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E: scottish.ministers@gov.scot

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Rt Hon Thérèse Coffey MP
Secretary of State for Work and Pensions
Caxton House
Tothill Street
London

Our ref:
January 2021

Dear Chancellor of the Exchequer and Secretary of State,

As you will be aware, the Scottish Government and Northern Ireland Executive have separately announced they will be providing a pro rata £500 payment to health and social care workers. The Welsh Government announced early last year they too would provide a £500 payment to social care workers. These payments are a token of gratitude for those workers who have been on the frontline in this pandemic.

The UK Government has rejected our ask to provide a tax exemption for these payments. While we understand the desire of the UK Government to protect the integrity of the tax and benefit systems, the situation we face is unprecedented and the work of health and social care workers in the face of the pandemic has been extraordinary.

We therefore want to press once again the importance and urgency of the UK Government agreeing to exempt these payments from tax and benefits calculations. It is unacceptable that our lower paid workers could experience a net loss of income due to the impact on Universal Credit, tax credits and other benefits as a result of our wish to reward them for their tireless efforts. We understand that the UK Government's own Test and Trace Support Payments were exempted from benefits calculations and would ask you to do the same for the payments we intend to make.

Therefore, we implore the UK Government, as a one-off gesture, to exempt these payments from tax and benefits calculations.

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I am copying this letter to the Chief Secretary to the Treasury, the Secretary of State for Health and Social Care, and the Chancellor of the Duchy of Lancaster.

Yours sincerely

JEANE FREEMAN

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Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

Vaughan Gething AS/MS
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services



Llywodraeth Cymru
Welsh Government

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury

Rt Hon Thérèse Coffey MP
Secretary of State for Work and Pensions

By Email.

10 February 2021

Dear Rishi and Therese,

As you will be aware, the Scottish Government and Northern Ireland Executive have separately announced they will be providing a pro rata £500 payment to health and social care workers. The Welsh Government announced early last year they too would provide a £500 payment to social care workers. These payments are a token of gratitude for those workers who have been on the frontline in this pandemic.

The UK Government has rejected our ask to provide a tax exemption for these payments. While we understand the desire of the UK Government to protect the integrity of the tax and benefit systems, the situation we face is unprecedented and the work of health and social care workers in the face of the pandemic has been extraordinary.

We therefore want to press once again the importance and urgency of the UK Government agreeing to exempt these payments from tax and benefits calculations. It is unacceptable that our lower paid workers could experience a net loss of income due to the impact on Universal Credit, tax credits and other benefits as a result of our wish to reward them for their tireless efforts. We understand that the UK Government's own Test and Trace Support Payments were exempted from benefits calculations and would ask you to do the same for the payments we intend to make.

Therefore, we implore the UK Government, as a one-off gesture, to exempt these payments from tax and benefits calculations.

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I am copying this letter to the Chief Secretary to the Treasury, the Secretary of State for Health and Social Care, and the Chancellor of the Duchy of Lancaster.

Kind regards,

<p>[Redacted s38(1)(b)]</p> <p>JEANE FREEMAN</p>	<p>[Redacted s38(1)(b)]</p> <p>VAUGHAN GETHING</p>
<p>[Redacted s38(1)(b)]</p> <p>REBBECA EVANS</p>	

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Cabinet Secretary for Health & Sport
Jeane Freeman MSP



Robin Swann MLA
Minister of Health



Vaughan Gething AS/MS
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services



Llywodraeth Cymru
Welsh Government

Matt Hancock MP
Secretary of State for Health & Social Care

By Email.

10 February 2021

Dear Matt,

As you will be aware, the Scottish Government and Northern Ireland Executive have separately announced they will be providing a pro rata £500 payment to health and social care workers. The Welsh Government announced early last year they too would provide a £500 payment to social care workers. These payments are a token of gratitude for those workers who have been on the frontline in this pandemic.

The UK Government has so far rejected our ask to provide a tax exemption for these payments. While we understand the desire of the UK Government to protect the integrity of the tax and benefit systems, the situation we face is unprecedented and the work of health and social care workers in the face of the pandemic has been extraordinary.

We now wish to draw your attention to the importance and urgency of the UK Government agreeing to exempt these payments from the calculation of benefits. It is unacceptable that our lower paid workers could experience a net loss of income due to the impact on Universal Credit, tax credits and other benefits as a result of our wish to reward them for their tireless efforts. We understand that the UK Government's own Test and Trace Support Payments were exempted from benefits calculations and would ask you to do the same for the payments we intend to make.

