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Chair, Work and Pensions Committee

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John Frank

Thank you for your letter of 25 April 2018 for the opportunity to contribute to your Committee's Universal Credit (UC) inquiry, in this instance specifically on the question of UC provision for survivors of domestic abuse. I will do my best to answer the particular questions you raise.

I thought it might be helpful to firstly set out the Scottish Government's position on split payments of UC between members of a household. Scottish Ministers are of the view that the UK Government's policy of making a single payment of UC to a household can increase inequality in the welfare system, and act as an enabler for domestic abuse or financial coercion by one partner towards another. There is also the wider argument that entitlement to an independent income is a basic human right, which aligns with the Scottish Government's approach to social security as a rights based provision, based on the principles of dignity, respect and fairness. I am delighted that this approach is now enshrined in our founding legislation which was unanimously approved by the Scottish Parliament on 25th April this year.

You asked for an update on our progress to implement split payments and, specifically, whether the Scottish Government plans to routinely offer split payments. It is important to point out here that the implementation of split payments rests with DWP since UC is a reserved benefit. This is an important point to which I shall return later in this letter.

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In terms however of our policy position as a Scottish Government we have been consistently clear on our support for split payments and an amendment to the Social Security (Scotland) Bill 2017 to introduce an automatic split of the UC award between members of a household was agreed by the Scottish Parliament, and supported by the Scottish Government, at Stage 3 of the Bill on 25 April 2018. This means that in Scotland, the UC award would be automatically split, unless the claimants opt for a joint payment by electing to nominate a single bank, or other account, that the UC award can be paid into.

Since our social security consultation in summer 2016, which found strong support for split payments, we have been engaging with a wide range of stakeholders. This has included womens' organisations, Scottish Federation of Housing Associations (SFHA), local authorities and the third sector. We are also putting in place arrangements to hear the direct views of people in receipt of UC, including those affected by domestic and financial abuse, through our social security Experience Panels, and via focus groups facilitated by third sector organisations.

We have found that there is strong support for automatic split payments, but views vary on how it might work in practice. For example, whether payments should be split 50/50 or by entitlement to a qualifying benefit. We are currently working through the implications of different options to ensure there will be no unintended consequences.

The diverse views of stakeholders are one of the reasons we did not introduce split payments under the Universal Credit (Claims and Payments) Scotland Amendment Regulations 2017, which introduced the Scottish UC choices. It was also because feedback from the third sector, local authorities and landlords suggested that the Scottish Government should prioritise introducing the flexibilities of managed payment to landlords and twice monthly payments. Both the Scottish Government and stakeholders recognised that the introduction of split payments of UC is technically more complex and challenging than the two UC Scottish choices currently available and that this too would need to be delivered for us by the DWP.

On that note, you asked if the Scottish Government has encountered any barriers to introducing split payments, and where the responsibility lies for overcoming those barriers. As I have said, UC is reserved to the UK Government and, therefore, like the UC Scottish choices, the Department for Work and Pensions (DWP) will deliver split payments on behalf of the Scottish Government and they will charge us for that.

Although the DWP already has the ability to provide split payments through the Alternative Payment Arrangements (APAs), as I understand from my officials, this process is agent led, with no IT automation and, therefore, very resource intensive. Clearly this approach would not be suitable once the numbers of people receiving a split payment of UC in Scotland is scaled up. Currently, there are very few APA split payments in Scotland. This means we are reliant on the DWP to make significant changes to the existing UC system and we will be strongly dependent on what is technically feasible within their IT systems.

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In addition to the above, we also need to agree with the DWP a delivery date that it is confident it can actually meet and negotiate a cost to us which represents good value for money. These discussions with the DWP continue but we have not yet reached a shared and agreed resolution. Clearly if UKG changed its position and introduced split household payments, the delivery of this area for us would be significantly simpler, carry no cost and could be implemented more quickly.

Although I am supportive of the amendment to the Social Security (Scotland) Bill 2017 for automatic split payments, I must reiterate that we are wholly dependent on the DWP for its delivery. I believe, therefore, that a better solution would be for all parties across the UK Parliament to support Philippa Whitford's *Universal Credit (Application, Advice and Assistance) Bill* which has its second reading on 11 May and proposes to introduce split payments of the UC award at source. This would not only protect women (and their children) from financial abuse and poverty, but also give financial independence to everyone in receipt of a UC award.

I am happy to keep the Committee updated as the Scottish Government finalises its policy on split payments and, I hope, makes progress with DWP on delivery and to provide evidence to the Committee, in the future, if it would be helpful.

Kind regards



JEANE FREEMAN

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