

## **Payment of Universal Credit for couples in the UK: Challenges for reform from a gender perspective**

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**Abstract** Universal Credit has been rolled out gradually in the United Kingdom since 2013 as one integrated means-tested benefit replacing six different transfers with a single monthly payment. Previously, these benefits were awarded for distinct purposes and, for couples who claimed them, were potentially payable to different partners. Concerns about Universal Credit's single payment include the opportunities it may create for facilitating domestic abuse, the fostering of more unequal power relations within couples, the reduction of financial autonomy for individuals, and the de-labelling of benefit payments. This article explores debates about the prospects for individual payments to partners in couples of Universal Credit as a jointly assessed integrated means-tested benefit, including different approaches emerging from the United Kingdom's devolved governments (mainly Scotland and Northern Ireland). Whilst payment to each partner is likely to be more feasible where there are separate rather than integrated means-tested benefits, it concludes that genuine financial autonomy for partners in couples is best pursued via individually based non-means-tested benefits.

**Keywords** social security reform, means test, gender, payment of benefits, United Kingdom of Great Britain and Northern Ireland

## **Introduction**

The United Kingdom's (UK) latest reform of means-tested benefits, the introduction of Universal Credit (DWP, 2018), involves the replacement of six benefits and tax credits for working-age people and their children by an integrated "super means-tested benefit". Universal Credit provides income support in or out of employment and helps with certain costs. With the exception of means-tested help with local taxation (Council Tax Support), which remains separate, Universal Credit replaces:

- Income Support, income-based Jobseeker's Allowance and income-related Employment and Support Allowance for those out of work or with minimal earnings;
- Working Tax Credit, for the low paid and households on a low income with an earner;
- Child Tax Credit, for those on low incomes in and out of work with a child/children;
- Housing Benefit, to help those on low incomes with their rent.

Universal Credit was proposed in 2010, to be paid eventually to some 19 million individuals or 8 million households (DWP, 2010a, p. 37). Roll out began in 2013. After several delays, the goal by February 2020 was for full implementation of Universal Credit by September 2024 (Mackley, McInnes and Kennedy, 2020). A pilot to migrate existing claimants on to it was subsequently paused because of the COVID-19 crisis.

There has been much debate about the advantages and disadvantages of Universal Credit in official documents (e.g. Work and Pensions Committee, 2017–2019; National Audit Office, 2018), as well as in analyses from academics (e.g. Millar and Bennett, 2017), and in publications from third sector organizations (e.g. Woudhuysen, 2019) and think tanks (e.g. Gardiner and Finch, 2020). One key line of commentary has related to the gender implications of Universal Credit, which have been highlighted by women's groups, the Scottish Parliament and the Work and Pensions Committee, amongst others. For example, Universal Credit weakens incentives for many "second earners" in couples to earn, or to earn more (Finch and Gardiner, 2018), despite its extension of work-related conditionality to those in work, and to partners in couples with one earner and/or children. "Second

earners” in couples are more likely to be women. It also amalgamates benefits designed for different purposes – including means-tested income maintenance for those out of work, supplementation of low income for those in work, and help with housing and childcare costs – into one instrument. There is no longer any labelling of the different “elements” to denote their purpose. In addition, and of most relevance to this article, there is a default single payment of Universal Credit for couples, which must be paid into one bank account (Bennett, 2011). Owing to these features, Universal Credit has been seen as exacerbating the challenge for women in couples of achieving an independent income via earnings, and individual financial autonomy and access to personal income more generally.

In this article, we focus on the payment arrangements for couples claiming Universal Credit, in the context of this radical design for an integrated means-tested benefit. Debates about how to pay benefits to couples more generally are most common in relation to payments for children’s needs, especially in the international development literature (Mokomane, 2017). The usual practice is that mothers are paid these benefits, because of women’s presumed “compulsory altruism” (Land and Rose, 1985) and/or as a route to women’s empowerment (Molyneux, 2008). In Australia, during the 1990s, means-tested benefits for unemployed working-age married couples changed from being paid almost entirely to the man to being paid primarily to the woman (Bradbury, 2004). Yet, there is in general less discussion about the issue of the benefit recipient within couples in the global north, and in particular in continental Europe, perhaps because of the greater significance of non-means-tested benefits for income maintenance, which may be payable to individuals within couples in their own right.

