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Local Government
Rùnaire a' Chaibineit airson Ceartas Sòisealta,
Taigheadas, agus Riaghladh Ionadail
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Convener
Social Justice and Social Security Committee
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Dear Convener,

Thank you for your letter regarding the Committee's Inquiry and for your continued engagement with this important area of work. I note that you have identified three areas of policy in which the Scottish Government could make quicker progress to help people on low incomes to deal with the ongoing cost crisis. Please see responses to your queries below:

Earnings and Arrestment

The Scottish Government has continued to explore whether further improvements can be made to earnings arrestments and bank arrestments and what can be done to help provide greater financial resilience for those dealing with problem debt.

At the end of last year, the Scottish Government brought forward the Bankruptcy and Debt Arrangement Scheme (Miscellaneous Amendment) (Scotland) Regulations 2023 which introduced some key changes from 6 February 2023. This includes removing the bankruptcy application fee for those assessed by the Common Financial Tool as having no surplus income to pay towards their bankruptcy. They also removed the £1,500 minimum debt level requirement to enter a Minimal Asset Process Bankruptcy and extended the criteria for applying for a payment break in the Debt Arrangement Scheme to allow for a reduction in disposable income.

We also introduced a change to bank arrestments in November 2022, increasing the protected minimum balance from £566.51 to £1,000.

We have now brought forward the Diligence against Earnings (Variation) (Scotland) Regulations 2023 which will uprate the existing tables which set out how much a person who is subject to an earnings arrestment is allowed to keep before any payment can be taken and sets the scale at which payments can be taken above that level. If approved by the Scottish Parliament these changes will come into effect from 6 April 2023.

These tables are normally reviewed every three years and were last updated from 6 April 2022. However, given the high inflation rate and current cost crisis issues, there was a strong argument to conduct a further updating of the tables now and I am sure you will agree this will provide some additional resilience to those subject to an earnings arrestment.

The Scottish Government continues to look at what more can be done around arrestments.

Scottish Welfare Fund Review

We set out within the response to the Committee Report that the Review would be published in early 2023. The Minister for Social Security and Local Government has since reiterated this timescale in his correspondence to the Committee on 14 November 2022. The Review is a substantial and comprehensive exercise to examine purpose, funding levels, Local Authority administration, accessibility and promotion. It is important that the Review has been given the time to follow due process and ensure robust outputs. The Review will publish shortly and act as a baseline to inform policy improvements moving forward. We will update the Committee on next steps following publication.

Mental Health Evidence Form

We have shared the Mental Health Evidence Form with a range of stakeholder networks and partners, including the Community Link Worker Network and Social Work Scotland. The Scottish Government will also include a copy of the form within the next update of the resource pack¹ which has been developed to support staff working as part of a multi-disciplinary team in mental health and wellbeing in primary care service. It provides a directory of additional sources of help and support to help all staff.

The Scottish Government shares the Committee's continuing concerns about the issues raised through the Inquiry and we are acutely aware of the ongoing impact of the cost crisis on household incomes and its role in increasing levels of problem debt. We continue to urge the UK Government to use all the powers at its disposal to tackle this cost of living crisis on the scale required, including access to borrowing, improving benefits and support to households, taxation of windfall profits and regulation of the energy market.

While our powers remain limited, please be assured that the Scottish Government continues to seek effective policy responses to the many issues that were raised in the Inquiry. This includes our ongoing commitment to funding free welfare and debt advice services to help those people who are struggling the most.

Yours sincerely,



SHONA ROBISON

¹ Available at [Primary care services - mental health and wellbeing: resources - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/primary-care-services-mental-health-and-wellbeing/)