OFFICIAL REPORT
AITHISG OIFIGEIL

# Social Justice and Social Security Committee

**Thursday 28 April 2022**

Session 6

The Scottish Parliament
Pàrlamaid na h-Alba

# Thursday 28 April 2022

## CONTENTS



## SOCIAL JUSTICE AND SOCIAL SECURITY COMMITTEE

**14th Meeting 2022, Session 6**

**CONVENER**

*Elena Whitham (Carrick, Cumnock and Doon Valley) (SNP)

**DEPUTY CONVENER**

Natalie Don (Renfrewshire North and West) (SNP)

**COMMITTEE MEMBERS**

*Jeremy Balfour (Lothian) (Con)
Miles Briggs (Lothian) (Con)
Foysol Choudhury (Lothian) (Lab)
*Pam Duncan-Glancy (Glasgow) (Lab)
*Paul McLennan (East Lothian) (SNP)
Emma Roddick (Highlands and Islands) (SNP)

*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Susie Fitton (Inclusion Scotland)
Conor Forbes (Advice Direct Scotland)
Matthew Irvine (Advice Direct Scotland)
Charlene Kane (Denny and Dunipace Citizens Advice Bureau)
Alan McIntosh (Advice Talks Ltd)
David McNeill (Scottish Council for Voluntary Organisations)
Jim McPake (North Lanarkshire Council)
Lawrie Morgan-Klein (StepChange)
Heather O'Rourke (Money Advice Scotland)
Evelyn Tweed (Stirling) (SNP) (Committee Substitute)

**CLERK TO THE COMMITTEE**

Claire Menzies

**LOCATION**

The Mary Fairfax Somerville Room (CR2)

# Scottish Parliament

## Social Justice and Social Security Committee

*Thursday 28 April 2022*

*[The Convener opened the meeting at 09:00]*

## Decision on Taking Business in Private

**The Convener (Elena Whitham):** Good morning, and welcome to the 14th meeting in 2022 of the Social Justice and Social Security Committee. We have received apologies from Natalie Don, Miles Briggs and Emma Roddick. Evelyn Tweed is attending the meeting as a substitute. Welcome back to the committee, Evelyn.

Our first item of business is a decision on whether to take item 3 in private. Do we agree to take that item in private?

**Members** *indicated agreement.*

## Low Income and Debt Inquiry

09:00

**The Convener:** Our next item of business is an evidence session as part of our inquiry into low income and debt problems. Back in November, we met a group of people experiencing problem debt. What they told us during that meeting has formed the basis of the inquiry, and we are now delving further into the issues that were raised. We thank them for sharing their experiences with the committee and we look forward to continuing to engage with them throughout this work.

I put on record my thanks to everyone who took the time to respond to the committee's call for written views. We really appreciate the work that goes into submissions.

This morning, we will hear from two panels. First, we will take evidence from front-line advisers who work directly with people experiencing debt problems. I welcome to the meeting Alan McIntosh, an approved money adviser at Advice Talks Ltd; Charlene Kane, an Armed Services Advice Project regional support officer at the Denny and Dunipace citizens advice bureau; Matthew Irvine, a money adviser at Advice Direct Scotland; and Jim McPake, a debt adviser at North Lanarkshire Council.

I will make a few housekeeping points before we kick off. I know that, for some of you, this is the first time that you have given evidence; for others, it might not be. We have about an hour for this session. Given that you are all taking part remotely, keep an eye on the chat box on the BlueJeans screen. Do not feel that you have to answer every question, but if you have something to say that you want us to hear, please type an R in the chat box, which I will keep my eye on. Please give our broadcasting colleagues a wee second to turn your microphone on before you start to speak.

I will ask the first questions. How long have you been working as a debt adviser? What are your biggest concerns over the next 12 months? I will come to each of you in turn, in the order that I can see you on the screen. I will bring in Alan McIntosh first.

**Alan McIntosh (Advice Talks Ltd):** I have been working in money and debt advice for more than 20 years. I have had various roles, including as a money adviser, a trainer, a policy officer and a senior money adviser. At the moment, I am the service manager for South Lanarkshire Council's money matters advice service, but I am here today as the managing director of my own company, which provides specialist training for money advisers. It is also an approved company in relation to the debt arrangement scheme.

