

John Swinney MSP
Deputy First Minister
The Scottish Government
St. Andrew's House
Regent Road
Edinburgh

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21st February 2023

Calls for action on public debt in the upcoming Budget (Scotland) Bill

Dear Deputy First Minister,

We are writing to you as a coalition of organisations who are deeply concerned about the debt crisis people on the lowest incomes in Scotland face. Specifically, we are alarmed at the increasing level of debt owed to public bodies by the poorest in Scotland and the role this plays in trapping people in poverty.

That is why we urge you to use the upcoming Budget (Scotland) Bill to commit to support those locked in a cycle of debt to public bodies, including through a 6-month moratorium on collection of debt and arrears to public bodies in Scotland. We know this is contributing to rising poverty in Scotland and limiting the impact of other measures, such as the Scottish Child Payment, in its aim of reducing child poverty.

Many of our organisations are seeing increasing demand on hardship funds and financial support we provide to help those burdened with unsustainable levels of public debt. These debts typically include council tax arrears, Universal Credit advance payments, water charges, local authority service charges – and even school meal debt.

With unmanageable financial pressures for households on the lowest incomes many simply cannot absorb more costs as they fall deeper into debt trying to make ends meet. Paying back debt means households cannot afford to pay the bills and families are unable to buy the most basic essentials for their children.

Recent [research published by Aberlour](#) highlighted the scale of debt to public bodies owed by Scottish families with children in receipt of Universal Credit. This evidence shows that more than half of those families have their monthly income reduced by around 10%, equating to £80 on average, as a result of deductions by the DWP to recover debts. This means that tens of thousands of families eligible for the Scottish Child Payment are not feeling the full benefit of that financial help as most of the increase in income it provides is cancelled out by deductions to cover these debts.

Further [research commissioned by the Robertson Trust](#) highlighted that those on the lowest incomes are ten times more likely to have council tax arrears than those on the highest incomes. As a result, almost three quarters of those with debts to public bodies have avoided putting the heating on to save money, and more than half have cut down on meals. Public authorities have a vital role in

tackling poverty and should be at the forefront of the fight against the cost of living crisis, but instead through debt recovery measures they can actively compound it.

We welcome the action the Scottish Government has already taken to help low income families this year. The increase and full roll out of the Scottish Child Payment has made a huge difference to families across Scotland. But as our evidence has shown for those families weighed down by debt to public bodies the payment is being swallowed up and is not having the intended impact. In effect what we are seeing is Scotland's poorest families receiving help with one hand that is being taken away by the other.

We now need government at all levels to act differently in response to those struggling with debt to public bodies. That is why **we are urging you to use the Scottish budget to support a moratorium on public debt recovery for at least 6 months** to give households breathing space and allow for reassessment of ability to repay debt and arrears. This should include a commitment to provide funding and flexibility for local authorities to write-off existing debt liabilities for low-income households, providing them with a clean slate. Furthermore, this should also mean writing-off any debt or arrears built up by families with pre-school and primary school aged children not yet receiving free school meals. We believe these are immediate actions that Scottish Government can take that will alleviate the pressure off those trapped in poverty as a result of debt to public bodies.

Given the rising tide of poverty and the impact of the ever-worsening cost of living crisis, urgent action using the debt and arrears levers available to Scottish Government is vital to effectively respond to the emergency facing households across Scotland and to help meet the targets set out in the Child Poverty (Scotland) Act 2017.

We look forward to your response.

Kind regards,

SallyAnn Kelly OBE, CEO, Aberlour

Dr Jim McCormick, CEO, The Robertson Trust

Peter Kelly, Director, Poverty Alliance

Chris Birt, Associate Director Scotland, Joseph Rowntree Foundation

Satwat Rehman, CEO, One Parent Families Scotland

John Dickie, Director, Child Poverty Action Group Scotland

Philip Whyte, Director, IPPR Scotland

Emma Jackson, National Director Scotland, Christians Against Poverty

Morag Treanor, Professor of Child and Family Inequalities, Heriot-Watt University

Mary Glasgow, CEO, Children 1st

Alison Watson, Director, Shelter Scotland

Claire Telfer, Head of Scotland, Save The Children Scotland

Alison Bavidge, National Director, Scottish Association of Social Work

Paul Carberry, National Director for Scotland, Action For Children Scotland

Jamie Livingstone, Head of Oxfam Scotland

Martin Crewe, Director, Barnardo's Scotland

Martin Dorchester, CEO, Includem

Christine Carlin, Director Scotland, Home-Start UK

Claire Burns, Director, CELCIS

Dr Judith Turbyne, CEO, Children in Scotland

Cheryl Ward, CEO, Family Fund

Dr Ron Culley, CEO, Quarriers

Jimmy Wilson, CEO, FARE Scotland

Pat Rafferty, Scottish Secretary, Unite the Union

Sara Redmond, Chief Officer, Health and Social Care Alliance Scotland (the ALLIANCE)

Dr Donald Macaskill, CEO, Scottish Care

Sarah Davidson, CEO, Carnegie UK

Louise Hunter, CEO, Who Cares? Scotland

Charlie MacMillan, CEO, Scottish Commission for People with Learning Disabilities

Andrea Bradley, General Secretary, Educational Institute of Scotland

Laura Millar, Strategic Manager, Fife Gingerbread

Sabir Zazai OBE, CEO, Scottish Refugee Council

Suzanne Swinton, CEO, Scottish Independent Advocacy Alliance

Matt Downie, CEO, Crisis

Derek Mitchell, CEO, Citizens Advice Scotland

Neil McIntosh, Assistant Director, NSPCC Scotland

Jacqueline Cassidy, Director for Scotland, The Fostering Network

Dr Hartwig Pautz, Senior Lecturer in Social Sciences at the University of the West of Scotland

Mike Burns, Convenor of Social Work Scotland

Pete Ritchie, Director, Nourish Scotland

Marguerite Hunter Blair, Chief Executive, Play Scotland

Professor Chik Collins, Director, The Glasgow Centre for Population Health

Lisa Hough-Stewart, Interim Co-Director, Wellbeing Economy Alliance Scotland

Sharon Bell, Head of StepChange Debt Charity Scotland

Justina Murray, CEO, Scottish Families Affected by Alcohol and Drugs