Therefore, we once again implore the UK Government, as a one-off gesture, to exempt these payments from benefits calculations. We would ask that you make this case to your colleagues at the Department for Work and Pensions, and across the UK Government.

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I am copying this letter to the Secretary of State for Work and Pensions, the Chancellor of the Exchequer, and the Chancellor of the Duchy of Lancaster.

Kind regards,

<p>[Redacted s38(1)(b)]</p> <p>JEANE FREEMAN</p>	<p>[Redacted s38(1)(b)]</p> <p>VAUGHAN GETHING</p>
<p>[Redacted s38(1)(b)]</p> <p>ROBIN SWANN</p>	

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From: [redacted] (SG)
Sent: 10 February 2021 16:31
To: [redacted] (DWP)
Cc: [redacted] (DWP, SG)
Subject: RE: £500 payment for health and social care staff - advice on benefits

Hi [redacted] (DWP)

Thank you for forwarding to policy.

Kind Regards,
[redacted] (SG)

[redacted] (SG) *Workforce Pay and Strategy | Health Workforce | Scottish Government*
[redacted]

From: [redacted] (DWP)
Sent: 10 February 2021 16:01
To: [redacted] (SG)
Cc: [redacted] (DWP)
Subject: £500 payment for health and social care staff - advice on benefits

Hi [redacted] (SG)

As this is a policy question I have asked them to respond to you

Kind Regards
[redacted] (DWP)

[redacted] | Scotland Operations Senior Devolution Manager | Office of the Scotland Area Director | Work and Health Services | Department for Work and Pensions | Heron House, 10b Wellside Place, Falkirk, FK1 5SE [redacted]

From: [redacted] (SG)
Sent: 05 February 2021 11:44
To: [redacted] (DWP)
Cc: [redacted] (DWP, SG)

Hi [redacted] (DWP),

I work in the Scottish Government Health Workforce Directorate and you were suggested as someone who might be able to assist in answering some questions we have about how the recently announced £500 payment for health and social care staff would affect people on benefits.

We have allowed NHS staff who have concerns about how the payment might affect their benefits to opt out of receiving the money for the time being, to give them time to assess their situation and consult their Work Coach, with a view to opting back in

later on. We are keen to ascertain how long it might take for a Work Coach to answer a query on this issue as we need to set a deadline for people opting back in.

We would be happy to supply information on the £500 payment to ensure that Work Coaches are fully briefed on the background.

Would you be ok for me to arrange a meeting with our team to discuss these areas? If so, please let me know your availability over the next week and I will make the necessary arrangements.

Many Thanks,

[redacted] (SG)

[redacted] (SG) *Workforce Pay and Strategy / Health Workforce / Scottish Government*
Mobile: [redacted]

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From: REDACTED (SG)
Sent: 20 January 2021 09:29
To: REDACTED (DWP)
Cc: REDACTED (SG) REDACTED (DWP)
Subject: RE: £500 social care payment in Scotland

REDACTED (DWP)

Hi good morning thanks for your quick reply. Yes this is the £500 bonus payment for social care workers in the pandemic, Scottish Government announced last November. Some more on the process

Scottish Government will send the required funds to local authorities to disperse the bonus. 3 forms of recipients
LA employees,
social care provider employees and
PA employer's employees.

This is all via wages. I hope that clarifies

Kind regards

REDACTED (SG) | Team Leader: Adult Support and Protection and EU Exit Branch:
Adult Social Care Mental Health and Social Care Directorate, Scottish
Government | St Andrew's House, Regent Road, Edinburgh EH1 3DG |



From: REDACTED (DWP)
Sent: 18 January 2021 14:37
To: REDACTED (SG)
Cc: REDACTED (SG); REDACTED (DWP)

Subject: RE: £500 social care payment in Scotland

Hi REDACTED (SG)

I am assuming this is the payment you are referring to <https://www.gov.scot/news/gbp-500-bonus-for-health-and-social-care-staff/> ? This request will need to go to our policy teams and before I send it we will need to know how these payments are being made eg is it through the employer as part of their wages, and how HMRC are treating this for tax and NI purposes. I think you might need to go to HMRC for the tax credit advice as we don't administer that benefit.

As this was announced some time ago, it would be good to understand if we have already given you some advice on this so I can link it back.

