlords, as well as seeking the views of people in receipt of benefits. We have found that views vary on how split payments of the UC award might work in practice, for example whether payments should be split 50/50 or according to each individual’s circumstances. There is, however, a consensus that any option chosen should be fair, transparent and based on robust rationale.

In addition, as part of developing our policy options, my officials have regular ongoing discussions with their counterparts in the Department for Work and Pensions (DWP) and I can confirm they receive their full co-operation. When our stakeholder engagement is complete and we have finalised our policy, my intention is to seek further discussions with the DWP on the process for delivering split payments of UC in terms of operational, technical, cost and customer journey.
You asked if all design choices for split payments are entirely a devolved matter. As you know, the Scottish Government is in an unusual position in that UC is reserved to the UK Government. However, Scottish Ministers have some administrative flexibilities, through Section 30 of the Scotland Act 2016, over to whom and how UC is paid. This means that although the Scottish Government is responsible for developing the policy for split payments, we are entirely dependent on the DWP to deliver split payments on our behalf – both in terms of what is technically feasible within its IT systems, and its willingness to make those changes. We also need to agree with the DWP a delivery date that it is confident it can actually deliver, and negotiate a cost which represents good value for money.

We have already successfully used these powers to introduce the UC Scottish choices of twice monthly payments and direct payment of the housing costs to landlords. We intend to use the same powers to introduce split payments. Section 30 of the Act does, however, place a requirement on the Scottish Government to consult the Secretary of State for Work and Pensions on the practicability of implementing the regulations, before they are laid and come into effect. In practice I would expect this to be straightforward, however, if the Secretary of State considers it not practicable to implement the changes by the date specified in our order, they could amend the regulations to delay the start date.

The introduction of split payments of the UC award in Scotland is not, therefore, an entirely devolved matter. You may be aware that the DWP has already unilaterally deprioritised one of the Scottish Government’s other UC flexibilities – to develop our proposed bedroom tax mitigation solution – from April 2019 to May 2020 at the earliest. Consequentially, there is no guarantee that the DWP will introduce split payments in Scotland in a manner, timescale and cost which is acceptable to the Scottish Government and our stakeholders.

Split payments of the UC award could be implemented more quickly and easily if the UK Government listened to the growing support for this policy in both the Scottish and Westminster Parliaments and implemented a UK wide solution. This could be done through all party support for Philippa Whitford’s Universal Credit (Application, Advice and Assistance) Bill, which should have its second reading on 23 November 2018, or Dr Whitford’s planned amendments to the forthcoming Domestic Violence and Abuse Bill.

I hope my reply is helpful to you in considering the UK Government’s response to the Committee’s report. I will update the Committee in early 2019 once our thinking on split payments has developed further.

Yours Sincerely,

SHIRLEY-ANNE SOMERVILLE