We discuss below the ongoing debates that started during the legislative process introducing Universal Credit, and for which the payment arrangements described above were of particular concern to women’s and welfare rights organizations. We argue that they raise a range of issues. These include the impact on financial autonomy for partners in couples, the contradiction between individualized conditionality and a lack of individual access to benefit, and the increased risk of financial coercion and abuse. They likewise involve complex questions concerning individuals’ (gendered) roles in relation to both caring and management of the household budget in low-income families.

We also describe the different ways in which some of the devolved administrations in the UK are trying to modify the default single payment arrangements, beyond the discretionary exceptional “split payments” arrangements, and the dilemmas that arise in doing so. These differences highlight the potential for alternative approaches, although in practice this is inherently limited given the variation in devolved powers and the reliance of the devolved national administrations<sup>1</sup> on delivery of Universal Credit by the United Kingdom Department for Work and Pensions (DWP). We conclude by suggesting ways forward – including looking beyond Universal Credit – to place greater emphasis on non-means-tested benefits, if a key goal is to achieve genuine financial autonomy and independence for women and men. First, in the next section we consider the recent history of paying means-tested benefits to couples in the UK. Decisions about the appropriate recipient have proved contentious over the years, in particular because of their gender implications.

### **Arrangements in previous means-tested benefits**

Means-tested benefits have a long history in the UK and are a central plank of the social security system. Outrage amongst families forced to depend on their adult sons and daughters in the Great Depression of the 1920s and 1930s led to most assessments of income and assets for means-tested benefits in the post Second World War welfare state being narrowed from the wider, or complex, household to the individual or couple and any dependent children living together. Some rules have been common across such benefits. For example, Universal Credit does not change the assumption that for couples living together their resources and needs will be aggregated for means testing, although this may be resented by partners who experience this (Griffiths et al., 2020).

There has been more change for couples in relation to the identity of both claimant(s) and payee(s) for means-tested benefits, however. A European directive in 1979 (79/7) on equal treatment in social security outlawed discrimination. Nonetheless, one partner in a couple was still identified as the claimant, who had to fulfil the requisite conditions (including availability for work) and report changes of circumstances, whilst the other partner was the “dependant”, without such

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1. Namely, the Northern Ireland Assembly, the Scottish Parliament and Senedd Cymru (the Welsh Parliament). There is no devolved national administration for England.

obligations – but also without income from that benefit (Bennett, 2002). Means-tested out-of-work benefits included additions for children as well as for the dependent adult, also paid to the claimant – though non-means-tested child benefit was paid separately, and by default to the mother.

On taking office in 1997, the Labour Government initially had some interest in gender and social security (Department of Social Security, 1998), although this faded rather quickly. From 2001, however, joint claims for income-based (means-tested) Jobseeker's Allowance were introduced for younger childless couples, and extended to older childless couples later. Both partners in a couple, henceforth, had to be available for and actively seeking work, if appropriate. The main aim appeared to be to reduce the number of workless households (Bennett, 2002), and to lessen dependence on Jobseeker's Allowance through extending conditionality to partners, which was seen by the British government as increasing the chances of employment for both partners (Bonjour, Dorsett and Knight, 2001).

Joint claims also involved both partners having responsibility for reporting changes of circumstances and for repaying any overpayments (which can be recovered from both partners or only one of them, even if that partner was not the one who was overpaid). But they were not paid part of the benefit each. This was despite an argument that the individual payment of benefit was more appropriate in return for individual conditionality; in both Australia and Denmark, individual entitlement to means-tested benefit for partners accompanied individual activity testing (Ingold, 2011; see also Millar, 2004). Joint-claim couples could choose the bank account for payment, but the benefit could not be split. In female/male couples, the payee in unemployed couples was almost always the man (Bennett, 2018). There were, however, exceptional arrangements in out-of-work means-tested benefits for split payments for couples where necessary, to protect the interests of claimants or their dependants (as indeed there are now in Universal Credit, as described below).

“In-work benefits” have existed in the UK since the early 1970s. A new tax credits system, introduced in 2003, replaced Working Families Tax Credit (WFTC) – introduced by the Labour Government in 1999. These transfers were all called tax credits, but were means-tested benefits to help families on low incomes with an earner. Although there was pressure to pay the previous in-work benefit (Family Credit, introduced in 1988) through the pay packet, the then Conservative Government had changed its mind at the last moment and paid it instead as a benefit, usually to

mothers. Payment of WFTC was also going to be through the pay packet, to identify it with the tax system rather than with benefits. However, based on evidence showing that money going into the household via the (woman's) "purse" rather than the (man's) "wallet" was more likely to be spent on children (Goode, Lister and Callender, 1998), Labour was also forced to rethink, and couples could choose which partner received it.