My biggest concern over the next 12 months is the cost of living crisis that we face. Especially given that we are coming out of the Covid pandemic, that crisis will have a severe impact on the ability of many people and families to survive. Financial resilience was quite low before the Covid crisis, and it is now a lot lower as a result of it. As we come out of that crisis and into the cost of living crisis, most people have very little resilience left.

People will be left with really harsh decisions to make—they will have to choose between paying their rent, buying food and paying for travel. People's finances have changed a lot over the past 20 years, since I started giving money advice. People are now more dependent on credit. A lot of the decisions that people will have to make will eventually lead to problem debts.

**Charlene Kane (Denny and Dunipace Citizens Advice Bureau):** I have been working with citizens advice bureaux for seven years now but my money advice role started only around three years ago. I have advanced into the armed services advice project. However, I remain an accredited money adviser because we are funded partly to give free money advice to veterans.

I agree with everything that Alan McIntosh just said. Over the past three years, I have seen a significant change in the cost of living for every person. People are now choosing between eating and heating. In that situation, it is really difficult to help people because there is no resilience. There is no disposable income anywhere. We are now relying on charities to help such people out, whether that be food banks, the Soldiers, Sailors, Airmen & Families Association, Poppyscotland or various other charities in the community. I do not know how sustainable that will be for those charities.

**Jim McPake (North Lanarkshire Council):** I am employed as a debt adviser with North Lanarkshire Council. I have been involved in debt advice in various guises for somewhere between 23 and 24 years, primarily through the local authority. I have also set up and manage my own non-fee-charging debt advice company and was senior manager of a private sector non-fee-charging debt advice company.

My experiences are similar to those that Alan McIntosh and Charlene Kane already mentioned. I have seen a marked change in the type of client that we are involved with and in the length of time that it takes to find resolution for clients.

My biggest concern has already been mentioned: the cost of living crisis. I hear a lot of soundbites. "Eat or heat" is said an awful lot on the television and I hope that something will happen very quickly to try to alleviate the problem that that soundbite genuinely represents. I have concerns about the impact of the financial crisis as we move forward, not only on people's finances but on their mental health and wellbeing. I also have concerns about the way that we are set up to try to deal with a problem that, almost daily or weekly, is growing exponentially.

**Matthew Irvine (Advice Direct Scotland):** Morning, everyone. I have been working in the debt sector and doing money advice for the past two years. Previous to that, I did the other side of it, so I have dealt with debt for three or four years now.

My main concern, which the other witnesses have already mentioned, is the rise in living costs as well as the rising number of people who are seeking debt advice. At the moment, we are getting quite a lot of people through who are struggling with their income and trying to pay their day-to-day bills. That is a real concern.

**The Convener:** Thank you very much, everybody, for helping to set the scene. We all recognise the resilience issue. The level of income of people who are on the margins means that there is no space: they have no resilience left. When we think about debt solutions, it is difficult to find out that there is no disposable income for people. Even if they end up in bankruptcy, if they are in that situation due to the cost of essentials, it will just happen again straight afterwards. The committee is alive to that.

We move on to questions from members. Our first theme is the delivery of money advice services.

**Paul McLennan (East Lothian) (SNP):** I refer members to my entry in the register of members' interests. I am a serving councillor on East Lothian Council for one more week.

I thank the witnesses. I have 15 years' experience on East Lothian Council and, over the past year or so, I have seen the problem become much greater than it has been in that time.

Are the witnesses' services able to meet the demand for money advice? Where do they see that demand going in future as a result of the pandemic—we are two years into it—and with the cost of living crisis hitting? I have more specific questions about local delivery, but those are my first questions.

**Alan McIntosh:** I can speak about the two roles in which I am involved.

There has been a rise in the number of people coming online to my website to get advice. A lot of that relates to diligence—bank arrestments and earnings arrestments. That has increased over the past 12 months.

