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Dear Lord Forsyth and Lord Livingston

We were concerned to read the responses during the joint oral evidence session on 9 March by the Minister and the Senior Responsible Owner for Universal Credit (UC) to Lord Livingston's questions about the possibility of separate payment of UC to partners in couples, in particular in relation to:

- the organisation and management of money by couples in the UK;
- the data on the recipient of UC in couples; and
- the references to the Scottish Government's intention to try to introduce separate payments more widely than the current split payment exception.

We wanted to write to give some information below on each of these, which we hope may be of interest, and also helpful if you are planning to follow this up.

We (Marilyn Howard and Fran Bennett) have worked on these issues for some time, in particular as members of the Policy Advisory Group of the UK Women's Budget Group (WBG), whose director, Mary-Ann Stephenson, is also joining us in signing this letter. The WBG is an independent network of academics, policy experts and others who regularly analyse economic policy, especially government spending and taxation plans, from a gender perspective.

1. In relation to the **organisation and management of money by couples** in the UK, research evidence has revealed a complex picture. (See <https://wbg.org.uk/wp-content/uploads/2021/01/Money-in-the-household-FINAL-with-cover-2.pdf>, by Marilyn Howard and Fran Bennett, published by WBG.)

We did not recognise the figure of 97% that the Senior Responsible Owner cited in relation to the proportion of married couples who pool their income. He may be referring to figures often given by the Government about this, however, which is that only 2% of married couples and 7% of cohabiting couples have completely separate finances. These statistics in fact come from the Families and Children Study carried out in 2008, and thus refer to couples with children rather than all couples. Those with children have been found to be more likely to pool their incomes, although the Work and Pensions Committee has noted that the same study showed only about half of married/cohabiting couples with children sharing *and managing* their finances completely jointly.

The EU-SILC study had a special module in 2010 exploring whether couples pooled their income, and some 30% did not do so fully. In relation to the UK, the Poverty and Social Exclusion survey in 2012

found that 49% of couples pooled and managed finances jointly, with a further 15% pooling some of the money and keeping the rest separate. A more recent Scottish Social Attitudes Survey found that in 2019/20 two-fifths of those living with a partner in Scotland put all their income into a joint pool, whilst a fifth kept all or almost all their own income themselves. Couples often use different arrangements to cope with the complexities of modern family life (e.g. when living in 'blended' families); and younger couples in particular are more likely to have more independent finances today.

In any case, the introduction of separate UC payments by default (potentially with a choice to opt out of this) would not adversely affect couples' ability to pool their incomes. Many do so currently whilst having separate incomes (including from wages). Deciding whether to pool income and how to organise it is different from each partner's access to income in the first place. The payment to one account is potentially more momentous for Universal Credit, because it has integrated different benefits which previously might have been paid to each member of the couple. In its equality impact assessment for UC, the government stated that it would consider the potential impacts of paying UC to one partner; it is not clear that it has done so to date.

2. In relation to the statement made in oral evidence that **60% of UC payments in couples are made to the woman**, it is important to recognise the current data limitations in this area. We presume that this statistic is taken from the ad hoc research carried out by the Department in 2019 on its own payments system data: <https://www.gov.uk/government/statistics/gender-of-bank-account-holders-on-universal-credit>

This research was based on identifying the sex of the bank account holder by the person's name. From data regarding 120,000 couples, identification was only possible in 60% of cases. In 59% of these cases, UC was identified as being paid to a female held account (around 42,480), and in 41% to a male held account (around 29,520). Detail is missing for 40% of couples in that data set (around 48,000). So it would be more accurate to say that, where the sex of the account holder is known, 59% of these are female. Joint accounts were omitted where this was obvious, but this may not always have been clear.

The 'nudge' to couples to nominate the main carer for payment, proposed by Amber Rudd when Secretary of State, was welcome; but this is only a 'nudge', only covers claimants with children, and in any case leaves all the payment still going to one person (or a joint account).

3. In relation to the references to the **Scottish Government's intention to have separate payments of UC to partners in couples**, it is important to recognise that responsibility is shared with the UK Government, rather than being entirely devolved to Scotland. Universal Credit is a reserved benefit, and Scottish Ministers only have devolved powers over certain payment policy areas under section 30 of the Scotland Act 2016. <https://www.legislation.gov.uk/ukpga/2016/11/section/30/enacted>

As section 30 states, the powers are 'exercisable by the Scottish Ministers *concurrently* with the Secretary of State'. Section 30(4) also shows that the Secretary of State can decide on practicality and timing.

So, whilst split payments are currently delivered manually, the purpose of wider separate payments is to automate these, i.e. to integrate them into the IT system. As the DWP is responsible for the IT system that delivers UC, it is not possible for the Scottish Government to implement separate payments in the broader way envisaged without collaboration with the DWP. This is not to deny that, with an integrated payment such as UC, there are significant challenges in introducing separate

payments in practice - see this recent article by Marilyn Howard and Fran Bennett, for example:  
<https://onlinelibrary.wiley.com/doi/epdf/10.1111/issr.12251>

We hope that the above information is helpful for any further consideration of this issue.

Yours sincerely

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