



The Scottish Parliament
Pàrlamaid na h-Alba

Social Justice and Social Security Committee

Shirley-Anne Somerville MSP
Cabinet Secretary for Social Justice
Scottish Government

27 October 2025

Dear Cabinet Secretary,

Low Income and Debt Problems – Request for an Updated Statement of Policy Impact

I write on behalf of the Committee to request an updated statement on the impact of measures the Scottish Government has taken to support low-income households managing debt, covering the period from [the Government's response](#) to our report ([Robbing Peter to Pay Paul: Low Income and the Debt Trap](#), July 2022) to the present.

In its response to the Committee's report, the Scottish Government addressed 29 themes, spanning a range of devolved policy areas within the remit of Scottish

Ministers. A clear update on the impact of those measures will assist the Committee in assessing progress since our original inquiry.

To assist with this request, we have reproduced the relevant recommendations from the report in an annex to this letter.

The Committee values the Scottish Government's engagement and looks forward to receiving an update on progress, evidence of impact to date, and planned next steps to reduce the debt burden on people on low incomes. We would be grateful to receive your response by **Friday 28 November**.

Yours sincerely,

Bob Doris MSP
Deputy Convener
Social Justice and Social Security Committee

Annexe

Scottish Government Recommendations from Social Justice and Social Security Committee's Report, ['Robbing Peter to Pay Paul: Low Income and the Debt Trap'](#).

Theme: Management and recovery of “public debt”
Recommendation: We recommend that the Scottish Government works in partnership with public bodies to develop a debt management strategy covering all public bodies within devolved competence in Scotland. This should include: • information on identifying customers who can't pay their debts or who need additional support to do so • a requirement for active liaison with, and referral to, money advice services • processes to ensure a proportionate approach to debt enforcement • structures to enable performance across the sector to be monitored and improved • an evaluation of the cost-effectiveness of debt collection Recommendation: We were concerned to hear from our experts by experience that they have had to fight administrative errors that have led to debt. We recommend that all public bodies have clear processes to deal with disputes about whether a debt exists, or the amount of money owed. These should allow for independent consideration of disputes and could form part of the public sector debt management strategy discussed above.
Theme: Administrative error
Recommendation: The experts by experience highlighted the need for a fundamental change in attitude from frontline public sector staff dealing with people in debt. As noted below, the Committee supports their recommendation of trauma-informed practice training for all public sector staff dealing with debt issues.
Theme: Communication
Recommendation: We were concerned to hear that some local authorities only offer online communications and there can be a 7-week response time for emails. It is essential that there is channel-choice when contacting local authorities and government agencies like the DWP and Social Security Scotland regarding arrears.

Theme: Prioritising a person-centred approach
Recommendation: Our experts by experience stressed that compassion must be built into processes and services. We agree with their recommendation 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.
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. The standards should cover: • promotion of Council Tax Reduction and Council Tax rebates – through easy to understand leaflets and links to online entitlement calculators • identification of customers who may require appropriate adjustments and support to meet their circumstances • active referral to sources of advice • flexible payment methods, including two-weekly and four-weekly options starting at a date of choice for the customer (as recommended by our experts by experience) • a requirement to maintain negotiations with the customer at all stages of the collection process and to accept reasonable repayment offers • agreed parameters for proportionate enforcement action and consideration of individual debt write-off where there is no reasonable route to recovery • access to an independent dispute resolution process
Theme: Council Tax Reduction
Recommendation: 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. Recommendation: 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.

Theme: Rent Arrears
Recommendation: We recommend the Scottish Government tightens the preaction requirements to formalise the need for a referral for free independent money advice. We also draw attention to our recommendation on funding debt advice, as there would need to be sufficient capacity within debt advice services to support this change.
Theme: School meal debt
Recommendation: We recommend the Scottish Government tightens the preaction requirements to formalise the need for a referral for free independent money advice. We also draw attention to our recommendation on funding debt advice, as there would need to be sufficient capacity within debt advice services to support this change. Recommendation: We welcome the Scottish Government's commitment to expand free school meals to all primary school children by the end of this parliamentary session. We urge the Scottish Government to implement its free school meal expansion as soon as possible.
Theme: Stigma
Recommendation: We urge Social Security Scotland to ensure it delivers on its commitment to develop a social security system which has dignity, fairness and respect at its heart, and recognise the potential for this to help in tackling stigma.
Theme: Information and awareness campaigns
Recommendation: We believe all spheres of government must lead the way in bringing organisations together to raise awareness of a wide range of services and make a concerted effort to increase benefit uptake.

Theme: Funding Recommendation: 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. Recommendation: We also urge the Scottish and UK Governments to move swiftly on their review of the Fiscal Framework to agree a settled position.
Theme: Advice delivery Recommendation: We note evidence that there was a lack of face-to-face services provided during the Covid-19 pandemic. This has led some people in debt to feel isolated and overwhelmed. We therefore urge the Scottish Government and Local Authorities to map geographical and communities of interest service provision to ensure that every person has access to online, telephone and face-to-face advice. Recommendation: 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.
Theme: Digital exclusion Recommendation: We note evidence that there was a lack of face-to-face services provided during the Covid-19 pandemic. This has led some people in debt to feel isolated and overwhelmed. We therefore urge the Scottish Government and Local Authorities to map geographical and communities of interest service provision to ensure that every person has access to online, telephone and face-to-face advice. Recommendation: 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. Recommendation: We heard that during the pandemic, the Government worked with telecommunications businesses to provide access to certain websites without using data. We ask the Scottish Government to work with the

UK Government and stakeholders to consider if this model could be developed to allow access to trusted money advice websites.