For a while, I had a web chat on the site, and I was surprised at the number of people who would contact me after 10 o'clock. Almost nobody contacted me during the day; most people would contact me after 8, 9, 10, 11 or 12 o'clock at night. Sometimes, people would be on the web chat even in the early hours of the morning. That showed that they were worried. Alternatively, they would come on first thing in the morning, at 6 or 7 o'clock. People are worried and, because of that, they are not sleeping. We have always said that in money advice but, to me, that was the stark proof. Alternatively, people would wait until they had got their kids down and might then go online to try to find things. That shows me that people are definitely searching for solutions. I am quite disturbed by the times at which people try to contact me or send emails; it demonstrates that their mental health is affected and that they are not sleeping.

I work in South Lanarkshire as well. When it comes to local delivery, over the past two years, everybody across the advice sector has gone from almost a default position of doing things face to face to having to find other ways to deliver services. Prior to South Lanarkshire, I worked in Inverclyde Council, and it is true there as well.

Obviously, during the Covid period, we went down to a bit of a lull, because of all the forbearance that creditors were showing to people, and the fact that lockdown affected the debt collectors' ability to collect debt. Since we came out of that, we have started to see a sharp increase—since October, maybe. That affects not just the service that I am involved in. I work closely with other local citizens advice bureaux in the South Lanarkshire area and they are saying exactly the same thing. We are seeing a massive increase in the number of people who contact us over utility debts such as for gas and electricity. A CAB that I was speaking to yesterday in Clydesdale said that that had gone up from maybe 3 or 4 per cent of its workload to about 15 per cent.

I do not want to take up too much of your time, because I know that other people want to speak, but, as I think my other colleagues will agree, we are also seeing a sharp increase in the amount of diligence that is being done. It is almost as if the sheriff officers are making up for lost time. When the diligence statistics are eventually released, it would not surprise me if the numbers are higher than they were in 2019.

**Charlene Kane:** Again, I echo everything that Alan McIntosh has said. I feel as though I will just echo him all day.

I also need you to understand that people are coming to us before they are in debt. They realise that there is a problem and that they need to budget better and to cut back where they can, which is not always possible. They come to us earlier. That leaves us in a situation in which we may miss people who have an emergency debt that has to be dealt with—for example, a bank arrestment. Trying to prioritise people's needs is becoming increasingly difficult for one person to do as a money adviser in the bureau. I do not know the answer, other than more funding for every money advice service. Our money advisers, including me, are burnt out from dealing every day with creditors who do not understand the impact of what we are seeing in black and white.

Throughout Covid, we had to adapt in order to deliver a remote service, but we never stopped giving face-to-face advice. We fitted screens in our bureau and we wore personal protective equipment. Every person who could not access a statutory service was directed to us, because we were open. We thought that that would fall away when things started to get back to normal but, as I said, we are seeing more and more people, who are accessing the service much more quickly. That is great, because prevention is better than cure, but it is not sustainable for one or two members of staff. Ours is a small bureau and covers a small area, but probably about 75 per cent of our cases are about debt.

09:15

**The Convener:** Jim McPake also wants to come in.

**Jim McPake:** I will take the questions as they came. As someone who works for North Lanarkshire Council, I have the advantage of being in a bigger organisation and the disadvantage of covering a bigger area, with a bigger population.

Is the system that I work in robust enough to deal with the demand that is coming in at the moment? We are probably firefighting and hanging on with our fingernails. Advisers are feeling the effect of the type of cases that we are being presented with, which are coming in in greater numbers. Since the start of the year, there has been a 42 per cent increase in referrals to our service. We do not have an increased number of staff to cope with that. If anything, the staff numbers are down, because we have had to realign the service as a result of staff moving on and on-going Covid absences, which everyone is having to deal with.

The type of cases that we are seeing is alarming. Historically, over the many years for which I have given debt and money advice, I would have said that credit cards and perhaps online loans would easily have been the most demanding areas. Now, the most demanding areas are rent, council tax and fuel costs, which are things that individuals simply must pay.