Until Working Tax Credit (WTC) was introduced in 2003, such in-work help was restricted to those with children, and there was similar help for disabled people; but it was then extended to childless single people and couples who were not disabled. WTC was originally paid via wages, but from 2006 was paid as a benefit – to the earner in a couple, if there was only one; if there were two, the couple could choose the payee. A separate tax credit covered children's needs – Child Tax Credit (CTC). This was paid to the main carer, nominated by the couple. CTC was also the last means-tested benefit to be withdrawn as income from earnings increased, leaving the main carer with some resources after other payments were extinguished. CTC was extended to families on means-tested benefits, out of work as well as in, so main carers in these couples also received it. In the vast majority of cases, this is paid to the female partner (Bennett, 2018) – though some small-scale research highlights how some male partners claim it instead (Warburton Brown, 2011), often in the context of coercive control (Howard and Skipp, 2015). The childcare element of WTC was also paid to the main carer, who was seen as more likely to have responsibility for childcare costs.

Benefits for children have thus been routed via the mother or main carer in the UK. This was done originally for benefits that were non-means-tested (family allowances, followed by child benefit), but more recently also if they were means-tested, for families in and out of work. This has altered the previous practice of paying the whole of means-tested benefits when out of work to one partner. Woolley (2004) has argued that there is both a "maternalist" and a "feminist" case for giving payments for children to the mother. The "maternalist" case is that money paid via the woman is more likely to reach the children; as Daly and Rake (2003) argued, women are seen as better "conduits". The "feminist" case is that women may suffer if they have no assured access to resources within the couple, and they are less likely to have earnings of their own because of their caring responsibilities (Lewis, 2001a). Thus, only part of this argument concerns individual income and access to resources within what may be gender unequal partnerships, and situations of

financial coercion and abuse; the other part is based on the (gendered) division of labour in households. These two issues have surfaced again in relation to the payment arrangements for couples on Universal Credit.

## **Universal Credit**

As noted above, Universal Credit replaces a range of means-tested benefits in the UK for those of working age both in and out of employment. The ideas behind Universal Credit came from the Centre for Social Justice (CSJ) think-tank, and were based on a diagnosis of poverty emphasizing “worklessness” and “welfare dependency” across generations. A major aim was therefore to create better incentives to work and earn more: “our proposals will ultimately succeed in achieving social transformation if they change attitudes towards work” (CSJ, 2009, p. 306). The focus was also more on supporting (traditional) families and avoiding family breakdown than on individuals or on unequal gender relations (CSJ, 2006).

One CSJ co-founder, Iain Duncan Smith, went on to become Secretary of State for Work and Pensions and introduced what became Universal Credit under the Coalition Government in 2010 (DWP, 2010a). The relevant legislation was passed in 2012 and the roll out began in 2013. The broad aims included simplification of the means-tested benefits system and improving incentives (Millar and Bennett, 2017). The Government also wanted to save on administrative costs; reduce fraud and error; and tackle poverty, both by improving take-up (through integrating benefits, so that claiming one was claiming (almost) all) and by increasing the numbers going into employment and progressing in work (e.g. see DWP, 2016).

Couples must make a joint claim for Universal Credit (DWP, 2019a). Payment is made monthly in one lump sum in arrears, following each monthly assessment. The couple must choose who receives the Universal Credit and enter the name and bank details on the (online) claim form. The nominated account for payment can be joint or individual. If the couple cannot decide, the DWP makes the nomination (UK Government, 2013). During debate on the regulations, a Minister stated: “Couples will decide which bank account their universal credit payment will be paid to but, in cases where couples cannot decide, we will make payment either to the main child-carer or, if there are no children, to the person responsible for paying the bills” (Freud, 2013, col. 876). Other than this, the only exception at the time of writing is that DWP staff have discretion to split

payments, as they did under the former out-of-work legacy benefits, in exceptional circumstances of financial mismanagement or domestic abuse (discussed below).

Owing to the integrated nature of Universal Credit, payment is made monthly in one lump sum, and can thus be significantly higher compared to previous benefit payments. This has been described as having (almost) “all your eggs in one basket” (cited in Rotik and Perry, 2011). For couples, this potentially means an even larger sum going into one account, which could result in (almost) all your eggs being in the *other* partner’s basket.

