

## **Social Justice and Social Security Committee inquiry report on low income and debt – COSLA response**

COSLA welcomes the opportunity to respond to the conclusions and recommendations of the Social Justice and Social Security Committee’s inquiry report on low income and debt, “Robbing Peter to Pay Paul: Low Income and the Debt Trap.” We appreciate the considerable work undertaken by the Committee on this topic, and are grateful to the Committee’s experts for sharing their experiences and perspectives.

As major funders of local money advice services, councils are acutely aware of the difficulties facing those who are experiencing debt issues, particularly in the context of the current cost crisis. Supporting Scotland’s communities through the cost crisis is a priority for all councils, and Local Government has played a key role in delivering financial support and services to those affected.

COSLA shares the Committee’s desire to ensure that all those who need it have access to advice and support. However, it is important to note that sustainable funding across Local Government as a whole is crucial to ensuring that individuals and communities can be appropriately supported.

Below are COSLA’s responses to relevant recommendations within the report. This response does not aim to address every Committee recommendation, many of which relate to areas of Scottish Government or UK Government competence. Equally, some areas raised in the report – such as communication routes and modes of advice delivery – are matters for individual local authorities, who design and deliver services to best fit local need<sup>1</sup>.

### **COSLA response to report recommendations**

<b>Themes: Households’ Financial Resilience and the Impact of the Rise in Energy Prices</b>
<p><b>Recommendation:</b> We welcome the announcements made by both UK and Scottish Governments to tackle the cost of living crisis. However, we remain deeply concerned by the financial pressure people face.</p>
<p><b>Recommendation:</b> We urge the Scottish and UK Governments to continue to consider what more could be done to alleviate the burden of rising inflation, increased energy prices and the cost of living on low income households and to target support at those most in need.</p>
<p><b>COSLA Response:</b></p> <p>Supporting communities through the cost crisis is a priority for Local Government, and councils are working hard every day to deliver assistance to those most affected.</p> <p>For example, in recognition of rising prices towards the end of last year, councils used £25m of Flexible Winter Support Funding (passed on by Scottish Government as a consequential of UK Government’s Household Support Fund) to design and deliver support which met local need, including through measures such as increasing local funding for Discretionary Housing Payments, and providing pro-active financial</p>

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<sup>1</sup> We note that, in their written evidence to the Committee, the Improvement Service highlighted a number of innovative approaches being taken by councils in order to ensure the accessibility of advice services: [20220614 improvement-service further-evidence-lidp-inquiry.pdf \(parliament.scot\)](https://www.parliament.scot/20220614-improvement-service-further-evidence-lidp-inquiry.pdf)

assistance to those experiencing hardship. However, Scottish Local Government is yet to see the consequential of the March 2022 increase to Household Support Funding.

Councils were also instrumental in delivering an additional £280 million of funding to those on low incomes – this saw £150 Council Tax Relief applied by Local Government to all eligible Council Tax accounts between February and April 2022.

In addition to this, many councils are implementing their own Energy Poverty initiatives and Fuel Hardship Payment schemes, to augment existing support such as the Scottish Welfare Fund. Many councils are having to fund these initiatives through existing resources.

In addition to impacting the communities that councils serve, the current cost crisis also has significant implications for the budget pressures facing Scottish Local Government. For example, the current estimate of the direct costs of the gas price rise alone for Local Government amounts to £100m for 2022/23 – this has not been budgeted for and most local authorities are funding this from reserves. We know that this is only one part of the energy price increase that councils are currently facing.

#### **Theme: Households' Financial Resilience**

**Recommendation:** We urge the Scottish Government, UK Government and Local Government to work collectively to develop a system of automation to consider the complexities of eligibility for benefits and to shift the burden of responsibility from the individual.

#### **COSLA Response:**

COSLA and local authorities are continuing to work with UK Government and Scottish Government on data-sharing. Local Government is currently providing supporting information for Social Security Scotland's assessment of claims for newly devolved benefits and is involved in work to explore what additional data-sharing opportunities may exist between Social Security Scotland and councils. COSLA will continue to progress work to establish new legal gateways to support further data-sharing with Scottish Government and will continue to explore possibilities around automation where appropriate.

#### **Theme: Scottish Welfare Fund**

**Recommendation:** We recommend that any agreed actions following the [Scottish Welfare Fund] review that could help those in crisis are prioritised for implementation. We ask the Scottish Government to confirm the timescales it is working to.