Like Charlene Kane, we are giving much more budgeting advice than we did before. It is very difficult to help someone to budget when, in effect, they have no money to budget with and they have no disposable income for us to deal with. As a result, we are hand holding with clients more than we ever did. Clients' cases are staying open for longer periods of time, as we try desperately to find a solution. We probably say prayers at night, in the hope that there will be a solution for those people further down the line, but I am not sure that that is practical, or that it will be possible to find a solution.

In common with Charlene Kane, I have concerns about burn-out among those who deliver the service. The service needs to be more robust; we will probably come on to that later. We must adapt to the way that the service is delivered. We can no longer cope with face-to-face provision, simply because of the numbers. We have also operated a system of screens for individuals to contact us, not so much in bureaux, but on people's tablets or phones. The take-up has been minimal for a number of reasons, which we will probably come on to.

We have concerns. Changes are needed, because we are only just managing to deal with the situation at the moment, and we are frightened about what is coming in the very near months ahead.

**Paul McLennan:** You mentioned fuel poverty, as did Alan McIntosh. There are other advice services out there that provide targeted advice on fuel poverty. Is there an element of duplication? Does there need to be more training in that area? There are more increases to come in October and the most recent increase—the April increase—is still to hit us. People will start to get those bills this month.

What are your thoughts on fuel poverty advice? Is more training required among your team or in general? Is more co-ordination required between your service and energy efficiency charities that work in that area?

**Jim McPake:** Training is always welcome. Whether we receive it or whether we deliver it, it is a good thing for everybody. Collaborative working must be the way forward, not just on debt advice but in all walks of life. We are now working much more closely with Home Energy Scotland and a number of charitable organisations. We are trying desperately to engage with fuel companies on more than an individual basis. It is very difficult to get fuel companies to talk to us about individuals' debts. That is a great challenge for us. Perhaps there needs to be education among those on that side of the sector, so that they know what is going on outside their service delivery and can see the pressures that we are under as we try to help people.

The quick answer is yes, we need more collaborative working, more training and a more widely spread knowledge base; all of those things would be welcome.

**Paul McLennan:** Thank you. That is an important message for the committee to take away. We might pick up the issue of how we deal with energy companies and how the energy companies deal with debt advice services—I will discuss that with colleagues.

I ask Matthew Irvine to come in on that question about fuel poverty, again thinking about the local aspect that I mentioned.

**Matthew Irvine:** My colleagues have probably already explained everything that I was going to explain on that.

We are a national service, and we deliver digitally across Scotland. We are now seeing a huge geographical spread of people seeking debt advice. That is coming more from rural areas, although the numbers are going up in urban centres. The rising numbers are not sustainable. We are just managing at the moment, but we expect a bigger increase in the next 12 months.

To touch on the points about fuel poverty, we have our own energy team, at energyadvice.scot, and we provide a home heating grant through which, in the past 12 months, we delivered £4 million of funding to people in fuel poverty. There is a lot of crossover when customers contact us to seek debt advice. Those who are calling us to get their arrears sorted for fuel then go over to the debt team to deal with council tax debt and other kinds of debt. At the moment, we are hanging on, but we definitely think that the levels will increase in the next 12 months.

**Pam Duncan-Glancy (Glasgow) (Lab):** Good morning. Thank you for all the information that you shared in advance, and for the work that you have been doing this year—I hear how hard it has been. Some of what you have said is hard to hear, so I cannot imagine how hard it must have been to deliver the service that you have had to deliver over the past year—thank you for doing it. I am genuinely terrified for people just now. I do not know how they are going to meet their bills and pay for food or basics, as you have said, and I think that we need to do much more than we are doing.

My first question is on the support that your organisations get and need. Charlene Kane, Matthew Irvine and Alan McIntosh have touched on the financial pressures on their organisations and what that means. Will you say a little more about the pressures that you are under and whether the Government has been in touch with you to talk about how to manage the demand? I ask Charlene and Matthew to answer that.