In addition, as Universal Credit integrates benefits paid for different purposes, it de-labels such payments. This may make it less likely that the child element will be spent on the child/children (Lundberg, Pollak and Wales, 1997). The labelling and separate payment of different benefits could formerly make it easier to understand how much was available for different purposes and facilitate budgeting (Goode, Lister and Callender, 1998; Griffiths et al., 2020, p. 114). At a time when behavioural economics is becoming more important to policy-making,<sup>2</sup> it therefore seems counterintuitive to remove such signals. However, it may be explained by the much stronger commitment of Universal Credit’s architects to promoting certain behaviours in other spheres, seen as appropriate for those in work (who were envisaged as being on a monthly salary).

Concerns about the single payment of Universal Credit also involve the signals this sends regarding equality between partners. One payment may symbolize financial dependence (Griffiths et al., 2020), and highlights aspects of women’s poverty linked to gender norms that deprive women of the resources and power with which to access a range of social, civil and cultural rights (Campbell, 2018). Further, it is argued that the Universal Credit single payment could facilitate or legitimate abuse by a controlling partner. This is an issue raised in reports of the UN Committee on the Elimination of Discrimination against Women (e.g. UN-CEDAW, 2019) and by Philip Alston, while holding the mandate (June 2014 to April 2020) as the UN Special Rapporteur on Extreme Poverty and Human Rights, following his visit to the UK (United Nations General Assembly, 2019, para. 70). Domestic abuse, which disproportionately affects women, involves a pattern of coercive and controlling behaviour, encompassing financial abuse (Women’s Aid, n.d.;

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2. For example, for the UK see the [Behavioural Insights Team](#).



Sharp-Jeffs, 2015). The single payment could place more power in the hands of an abusive partner, with more money available to them in the lump-sum payment than under previous benefits/tax credits. Having only one payment can “set the scene” for abuse (Sharp-Jeffs, 2018). However, government spokespeople suggested that payments to individuals within couples are not the best way to address domestic abuse (Malthouse, 2018a). They cited instead initiatives such as staff training and specialist officers in each Jobcentre.

Payments of Universal Credit can be split between partners; but operational guidance (DWP, 2019b) states that this is discretionary, temporary and only relevant in cases such as financial mismanagement and domestic abuse (which may include financial coercion). To access this on domestic/financial abuse grounds, survivors must disclose and provide proof of abuse. However, they are often reluctant to disclose to DWP staff, many fearing that this information will not remain confidential, or that they would not be believed, and/or that asking for a split payment could worsen the abuse when the abuser finds out (Howard and Skipp, 2015; Howard, 2019).

In this article, we refer to these exceptional arrangements as “split payments” and to any alternatives not based on exceptional criteria as “separate payments”.

### **Government arguments for a single payment of Universal Credit to couples**

Which bank account is “chosen” by a couple may often reflect which partner begins the claim, as they may just enter their own details. The DWP argued originally that “encouraging payments to a joint bank account might allow both partners to have access to the money” (DWP, 2011, para. 3a). This statement was cautious, and rightly so, as couples’ financial practices can be more or less joint or equal with individual or joint accounts (Lewis, 2001b, p. 165); having a joint account does not guarantee access for both partners to the money, or the sharing of power in managing or controlling household finances (Bennett and Sung, 2014). Benefits in low-income families, especially those with children, are often paid into women’s bank accounts, particularly if the man earns the main wage (often paid into the joint account) (Griffiths et al., 2020).

Research into perceptions of “welfare reform” and Universal Credit prior to its introduction (Rotik and Perry, 2011) showed that a joint payment was seen as acceptable by most respondents; but people thought the choice of account into which it would be paid would depend on the couple’s situation and preferences – a view supporting greater flexibility. Concern was expressed about the

risks of the (almost) “all-in-one” nature of Universal Credit, which would be exacerbated rather than mitigated by payment into one account. Respondents were concerned about a single payment for those in less stable or problematic relationships, including transient couples, or cases of drug or alcohol abuse, problem gambling or domestic violence. There was a view that joint household payments could result in a “purse to wallet” transfer in some relationships, which would be a matter of concern. It could also be argued that joint payments represent a risk for entering into the committed relationships that the Government of the time was keen to encourage.

These and other arguments were presented during the passage of the legislation, in briefings from the Women’s Budget Group (2012), amongst others. The then Government had suggested that it recognized inequality within households, in particular to the detriment of women: “Research has suggested that, particularly in low-income households, the ... assumption with regard to income sharing within couples is not always valid as men sometimes benefit at the expense of women from shared household income” (Grayling, 2011). Nevertheless, the Government justified a single payment for couples in several ways. These justifications were countered by the Women’s Budget Group, as summarized in Howard (2018).