#### **COSLA Response:**

Through its involvement in the Scottish Welfare Fund Review Advisory Group, COSLA will work closely with councils, Scottish Government and other stakeholders throughout the review process. We will also continue to monitor and comment on emerging findings and will facilitate a coordinated response to the final review report when it is published in the new year.

#### **Theme: Administrative error**

**Recommendation:** We agree with the recommendation of experts by experience that creditors should be trained in trauma informed practice and urge the Scottish Government, COSLA and other public bodies to incorporate further training for public sector staff as part of their continuous professional development.

**COSLA Response:**

COSLA continues to work in partnership with Scottish Government and the Improvement Service to ensure the effective roll out of Trauma Informed training to all parts of our workforce that ensures that teams are able to support individuals accessing services in a manner that is sensitive to and meets their needs. Not only is training essential but also investment in ensuring service can be delivered in a trauma-informed way. Working with the Improvement Service a quality improvement framework is being developed to enable councils and partners to evaluate and improve their practice on an ongoing basis. This includes working with experts by experience to enhance and improve services.

**Theme: School meal debt**

**Recommendation:** We recommend that the Scottish Government works with COSLA and local authorities to write-off individual school meal debt to allow families a clean slate as they move into the new school year and possible new school setting.

**Recommendation:** We recommend that COSLA works with local authorities on a national school meal policy, which is founded on human rights and removes stigma, to ensure that children are treated with dignity in a consistent and fair way.

**COSLA Response:**

COSLA recognises the importance of the issue of school meal debt, and is currently working with partners, including Local Government professional associations, third sector, and Scottish Government, to consider the issue and appropriate next steps.

Over the past few months, COSLA, in partnership with a range of Local Government professional associations, developed and disseminated a survey for councils to complete on this subject. This was designed to enable a better understanding of the national picture of school meal debt, and the context and challenges surrounding this issue.

In the coming months, COSLA intends to draw on the evidence gathered and engage further with partners, to consider possible actions and next steps. One action that has been agreed to date is for COSLA to work with Local Government partners to develop a set of good practice principles for the management of school meal debt, and this will be progressed in the coming months.

**Recommendation:** We urge the Scottish Government to implement its free school meal expansion as soon as possible. By combining the individual write-off of existing school meals debt and preventing future accrual of debt in this area, we can eliminate this public debt which only burdens low income families.

**COSLA Response:**

Local Government has agreed to implement the further expansion of universal free school meals to include Primary 6 and 7 pupils, on the basis that full funding would be provided to support this. COSLA has been clear in discussions with Scottish Government and other partners that the full costs of the programme, both revenue and capital, must be met by Scottish Government in order for the expansion to be deliverable for councils.

COSLA, together with our Local Government partners, such as the Association of Directors of Education (ADES) and Directors of Finance, are continuing to work with the Scottish Government to agree revenue and capital funding arrangements and timescales for delivery of this next phase of expansion.

#### Theme: Council Tax

**Recommendation:** The Committee calls for local authorities, COSLA and the Scottish Government to work together with the free advice sector to develop national standards for Council Tax collection. Consideration should be given to placing these on a legislative footing to make them binding and enforceable.

#### COSLA Response:

COSLA welcomes the Scottish Government's recognition, as outlined within its response to the Committee, that Council Tax collection decisions are a matter for local authorities. We would not support legislation in this area. However, saying that, COSLA is more than happy to engage with the Committee on its findings, to share the good practice that already exists and to consider any scope for further best practice. We are aware also that the Improvement Service has published a "Collaborative Council Tax Collection Guide"<sup>2</sup> which councils may choose to draw on in their approach to council tax collection and money advice services.

#### Theme: Council Tax Reduction

**Recommendation:** It seems that the burden of responsibility is on the individual to research and apply for reductions to Council Tax bills. We recommend the Scottish Government works with COSLA and local authorities to proactively advertise and raise awareness of Council Tax Reduction (CTR) and Council Tax rebates, so that there is greater balance between the responsibility of the individual and of the council. As such, we recommend that the proposed national standards for Council Tax collection, include set minimum standards for communicating CTR entitlement and changes to entitlement.

#### COSLA Response:

COSLA is supportive of the Scottish Government's response to this recommendation, which recognises that the Council Tax Reduction scheme is necessarily complex in order to ensure support is properly targeted. Councils make every effort to ensure CTR is accessible to those in communities who are entitled to it. Again, we are happy to engage on any further best practice in this area.