**Charlene Kane:** Our bureau, like every other bureau, has to apply for funding. You can imagine the number of organisations that are applying for the same funding right now. Our manager does a great job in making those applications, but far too many people need the funding. Where maybe 50 charitable organisations applied for funding previously, around 150 or 200 are now applying for it. I guess that it then falls to the Scottish Government to think about what it can do and what it will fund. We will remain an impartial service. There has been funding from the Scottish Government to our bureau, and we have always remained impartial. However, for it to work for the people, we need much more funding to come to bureaux and other organisations. I am sorry if that sounds curt, but there is no other solution, I am afraid.

**Matthew Irvine:** We are in exactly the same boat as Charlene's organisation when it comes to funding from the Scottish Government—it is very competitive and cut-throat, and only so much funding is available to all the providers that give support to people who need it. The funding is absolutely needed for us to continue the work that we do and to continue to take on more clients to help them. Obviously, we provide an impartial service, and the funding is definitely needed.

**Pam Duncan-Glancy:** Thank you for that. I visited a citizens advice bureau in Cambuslang, where the staff were rushed off their feet—I could not believe the amount of work that they were having to do. I put on record my thanks to the bureaux there for the work that they have done, and to those across the country.

Will you say a bit more about the impact of the fact that you are having to deal with so much demand? I was really struck by the fact that—I think it was Jim McPake who said this—the issue that you are working on now is not credit, but whether people can pay their bills or rent and the other stuff that they have to pay. Could you give us an understanding of the impact that that is having on the advisers?

**The Convener:** Who do you want to direct that question to?

**Pam Duncan-Glancy:** I will direct it to Jim McPake and Charlene Kane.

**Jim McPake:** The impact is relatively straightforward. We have to prioritise what people have to pay. We are working on people's budgets, which, in some cases, are non-existent. If we prioritise keeping people in their homes, they have to pay their rent and council tax, and they have to heat and light their home. By the time we have prioritised those outgoings, there is no money left to deal with what we would call mainline credit—there is no money left for individuals to pay credit card bills, bank loans and all the other things that they have to pay. There is no money left for people to buy the amount of food that they would have bought previously. The number of people who are being forced to go down charitable routes is marked, to say the least. That is highlighted daily in the press.

The impact on us of that is straightforward. We are firefighting. We cannot help people to pay off traditional debts because we are having to advise them on how to retain their house and put food in their mouths. It is that alarming.

A question was asked about the robustness of the service and its funding. Councils operate in a similar way to the bureaux in many ways; they provide a similar service. In my area, we provide services at a different level, so there are a lot of referrals in to the local authority because it has the accreditation and national standards to provide a different level of debt advice.

We are as busy and impartial as elsewhere, but we have an additional problem. The funding to the council is a bigger picture for us. We are but a small fish within the council's bigger budget. We are not a mandatory service, which is alarming; it has been alarming for more than 10 years and it is particularly alarming now. There are areas within the council that simply must be funded, but we do not have that protection. Because we do not have that protection, an alarming number of our staff are term funded, project funded and funded to deal with specific challenges. That limits the number of staff who can deal with the bigger picture, but it also prevents forward planning. We cannot plan to deliver a service, because we do not know what the staffing levels will be. We have no budget to be a proactive service; we are a reactive service, which makes people fearful. We are not impacting on people's lives in the way that we should be, by helping them in advance, because we do not have the funding to market ourselves and we do not have the bodies to support it.

**Charlene Kane:** I echo everything that Jim has said. Our funding lasts for one year. That means that we have 12 months to help as many people as possible, while the worry of whether we will have a job at the end of the year hangs over our heads.

The staff in the bureau have the same anxieties as their clients. As Alan McIntosh said, we also go to bed worrying about whether a solution can be found for a client, whether a family will be hungry, whether there is anything else that we can do or whether there is somebody else who can support our clients. I have those anxieties for my clients every night.

It is not good to take your job home, but people need to understand that, when I say that the money advisers are burned out, they really are burned out. They are just keeping their heads above water right now, and that will affect the bureau because, as in every organisation, when the staff are burned out, they have to take time off. We are getting close to our staff having to take sick leave because of the impact of the people who are coming in and the fact that little or no support is available. We are literally begging people for help.