First, it argued that only 7 per cent and 2 per cent of cohabiting and married couples, respectively, manage their finances completely separately (Malthouse, 2018a), so the payee for Universal Credit would make little difference to outcomes. However, these statistics from the Families and Children Study (Maplethorpe et al., 2010, p. 221) refer to families with children only, whose finances are more likely to be joint. In any case, deciding whether to pool resources and how to deal with these is a different issue from who is the recipient. The literature on the management and allocation of household resources discusses the significance of the identity of the income recipient (e.g. Bennett, 2013). In its Equality Impact Assessment for Universal Credit, the Government undertook to consider the potential impacts of payment to one partner (DWP, 2010b); it is unclear whether it has done so.

In 2018, the then Minister also argued in correspondence (Malthouse, 2018b) that Universal Credit, although comprising a standard allowance and additional amounts, does not have any specific elements, being not an umbrella benefit but a unified concept, and that some 40 to 50 per cent of claimants have other income in addition to Universal Credit. The Minister stated that this

integration of different benefits avoids the need for a priority order in setting income against different elements of the total award, or in tapering benefit away (precisely the previous system, described above, that had allowed main carers to keep some resources for longer). In addition, the Minister argued that separate payments to each partner by default would require both to have a bank account, and that joint accounts would not be able to be used.

One point that was raised by the Minister had been discussed previously by researchers with a gender perspective (e.g. Goode, Lister and Callender, 1998): that splitting the payment of benefit equally (or possibly in another way) between the partners might risk one partner – perhaps the man in particular – considering their share to be personal spending or “pocket money”, rather than being intended for the household as a whole. Or one partner might feel, the Minister wrote (Malthouse, 2018b), that they could not ask the other partner to share bills. This highlights the need for the careful design of separate payments and clear communication about the purpose of payments; misuse of benefit income may be more likely with the introduction of Universal Credit, when distinct benefit labels no longer exist.

The payment issue also raises questions about the gendered division of roles within the household. Women in low-income families with children have been seen as the “shock-absorbers” of poverty (Lister, 2006), a role which can also be seen as part of women’s unpaid caring work. When the household has few resources, women have tended to be the main managers of the household budget (Griffiths et al., 2020). On the one hand, this can be a source of pride (Goode, Lister and Callender, 1998), and may give some (limited) agency (Bennett and Sung, 2014). On the other hand, in low-income families, in which female management is more likely, control of the budget may be, in practice, about trying to attain peace of mind rather than power (Bennett, De Henau and Sung, 2010).

The payment of benefit to the main carer may be argued for either in recognition of – and perhaps in part compensation for – gender inequalities in access to resources within households, or as reinforcing such inequalities by confirming the gendered division of roles.<sup>3</sup> Attitudes towards this

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3. As stated, it is generally agreed that this results in a greater likelihood of such benefits reaching the child/children (Lundberg, Pollak and Wales, 1997; Fisher, 2014).

may differ depending on whether the issue is about the main carer receiving just the money for the child/children, or also income for their own needs – and possibly their partner’s too, as is potentially the case with Universal Credit. In addition, whilst in the UK the main carer (chosen by the couple) in most cases has reduced conditionality to fulfil, under schemes which pay conditional cash transfers in many other countries the recipient of the children’s benefit, usually the mother, often has additional duties in return (Molyneux, 2008; Soares and Silva, 2010).

In response to widespread concerns about the single payment – especially after the Work and Pensions Committee’s inquiry into Universal Credit and domestic abuse (Work and Pensions Committee, 2018) – the Government announced in early 2019 that it would “nudge” couple claimants with children into nominating the main carer to receive the entire payment (Rudd, 2019), via a strong hint on the online claim form. Even before this, however, Malthouse (2018b) had noted that by early 2018 more female partners in joint claims received Universal Credit (45 per cent compared with 38 per cent, with payment into a joint account for others). Further, in a later ad hoc study, the DWP found that 59 per cent of online Universal Credit claims from couples in which the account holder’s gender could be identified (some 60 per cent) had the woman as payee (DWP, 2019c). However, it is impossible to tell whether these statistics relate to an individual or joint account (with two account holders, but only one name entered on the form). As suggested, these findings might result partly from women being seen as holding the responsibility for managing the household’s money in such couples. A potential drawback of paying the whole award to the main carer is that they receive all the Universal Credit, with less conditionality, whilst in principle the main jobseeker/earner’s conditionality is not modified to recognize any caring responsibilities – and neither do they receive any payment themselves. It would not be surprising if this led to resentment. Thus, most supporters of separate payments of Universal Credit to individuals in couples would not find the Government’s solution of paying it all to the main carer satisfactory – and in any case, this covers only couples with children, leaving those without children with no remedy (except the discretionary exceptional split payments, described above).