Recommendation: We recognise there is a marked geographical disparity in access to mobile and broadband services and that this contributes to digital exclusion.

Noting that telecommunications responsibility lies with the UK Government, we welcome work being carried out by the Scottish Government via the R100 programme to address this, and we urge the Scottish Government to continue the rollout of this programme at pace.

Theme: Connecting Scotland

Recommendation: We highlight concerns from our experts by experience that those who are the most isolated are not engaged with organisations and therefore cannot

access the project. We ask the Scottish Government to outline what targeted support will be offered to these people.

Recommendation: The Connecting Scotland project can provide free internet access for up to two years for those most in need. We urge the Scottish Government to

consider how it can support low income households to continue to access an internet connection in the longer term. It is vital families making difficult budgeting decisions are not forced to sacrifice internet access when online connectivity

provides an essential lifeline to many services.

Theme: Early-intervention and prevention

Recommendation: We recognise that there could be a particularly valuable role for debt advice referrals from healthcare and mental healthcare settings. We

recommend that the Scottish Government evaluates how the Money and Pensions Service money guidance programme has raised awareness among mental health professionals of the money advice process.

Recommendation: We recommend that consideration is also given to how best to integrate debt knowledge into continuous professional development modules for healthcare professionals in Scotland.

Theme: Community link workers

Recommendation: We note that in 2016 the Scottish Government made a commitment to recruit at least 250 community link workers by the end of 2021-22, and request an update on whether this target has been fulfilled.

Recommendation: We recommend that the Scottish Government evaluates the impact of community link workers and considers if further investment should be made.
Theme: Preventative approaches
Recommendation: We ask the Scottish Government to consider how money and debt advice will be embedded in whole family wellbeing support to improve outcomes and ease the burden on crisis advice and how its impact will be evaluated.
Theme: Mental health
Recommendation: 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. Recommendation: We call on the Scottish Government to make specific funding available for money advice agencies to test better ways of working with people with mental health issues, with the aim of developing best practice recommendations that could be taken forward by all services. We note as a result however, that ongoing funding may be needed to enable money advice organisations to adapt their services. Recommendation: We believe that the Debt and Mental Health Evidence Form has the potential to be a valuable tool in ensuring that people with mental health conditions receive the support that they need to manage their problem debt. However, there must be greater awareness of the benefits of the form among individuals, mental health professionals and creditors if it is to be of real impact. We recommend that the Scottish Government works with health and social care partnerships to promote the form and endorse its use.
Theme: Mental Health Evidence Form
Recommendation: We think it is inappropriate for people with mental health conditions to be charged a fee for the completion of the Debt and Mental Health Evidence Form, simply to be treated in a considerate way that is mindful of their needs. It is particularly unacceptable for individuals to incur these costs given that many have low incomes and are already in debt. We note that this charge has been removed in England and Wales and call on the Scottish Government to work with GPs to implement a similar change in Scotland.

Theme: Breathing Space
Recommendation: We believe that it is unfair for people experiencing a mental health crisis to be pressurised by creditors and continue to be charged interest on their debt. We note that the Accountant in Bankruptcy's Stage 2 review recommended there be a mental health element to the moratorium on diligence and urge the Scottish Government to progress quickly to implement this change. Recommendation: The barrier to dealing with debt created by minimum debt thresholds has been identified by respondents to our call for views, witnesses, our experts by experience and the Stage 2 debt review. We call on the Scottish Government to move quickly to introduce legislative change in this area to provide debt relief for those currently excluded from bankruptcy by the threshold. The Stage 2 debt review recommended removing the threshold for Minimal Asset Process Bankruptcy.
Theme: Bankruptcy
Recommendation: Applying for a Minimal Asset Process Bankruptcy or full administrative bankruptcy can be the best, and sometimes only, option for someone to escape the debt trap. We believe that application fees are an unnecessary barrier, which could prevent people on low incomes from becoming debt-free. We welcome the removal of fees introduced for people receiving certain social security benefits, but urge the Scottish Government to consider removing the application fees for bankruptcy where someone is assessed as having no surplus income using the Common Financial Tool.
Theme: Minimum debt threshold
Recommendation: In addition, we would also encourage the Scottish Government to consider removing the threshold for full administration bankruptcy within this parliamentary term.
Theme: Bankruptcy cycle
Recommendation: We recommend that the Scottish Government considers reducing the period that people must wait to reapply for a Minimal Asset Process Bankruptcy.
Theme: Debt Arrangement Scheme
Recommendation: We recommend that the Accountant in Bankruptcy raises awareness among creditors of the Debt Arrangement Scheme, as evidence highlighted that some creditors continue to take enforcement action when this should have been stopped.

Theme: Earnings arrestment

Recommendation: 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.

Recommendation: We recommend the review of diligence further considers if household composition could be factored into banking and earning arrestment to enable people who are more likely to live in poverty (such as lone parents, families with three or more children and disabled people) to retain more of their income.