09:30

I want to share a story about something that happened to me in the past few days. I had a veteran referred to me via the Soldiers, Sailors, Airmen and Families Association, because SSAFA was at a loss about what to do with him. He came to me because he needs an operation to remove cancer from his oesophagus. However, he lost his job in March and he is due to start a new one in May. Because of his mortgage, he cannot afford not to work, so he has put off having the operation until he has been in the new job for six months and he can earn some sick pay. That is the kind of situation that we are dealing with every single day. It is hard for it not to impact on us mentally. We are completely overwhelmed, because there are no solutions.

I went to everyone to beg for help for that guy, saying that it could make a difference to him possibly having a secondary cancer. We are now approaching the Royal Navy, which he served with, to ask whether it can help in any way so that he can have the operation. His words to me were, “It’s okay, Charlene—I have life insurance, so my wife will be okay.” I did not have the heart to tell him that there is a possibility of his life insurance not being paid out if he has refused treatment.

Those are the horrific situations that we are dealing with day in, day out. It is not a sob story—that is the reality of what our advisers are having to deal with, and people need to understand the impact that it is having on us.

**The Convener:** Thank you for sharing that with us, Charlene. That was really powerful. As a former Women’s Aid worker who ended up experiencing burn-out myself, I know that you carry with you everyone you work with, and I fully understand how that affects you.

Pam Duncan-Glancy, do you have any more questions at this point?

**Pam Duncan-Glancy:** No. I will just say thank you.

**The Convener:** We move to questions from my colleague Evelyn Tweed, who will be followed by Jeremy Balfour.

**Evelyn Tweed (Stirling) (SNP):** Good morning. Thank you for sharing such difficult personal stories about your clients. I am finding what you have said quite difficult to deal with; thank you for all that you are doing—you are doing an amazing job.

What additional barriers do people with mental health issues face? What can you do and how do you support those people? I will ask Charlene to go first.

**Charlene Kane:** I am a mental health first aider. I took on that additional training because, as you can imagine, most people that a money adviser deals with will be experiencing mental ill-health. It might not be there initially, but there is always the anxiety, stress and depression that comes from the situation that those people are in.

I often rely on general practitioner surgeries or community practice nurses, if they are available, to complete a debt mental health evidence form. That allows us to go back to the creditor and tell them about the situation with the client, who might be, for example, agoraphobic. They might have been perfectly fine until Covid, but now they are agoraphobic, which means that they are unable to work and unable to leave their own home. The creditor might be phoning them five times a day to ask for £250 for a debt—I am not exaggerating about it being five times a day—so we tell the creditor that we need them to stop.

We have already gone through the moratorium phase. It has run out and we are not allowed to revisit it, as we could when Covid was here. That means that we have to rely on a GP surgery or health professional such as a CPN to complete a debt mental health evidence form that we can take to the creditor, so that we can say, “This is the situation with my client.” However, the health professional might not understand what we need that form to say or how the situation impacts on our client, so we usually just get them to complete the first page to say what the diagnosis is and who they are. That is an area of difficulty, but we need to work in partnership with every organisation. We cannot go back to a GP or health professional and tell them that we need much more from them, especially when we are asking them to do it free of charge.

The application is chargeable in Scotland, but not in England. That has to be looked at closely, because it becomes a barrier. If somebody has no disposable income, how can they pay £25 for a GP to complete a form? We have come across GPs who completely refuse to complete it, or they say, “Yes, I’ll do it for £25.”

GPs are overworked, so we cannot blame them. If I were to send a GP a debt mental health evidence form for every client I have, given that I currently have 89 clients, the GP would not get any work done. Perhaps having someone whose role it is to go through a patient’s records and complete the form might help—someone in the GP surgery could be trained to do it. The cost for completion should definitely be taken away. As I said, people do not have to pay for it in England.

**Evelyn Tweed:** My next question is for all the witnesses. You have all given examples of how difficult your job is at the moment and the issues that you are dealing with. This is a very open question. What changes do you want us to look at to better support your clients? I am thinking of changes to the law, to processes or procedures or to anything else that you think that we should consider in order to help, if we can.