### **Differences in devolved administrations**

Some social policy areas are the responsibility of the UK’s devolved nations (Scotland, Wales and Northern Ireland), though each country’s devolution settlement differs. Traditionally, social

security was one policy area reserved to the Westminster (UK-wide) government.

In Northern Ireland, social security is devolved but there is a long-standing principle of parity between the two governments; so entitlements are similar, but with some variations in recognition of Northern Ireland’s distinctive socio-demographic circumstances and history of conflict (McKeever, 2017; Simpson and Patrick, 2019; Patrick and Simpson, 2020). These include measures to mitigate the impact of some of the UK government’s welfare reforms. There has been an agreement that Northern Ireland (as well as Scotland) can depart from some practices in relation to Universal Credit, and this includes provision for different payment arrangements, including separate payments to partners in couples.

In Scotland, following the 2014 referendum on Scottish independence, which resulted in a narrow vote to stay in the UK, the Smith Commission – set up to fulfil the promise that a vote against independence would not prevent some devolution measures – recommended limited social security devolution. Although Universal Credit is reserved to the Westminster government, the Smith Commission recommended that decision-making powers over “alternative payment arrangements” (APAs), including split payment, should be devolved. These were considered “administrative” (Smith Commission, 2014, p. 18) – though, in our view, they involve policy decisions.

In Wales, no Universal Credit responsibilities have been devolved. Although it has no power to do so, the Welsh Government has accepted in principle a Welsh Assembly Committee recommendation (National Assembly for Wales, 2019)<sup>4</sup> that payment flexibilities, as in Scotland, should be devolved to Wales (Deputy Housing Minister, 2019).

With regard to separate payments of Universal Credit for partners in couples specifically, Northern Ireland and Scotland differ in their approach.

In Northern Ireland in October 2014, the then Minister in the Department of Social Development (the DWP equivalent in Northern Ireland, now the Department for Communities (DfC)), wrote to church leaders detailing measures that had been agreed with the DWP. Rather than a default Universal Credit “single payment”, claimants should have a range of options. In addition to the

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4. In May 2020, the official name of the National Assembly for Wales was changed to Senedd Cymru (in Welsh) or the Welsh Parliament (in English).

single household payment into one bank account or into a joint account, as elsewhere in the UK, there should be a choice to have payments split “on the basis of the main carer and children”, to be determined by the Department and paid into separate bank accounts (Bowers et al., 2015, p. 20). Whilst Westminster government Ministers had assured their Northern Ireland counterparts that the IT capability would enable them to split payments (McCausland, 2012), the online application process and digital payment system in effect make two separate payments<sup>5</sup> into different bank accounts impossible, as only one bank account can be nominated (Work and Pensions and Northern Ireland Affairs Committees, 2019). Currently, couples can have separate payments on request in Northern Ireland. However, unlike the DWP operational guidance for staff decision-making on discretionary, exceptional split payment APAs, there are “no preconditions” for granting a separate payment (Meharg, 2019). In essence, such decisions can be made on the basis of choice alone. To put into effect previous Ministers’ steer to make separate payments, the DfC currently apportions each partner’s entitlement as a 50:50 split, in our understanding. In practice, in 2019, the DfC had granted only two couples (four people) payments of this kind, and the Women’s Resource and Development Agency has been concerned about whether this choice has been sufficiently publicized (Work and Pensions Committee and Northern Ireland Affairs Committee, 2019).

In Scotland, the intention is to make separate payments to individuals in couples, and the Scottish Government has been working with the DWP on options:

“... to ensure that everyone has access to an independent income based on their individual circumstances,<sup>6</sup> and to promote equality in the welfare system. It is our view that entitlement to financial independence is a human right, and this aligns with the Scottish Government’s rights based approach to social security more broadly” (Somerville, 2019).

At the time of writing, the Scottish Government has not yet announced a final policy option; but

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5. In fact, these are known usually as “split” payments; we use the term “separate” for the reasons given earlier in this article.

