From the Permanent Secretary

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Rt Hon Frank Field MP
Chair
Work and Pensions Select Committee
House of Commons
London
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Dear Frank

Split payments of Universal Credit in Scotland

Thank you for your letter of 20 February 2019.

Discussions at both Ministerial level and official level have begun with the Scottish Government on the basis of the proposals Shirley-Anne Somerville shared with you on 12 February 2019.

Regrettably we have had to inform the Scottish Government that there are two key problems with their proposals.

First, we doubt that the Scottish Parliament has the powers to legislate for the scope of the changes envisaged in their proposals. The Scotland Act 2016 envisaged Split Payments being made after calculation of entitlement whilst these proposals attempt to modify some aspect of the Universal Credit calculation, a matter reserved to Westminster.

Second, both the proposals have the wrong conception of how Universal Credit is constructed, and as a consequence could never be grafted onto the Universal Credit computer system. This is an issue your Committee has explored before: many commentators assume Universal Credit has elements and is effectively a wrapper around six benefits. It is not; it is in fact an integrated system of support. For example, claimants are not paid a child element as a free-standing payment, and it is not treated as such. The attached schematics, which we have shared with Scottish Government officials, describe the misconception behind their proposals and why they can’t be grafted onto the system. To deliver these proposals the structure of
Universal Credit would need to be substantially revised from the foundations upwards.

We continuing to work with the Scottish Government on this issue but I am unable to say more until we have a workable proposition which we can impact against our plans.

Yours sincerely

[Signature]

Peter Schofield

DWP Permanent Secretary
UC Calculation "AS IS"
1. Add up individual amounts to SG Split.
2. Attribute any earned income to individuals and calculation above the individually attributed.
3. Reduce (1) by 63% of
4. Work out imputed income.
5. Allow for any deductions.
6. Add up both individual amounts to SG

Payment

This is amount payable to the individual. Must now be done at individual level. Overpayments, rent arrears, etc. This repayment of advances. HB

Individuals

This is amount payable to the household. Check that these sum to the amount.