Regards

REDACTED (DWP)

Devolution Policy Team | Devolution, Pensioner Benefits and Carer's Allowance | Department for Work and Pensions | Floor 1, Kings Court | 80 Hanover Way | Sheffield | S3 7UF |

From: REDACTED (SG)

Sent: 15 January 2021 10:47

To: REDACTED (DWP)

Cc: REDACTED (SG)

Subject: £500 social care payment in Scotland

REDACTED (DWP)

Hallo, I am working within Scottish Government on the £500 payment for social care workers. We are working through the our guidance on the payment and how the payment will interact with benefits. I wanted to introduce myself and my colleagues, REDACTED (SG)

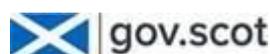
We have considered the interaction with benefits and allowing social care providers to stage the payment over a number of months- so that the threshold and or payments are less affected by the payment. There are 2 possible options we are considering for staging the payment:

- 3 months (the current position) and
- staging within a reasonable time frame.

Can you confirm if there will be any implications for Universal Credit or Tax Credit recipients in terms of the regard for the payment? Would DWP take a view on each staging period and what would they be? Are you able to respond to this request as soon as is feasible for you?

Kind regards

REDACTED (SG) | Team Leader: Adult Support and Protection and EU Exit Branch: Adult Social Care Mental Health and Social Care Directorate, Scottish Government | St Andrew's House, Regent Road, Edinburgh EH1 3DG |



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From: REDACTED (SG)
Sent: 21 December 2020 07:12
To: REDACTED (HMRC)
Subject: RE: Scottish Government: £500 NHS bonus

Hi REDACTED (HMRC)

Thanks for getting in touch.

There's still a few decisions required (indeed further advice went up 15 minutes before your email on Friday). My current understanding is that the scheme will include an option to spread the payments over three months (Feb/Mar/Apr). Although my inclination will be that most will receive the payment as a single, lump sum.

Happy to have a chat this week. Does tomorrow work? I'm free between 10:30 – 13:30.

I'm not really involved in the day-to-day discussions around the payment and am sometimes once removed from the more granular details. Therefore if there's any information you think you'll need from me can you let me know in advance and I'll speak to colleagues who are leading on this.

Thanks
REDACTED (SG)

[Income Tax Team Leader | Directorate of Tax and Fiscal Sustainability | Scottish Government](#)
[Area 3D-North, Victoria Quay, Edinburgh, EH6 6QQ](#)



From: REDACTED (HMRC)
Sent: 18 December 2020 17:06
To: REDACTED (SG)
Subject: RE: Scottish Government: £500 NHS bonus

Hi REDACTED (SG)

Just checking in on whether you have any further details of the NHS bonus and who is in and out of scope of the payments.

We've seen Kate Forbes' letter to the Financial Secretary and it might be useful to discuss next week on how the payments could be operated through PAYE.

REDACTED (HMRC)

[Branch Head, Income Tax Structure and Earnings | Income Tax Policy | Individuals Policy Directorate | HMRC | Room 3C/10, 100 Parliament Street, SW1A 2BQ](#)

From: REDACTED (SG)
Sent: 10 December 2020 10:16
To: REDACTED (HMRC)
Cc: REDACTED (SG)
Subject: RE: Scottish Government: £500 NHS bonus

Hi All

Thanks again for your time yesterday – was really helpful.

REDACTED (hmrc) – you asked if I could provide information on the earnings of those likely to be eligible for the payment. The table at [Annex C in this paper](#) sets out the pay structure and the respective salary ranges in NHS Scotland. Hopefully this is what you were looking for.

I'll keep you updated as things progress on this side.

REDACTED (SG)

[Income Tax Team Leader | Directorate of Tax and Fiscal Sustainability | Scottish Government | Area 3D-North, Victoria Quay, Edinburgh, EH6 6QQ](#)



From: REDACTED (HMRC)
Sent: 09 December 2020 12:04
To: REDACTED (SG) REDACTED (HMRC)
Cc: REDACTED (SG)
Subject: RE: Scottish Government: £500 NHS bonus

REDACTED (SG)

That would be fine for us.

REDACTED (HMRC)

Branch Head, Income Tax Structure and Earnings | Income Tax Policy | Individuals Policy Directorate | HMRC | Room 3C/10, 100 Parliament Street, SW1A 2BQ

From: REDACTED (SG)
Sent: 09 December 2020 12:00
To: REDACTED (HMRC)
Cc: REDACTED (SG)
Subject: RE: Scottish Government: £500 NHS bonus

Hi REDACTED (HMRC)

Thanks for getting back to me so quickly. Does 16:00 – 16:30 work?

Is there anyone from the DWP you think we need to or should involve at this stage?