6. As noted in the conclusion to this article, we do not ourselves see separate payments of the integrated, means-tested Universal Credit as “independent” income when entitlement to Universal Credit depends on partner resources, as discussed in the text. We agree that financial independence should be considered a “right”.

having to consider the detail of how to operationalize the policy can highlight a range of factors that need to be considered (see below).

### **Implications of IT for policy development by devolved administrations**

As noted above, the Universal Credit IT system was built on the basis of a single payment by default, so currently two separate payments cannot be made electronically (so discretionary split payments are delivered manually). Hence, making a separate payment and deciding how much to allocate to each partner is difficult to operationalize, as this would undermine the “autopay” and “autocalc” IT functions (Couling, 2018a), and the DWP has stated that “ideally we would like to automate everything in the system” (Couling, 2018b). Thus, the scope for policy divergence in Scotland and Northern Ireland is limited as the DWP controls delivery, through the IT system for claims and payments – despite earlier promises that there would be system capability to make separate payments. It has also been noted elsewhere that the IT system was not designed for policy variation in a devolved context (Paun et al., 2019). There are also wider concerns about Universal Credit automation driving policy, such as when challenging decisions (when claimants have to move to a paper-based system) (Howes and Jones, 2019) and how earnings are assessed (Maxwell, 2020). Regarding technological developments as separate from policy, rather than interlinked, and the increasing use of automated decision-making, are issues being experienced by social protection systems worldwide (Alston, 2020).

### **Issues and options**

Under the standard approach, exceptional discretionary split payments are rare. As of February 2020, only 115 had been made; in the main, these were in England, with only eight in Scotland.<sup>7</sup> Split payments were also available in the former means-tested out-of-work benefits on the same basis as those used for Universal Credit, but these were also rare.<sup>8</sup>

The single payment default, and IT systems built around this, mask some of the choices and dilemmas about payments to couples only recently explored by the Scottish Government in

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7. Figures from the DWP’s [Stat-Xplore](#) website.

8. See the evidence provided by the DWP’s Senior Responsible Officer for Universal Credit to the Work and Pensions Committee inquiry into domestic abuse (Couling, 2018c).

deciding on their options. A report from the Women’s Budget Group (Howard, 2018) set out criteria by which alternative payment systems for individuals in couples could be developed – whilst recognizing that changing payment arrangements for Universal Credit by itself would not give women an independent income or be a solution to domestic abuse. It suggested that these criteria should include: narrowing the scope for financial abuse; helping to ensure that money for children is spent on them; promoting the financial autonomy of both partners in a couple, with each having access to some income; and improving gains to “second earners” from paid work. Such arrangements should also be transparent: claimants should know what contribution each partner is making to household income and be aware that Universal Credit is for household rather than personal spending. Had there been an open debate about methods of payment, these criteria might have been discussed more widely, and three related questions would have become salient.

Currently, as this article has explained, there is in effect a “default” system of one household payment.

The first question is whether payments to couples should be determined by choice or by default. In Northern Ireland, the original position was for “choice”, but now the position seems to be “on request”. Is this really a choice? As noted earlier, this then raises a number of questions, including: what are the constraints on choice within relationships when there are power differentials?; and how should choice be operationalized as a meaningful decision by each partner when such power differentials may exist?

In contrast, “two payments by default” was the position put forward in an amendment to the Social Security (Scotland) Bill. This amendment was not subsequently adopted by Scottish Ministers because post-legislative checks indicated that this provision modified a reserved benefit, which the Scottish Government did not have the power to do. Nevertheless, the policy commitment to separate payments remained (Freeman, 2018). Related to the “choice versus default” question is whether a default of one payment should enable partners to choose which one of them is the payee (as is now the case in Universal Credit). Alternatively, should there be some “preference” for one partner over the other – for example, the main carer in couples with children? This was previously more explicit in child tax credit and now takes the form of a “nudge” in the Universal Credit claim form.



Unless there is a choice of having one payment or two, the second question concerns whether claimants should have to meet certain criteria in order to have a non-standard payment. For example, if two payments of Universal Credit are the default, should any variation from this be by choice, or should claimants have to meet some criteria before this can be done? The UK nations vary in their approach. Split payments can currently be made only in exceptional and very limited circumstances. The exception is Northern Ireland, where no reasons are required. In effect, as defined above, separate payments exist now in Northern Ireland. The proposed amendment to the Scottish legislation also indicated that, with “two payments by default”, claimants could request an opt-out, although it was unclear whether this opt-out would be able to be done on request or would require certain criteria to be met. As discussed by the Work and Pensions Select Committee, there are other possible options for the selection of criteria for split payments that are unrelated to the current grounds for an exception (i.e. domestic abuse or financial mismanagement), such as a general budgeting need.

