

UNIVERSAL CREDIT: SPLIT PAYMENTS

Purpose

1. The Scottish Government has been engaging with a number of stakeholders (set out at Annex A) on how to split the payment of the Universal Credit (UC) award among members of a household. This paper attempts to draw together the views, opinion and research and present policy options for how split payments could be delivered in Scotland.
2. The Group is asked for their views. If anyone is unable to attend the meeting on 15 December 2017 they can provide comments by email to [redacted].

Background

3. The consultation on social security in 2016 (29 July – 30 October) showed that 88% of respondents were supportive of split payments. However, there were different views on how it should work in practice. While 76% of respondents believed that split payments should be automatic, the other 26% felt it should be a choice. There was support for different approaches to splitting the UC award - a straight 50/50 split and an approach based on looking at individual entitlements both received support.

4. Payments of UC award is currently made to one member of the household. However, there is the option available for the Department of Work and Pensions (DWP) to split the payment between members of a household.

5. The DWP guidance states that:

“A Split Payment can be paid to two separate members of the household, with the larger percentage allocated to the person with primary caring responsibilities i.e. the one with child care. This is to ensure the health and well-being of the majority of the household.

If a Split Payment is to be made, the decision maker must also consider a Managed Payment of the Universal Credit Housing cost to the landlord, where there is a rental liability.

When are Split Payments considered?

Split Payments are normally considered to prevent hardship to the claimant and their family, for example if the Universal Credit claimant is not managing their financial affairs and not meeting their family’s day to day needs. Split Payments should be considered when the claimant:

- *states financial mismanagement and/or financial abuse*
- *states that there are domestic violence issues*
- *can’t or will not budget for their own or their family’s basic day to day needs”*

6. Currently we are not aware of the DWP having put in place any split payments arrangements.

Northern Ireland

7. Northern Ireland (NI) began roll-out of UC on 27 September 2017, including the facility to request split payments by part of a couple to be paid into separate bank accounts.

8. The NI approach is that in households with children or other caring responsibilities the main carer will receive the child element, any disabled child element, childcare costs, and carer's element, as applicable along with their Standard Allowance and Limited Capability for Work entitlement if relevant.

9. Decisions on who is the main carer in the household (when this is under dispute) will be based on existing guidance, for example that employed by HM Revenue & Customs, looking at

- Who is in receipt of Child Benefit;
- Who is responsible for the day to day spending for the child such as buying clothes, food and providing pocket money; and
- Who is the main contact for school/ college/nursery/childcare.

10. The split payment facility is also available for households with no caring responsibilities. If neither partner is working then the payment is split on the basis of what they are each entitled to, therefore each person would receive half of the Standard Allowance and any Limited Capability for Work entitlement would be paid to the applicable person (or split if both have Limited Capability for Work entitlement).

11. If one member of the household is in receipt of earnings, then the majority of, and in some instances the full, Universal Credit award will be paid to the household member not in employment.

12. If both members of the household are in employment the payment would be split on the basis of what they are each entitled to and on the level of earnings for each member of the household.

13. The process is non-automated and in all circumstances the apportionment calculation and payment are processed manually.

Wider Context

14. There are a number of Scottish Government policies which have a read across to split payment of the UC award. The two key ones are: the Social Security Bill; and the Equally Safe Strategy. When the Scottish Government published its vision for Social Security in Scotland in March 2016¹, it included five principles to guide our decisions on policy and delivery. One of these principles was that respect for the dignity of individuals should be at the heart of everything we do. This will be important to bear in mind as we develop this policy.

¹ <http://www.gov.scot/Topics/People/fairerscotland/Social-Security/Principles>

15. The Scottish Government's Equally Safe Strategy was published in March 2016². Its aim is to set out a strategic approach to eradicating all forms of violence against women and girls in Scotland. It recognised the impact that a single household payment of UC would have on women, representing a loss of independent income where the payment was made to the man. The Equally Safe Delivery Plan, published in November 2017³, committed the Scottish Government to develop proposals for split payments, working with stakeholders to explore potential policy options.

16. Cognisance also needs to be given to the Scottish Government's wider policy and ambitions to tackle child poverty; UN Convention on the Rights of the Child; UN Convention on the Rights of the Child; and Convention of the Elimination of all Forms of Discrimination Against Women.

Policy proposals

[redacted]

Conclusion

23. The Group are asked for their views.

Scottish Government Social Security Directorate, 13 December 2017

² <http://www.gov.scot/Resource/0049/00498256.pdf>

³ <http://www.gov.scot/Publications/2017/11/5647/downloads>

Social Security Consultation 2016

As part of the consultation on social security in 2016,

Workshops

Scottish Government Workshop: 8 December 2015

Engender/Scottish Women's Aid: 23 August 2017

CPAG Workshop: 1 September 2017.

Citizens Advice Scotland: 2 October 2017

Scottish Government Meeting: 30 October 2017

Scottish Government Options Meeting: 15 December 2017

Scottish Public Health Network (SPHN): planned meeting 22 January

Stakeholders we have engaged with

- Citizens Advice Scotland
- Child Poverty Action Group
- Engender
- Scottish Women's Aid
- Zero Tolerance
- Shakti
- Inclusion Scotland
- COSLA
- SFHA
- One Parent Families Scotland
- Hillhead Housing Association
- CIH
- ENABLE Scotland
- NAWRA
- CEMVO Scotland

Citizens Advice Bureau frontline advice staff from offices in:

- Drumchapel
- Motherwell & Wishaw
- West Dunbartonshire
- Stirling
- Clydesdale
- Dumfries
- Denny & Dunispace
- Haddington
- East Dunbartonshire
- East Renfrewshire
- Perth