Thanks

REDACTED (SG)

Income Tax Team Leader | Directorate of Tax and Fiscal Sustainability | Scottish Government
Area 3D-North, Victoria Quay, Edinburgh, EH6 6QQ



From: REDACTED (HMRC)

Sent: 09 December 2020 11:43

To: REDACTED (SG) > REDACTED (HMRC)

Cc: REDACTED (SG)

Subject: RE: Scottish Government: £500 NHS bonus

Hi REDACTED (SG)

Thanks for contacting us about this. Totally understand there is a lot of detail to work through!

We'd be very happy to chat this afternoon. Would be best from 2.30.

I've copied REDACTED (HMRC) and REDACTED (HMRC) who can help us with some delivery questions and would be great to have them on the call.

REDACTED (HMRC)

Branch Head, Income Tax Structure and Earnings | Income Tax Policy | Individuals Policy Directorate | HMRC | Room 3C/10, 100 Parliament Street, SW1A 2BQ

From: REDACTED (SG)

Sent: 09 December 2020 11:08

To: REDACTED (HMRC)

Cc: REDACTED (SG)

Subject: Scottish Government: £500 NHS bonus

Hi All

I understand you had a call last week when the £500 NHS bonus payment was announced by the First Minister. We've since been working with colleagues leading on the policy to better understand the policy detail – it's safe to say a lot of it is still being worked through!

One of the questions we're keen to explore is the possibility of spreading the payment over a period of months. I understand this was the approach taken with a similar Welsh

Government scheme earlier this year, albeit there were considerably more months left in the tax year in order to do this.

Would any/all of you be able to have a quick call so that we can understand HMRC's view on the parameters around doing this? Either some point this afternoon or tomorrow morning would be really helpful.

Kind regards

REDACTED (SG)

Income Tax Team Leader | Directorate of Tax and Fiscal Sustainability | Scottish Government
Area 3D-North, Victoria Quay, Edinburgh, EH6 6QQ



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From: [redacted] (SG)
Sent: 04 February 2021 15:39
To: [redacted] (DWP)
Cc: [redacted] (DWP)
Subject: RE: Teach ins + work coaches queries

Thanks [redacted] (DWP), I think you did a really good job of being constructive and looking for better ways that we can help each other, so no need to worry on that front!

And excellent, thanks for that, I'll ask the NHS payment team to email [redacted], copying in [redacted] and yourself!

[redacted] (SG)

Reserved and Working Age Benefits Team Leader | Scottish Child Payment and Reserved Benefits Unit | Scottish Government | 1-B (South) Victoria Quay Edinburgh EH6 6QQ

[redacted]

From: [redacted] (DWP)
Sent: 04 February 2021 15:22
To: [redacted] (SG)
Cc: [redacted] (DWP)
Subject: RE: Teach ins + work coaches queries

Hi [redacted] (SG)

[redacted]

On your second point, that does sound sensible but can you also keep [redacted] in the loop please as he is likely to be the one they contact for any advice.

I am sending an email out to our policy/legal teams to day so should be able to set up another meeting soon to see how we move forward.

[redacted]

[redacted]

[redacted] (DWP) | **Devolution Policy Team** | Devolution, Pensioner Benefits and Carer's Allowance | Department for Work and Pensions | Floor 1, Kings Court | 80 Hanover Way | Sheffield | S3 7UF | Telephone : [redacted] Mobile : [redacted]
www.dwp.gov.uk E_M_A_I_L_B_L_O_C_K

From: [redacted] (SG)
Sent: 03 February 2021 09:30

To: [redacted] (DWP)
Subject: Teach ins + work coaches queries

Hi [redacted] (DWP),

[redacted]

Thanks again for getting stuff setup for the meeting on Friday, I was really pleased with how that went, it all felt very helpful and I think that the next steps we identified should make quite a big difference to making things run smoother in the future.

I wanted to check in with you about a couple of things on the back of that, both hopefully quick queries!

- [redacted]
- The NHS payment team has come to me with some general questions about how work coaches are setup at the moment, and about who the right points of contact would be for them to include when looking to send out information to the Area Director's Office for Scotland once the policy is fully formed. We've got a Jobcentre Plus Partnership Lead here, [redacted], who's recommended that they pass those queries onto [redacted]. That seems like the right call to me, I just wanted to check if you're content for me to get them to email their questions to [redacted], with you copied in for info?

Thanks,

[redacted] (SG)

Reserved and Working Age Benefits Team Leader | Reserved and Working Age Benefits Team Leader | Scottish Child Payment and Reserved Benefits Unit | Scottish Government | 1-B (South) Victoria Quay Edinburgh EH6 6QQ

[redacted]

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