Third, and most challenging, is the question of how each part of the total Universal Credit award should be calculated if there are two separate payments (such as by proportion or by entitlement, as discussed above). It is also the case that some elements, such as housing costs, are related less to individual entitlement than to household needs (Work and Pensions Committee, 2018, paras 30–33). One concern about a 50:50 split is that, like the single payment, it bears no relation to individual need, so could potentially disadvantage those with caring responsibilities and take money away from women (Malthouse, 2018b). In the context of an integrated benefit such as Universal Credit (unlike the former out-of-work benefits), one question is how any other forms of income – from sources such as other benefits, savings, earnings, etc. – should be treated. For example, should the other income of one partner just reduce her or his own share of the Universal Credit award? Should both partners’ incomes be combined and notionally divided in half, so that the same amount of income is deducted from each partner’s individual maximum award? Or should the amount of the final net award itself simply be divided in half? Deducting earnings in a 50:50 share from each partner could mean that the lower-income partner (more likely to be the woman) could receive proportionately less because the higher-income partner’s earnings reduce her percentage of the award.

This is consistent with the joint assessment of earnings in means tests for couples (which, as we

have discussed, it is not within the powers of the Scottish Government to change), but raises questions about which is the fairest way to calculate separate payments as well as about potential impacts on work incentives and budgeting. Dealing with other income is one of the challenges for the Scottish Government's separate payments policy. More generally, it highlights that separate payments are difficult to operationalize within an integrated, jointly assessed, in- and out-of-work means-tested benefit, such as Universal Credit.

## **Conclusion**

Within means-tested benefits, there is a long-standing practice of aggregating a couple's income, assets and needs. In the United Kingdom, in conjunction with the development of joint claims by couples, in the decade to 2010 there was some interest in considering whether the increase in individual responsibilities in terms of more activation should be reciprocated with an individualized payment of benefit. This may have been easier to contemplate in the context of a range of benefits/tax credits payable for different purposes, and potentially to different members of a couple. Under tax credits, it was also possible for one partner to receive the WTC (if they were the main earner) and for the other partner to receive CTC and the childcare element of WTC (as the main carer). This, however, involved assumptions about how couples organized the care of children within the family.

As an integrated benefit, payable to a range of claimants, and awarded regardless of the employment status of either partner, Universal Credit creates a context in which the "choice" of payee for the benefit is a more momentous decision for couples and in which moves to individualize payments to partners within a couple are significantly more challenging. Discretionary powers to enable an award to be split between partners have broadly been carried over from out-of-work means-tested benefits, but using the same rules in the context of an integrated in- and out-of-work benefit is misplaced – and may risk further abuse if used.

A former UK Secretary of State asserted that "one payment per household is an established feature of the welfare system (Housing Benefit, for example, has always been paid in this way)" (Rudd, 2019). However, Housing Benefit is usually paid to the person liable to pay the rent (though where there is joint liability, only one person can claim the benefit). Furthermore, Housing Benefit is paid for a specific and limited purpose – to help towards housing costs – and thus differs from Universal

Credit, as an integrated multi-purpose benefit. This does not seem to be an accurate analogy, therefore.

In the UK, two devolved governments have different approaches to making separate payments to partners in couples in this new context. In Northern Ireland, the DfC can decide how to divide a Universal Credit award between the partners in a couple, which the authors understand is currently done on a 50:50 basis. These separate payments are available on request (though, perhaps because requests depend on widespread public awareness, few have been made in practice). The Scottish Government is actively looking at options for “individualizing” payments, and in the process has undertaken more policy development in this area than anyone has done previously. At the time of writing, it is not known which option the Scottish Government will choose; but the fact that it is looking seriously at how to do so marks an important development, and could be an opportunity for policy learning.

However, regardless of any improvements that may be made in facilitating access to personal income for individuals by introducing separate payments of Universal Credit for partners within couples, it remains a means-tested benefit, and so subject to joint assessment for couples living together. This means that the income available to one partner will continue, inevitably, to depend on the presence, resources, needs and actions of the other partner. Therefore, although separate means-tested benefits could in our view give partners in couples some access to income, we believe that true financial autonomy for individuals within couples – which is particularly important for women – can more appropriately be achieved through sources of income such as individual earnings, and non-means-tested benefits with individual entitlement conditions (Howard, 2019).

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