#### Theme: Funding

#### Recommendation:

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<sup>2</sup> [Collaborative Council Tax Collection \(improvementservice.org.uk\)](https://www.improvementservice.org.uk)

We note the Scottish Government's commitment to multi-year funding arrangements, and urge it to work with local authorities to agree a 3-year funding agreement which supports staff retention, cuts waiting times and builds capacity to offer preventative as well as crisis support.

**Recommendation:**

The Scottish Government must ensure that project funding does not detract from the need for adequate core funding for organisations.

**Recommendation:**

We recognise the need to look at the wider funding framework for advice, but recommend the Scottish Government considers longer term funding arrangements for debt advice as a priority.

**COSLA Response:**

COSLA continues to work closely with the Improvement Service in their ongoing work to explore potential funding models for advice services.

More broadly, it is clear that multi-year settlements are required to maximise the positive impact of public spending; resourcing on an annual basis is not a best value approach. Single-year budgets do not enable effective planning for systemic challenges such as tackling inequalities which require multi-year investment funding to unlock the necessary strategic response. Resourcing on an annual basis inhibits effective service design, has negative impacts on recruiting and retaining people with the necessary skills, and hinders procurement activity which leads to stop-start service delivery.

COSLA has long argued that Local Government funding should be fair, sustainable and flexible, and that there needs to be greater upstream investment to reduce demand – but funding to address this needs to be sustainable and not at the expense of core funding.

COSLA and Scottish Government have commenced work on developing a Fiscal Framework for Local Government, encompassing Local Government funding, fiscal flexibilities and local taxation. A set of principles has been developed to guide the work – including that the Fiscal Framework should promote stability, certainty, transparency, affordability and sustainability.

**Theme: Community Links Workers**

**Recommendation:** We recommend that the Scottish Government evaluates the impact of community link workers and considers if further investment should be made.

**COSLA Response:**

COSLA welcomes this recommendation given the increased demands on services due to both the pandemic and the cost of living crisis. It remains the case that services are underfunded and recruitment and retention is a significant factor in maintaining and delivering effective local services.

<b>Theme: Early Intervention and Prevention</b>
<b>Recommendation:</b> We therefore recommend that the Scottish Government supports COSLA and local authorities to map money advice services, as well as potential contact points for referrals to inform service delivery.
<b>COSLA Response:</b>  COSLA is not currently undertaking work to map money advice services. However, we are aware that the Improvement Service collates and publishes data regarding money and welfare rights advice services via its Common Advice Performance Management Reporting Framework reports.
<b>Theme: Mental Health</b>
<b>Recommendation:</b> We are deeply concerned by the clear links between debt and mental ill-health, and the reported level of suicidal ideation. We note that the Scottish Government is intending to develop a new long-term suicide prevention strategy for Scotland which is due to be published in September 2022. We also note that there is no reference to debt in the Scottish Government's 2017-2027 Mental Health Strategy. We urge the Scottish Government to give particular consideration to debt within the Suicide Prevention Strategy and any future work on the Mental Health Strategy.
<b>COSLA Response:</b>  Creating Hope Together, a joint COSLA and Scottish Government suicide prevention strategy and action plan, was published on 30 September 2022. As part of the wide-ranging action plan, the whole government, whole society set of actions will support recommendations within the SJSSC report including: <ol style="list-style-type: none"> <li>1. Child poverty – connections will be made between local child poverty leads and suicide prevention leads</li> <li>2. Money &amp; debt advice – work with relevant organisations to build understanding of the issues especially around suicide prevention and prioritise suicide prevention training for staff working in money advice and welfare services</li> <li>3. Social Security Scotland – embed the Time, Space, Compassion approach to working with members of the public who may be at higher risk of suicide and provide learning opportunities so staff are able to identify those at higher risk and provide the necessary support or signposting.</li> </ol> <p>Work is now underway to establish the accountability and governance structures to take forward implementation of the strategy and action plan, and formalise reporting to COSLA and Scottish Government.</p>
<b>Theme: Earnings Arrestment</b>
<b>Recommendation:</b> We recommend that creditors should be given greater flexibility to reduce the amount of money taken in an earnings arrestment (to address the situation where someone cannot pay their current Council Tax liability because too much money is being taken to pay arrears). We note there is precedent elsewhere and recommend that the Scottish Government takes forward this change in legislation.
<b>COSLA Response:</b>  COSLA did not support more flexibility on earnings arrestments as councils already have arrangements in place to support those in debt and arrestments are an absolute last resort. Therefore this simply added to the work that Sheriff Officers carry out for

no benefit. We would expect proper discussion with Scottish Government in looking at any further relaxation of arrestments.