**The Convener:** Sorry—my screen did not refresh for some reason. I have just had it refreshed, and I can see that Alan McIntosh wants to come in.

**Alan McIntosh:** The Parliament could make two specific changes that could make a real and significant difference to the lives of people in Scotland. The first relates to what we call a bank arrestment, for which the legal name in Scotland is an action of arrestment and furthcoming. In 2010, there were around 110,000 of those in Scotland, whereas in 2019, there were around 218,000, so there was a massive increase over that 10-year period.

In effect, a bank arrestment arrests all the money in someone’s bank account, leaving them only what is called a protective minimum balance, which is currently £566, while the rest of the money is taken. That sum is set at £566, no matter whether someone is single or a mother with four children, so there is a disproportionate effect on families, which means that people are left literally having to decide whether to pay the rent, buy food or go to work.

In addition, an arrest on the money in a bank account does not discriminate based on the source of those funds, so it can arrest universal credit payments as well as housing costs and childcare costs that are paid as part of someone’s universal credit. One proposal that I ask the Parliament to look at as a matter of urgency is increasing the protected minimum balance in bank arrestments from the current sum of £566 to £1,000, which is the amount that someone would be allowed to keep in their bank account if they were bankrupt. That is a relatively simple change that the Parliament could make with the legislative powers that it has, and it could make a significant difference. We have to remember that, as I said, there were about 210,000 arrestments in 2019, and I think that the numbers are similar just now, so it is clear that the current policy is plunging families into crisis.

Secondly, I ask the Parliament to consider looking at earnings arrestments, by which people have their wages arrested. In Scotland, there are currently seven different types of wage arrestments. Some of those are UK ones, and some are Scottish. That means that someone may have multiple arrestments operating at the same time, with multiple claims by creditors on their income. There are some rules around how those arrestments rank against one another, but there are some grey areas. In addition, some people may get their wages arrested for not paying their council tax and then be unable to pay their current council tax. If they default on that, it goes to summary warrant, and they end up in a vicious cycle in which their council tax bills are constantly being passed over to the sheriff officers.

At the moment, there are nae powers for a creditor in Scotland to vary a wage arrestment, even if they wanted to do so. At the moment, the amount that they can take is the minimum balance plus a percentage, and it is fixed.

We should consider making wage arrestments more flexible by allowing a money adviser or the client themselves to contact the creditor and propose a variation. The creditor could agree to reduce the amount that they are taking each month. That could be done when people have multiple arrestments on their wages at the same time. Equally, it could be done if somebody says that, come March, they want to start paying their current council tax so that they can get themselves out of the vicious cycle that they are in. The creditor could then agree to do a variation.

Those are the two things that the Parliament could do that would have an immediate effect and make a significant difference for people in the cost of living crisis.

**Jim McPake:** I endorse everything that Alan McIntosh said; he is a very clever man.

I will make another couple of points that have been highlighted historically. I have already mentioned one of them. The fact that we are not a mandatory service takes away security and the ability to plan. Steps should be taken to make debt advice a mandatory service that is delivered within each local authority in whatever way the local authority considers practical. I am not talking about taking funding away from bureaux to make the service mandatory within a local authority, but making the delivery of the service mandatory in itself would be positive.

Another point is that, during Covid, changes were made to the application fees for bankruptcy—or sequestration, as some of us refer to it. That should be taken further. A logical question to ask is, if someone is in the situation in which they have to apply for personal bankruptcy, why do they have to pay a fee? It is accepted that, if an individual is a benefit recipient, they do not have to pay the fee, but there are very many people who do not qualify for benefits—they can be difficult to qualify for—but who, in the current climate, have no disposable income. I suggest that, if we can prove in a black and white calculation that there is no disposable income, there should be no fee for applying for sequestration, regardless of the individual's background.

My third suggestion is perhaps a little more personal. Debt advisers deal more and more with a scheme called the debt arrangement scheme. It is a fantastic scheme administered by the Government, but we are finding more and more issues with creditors who are listed in an individual's debt arrangement scheme selling or transferring the collection procedure for that debt to another, third-party organisation. The creditor does not tell anyone that they are doing it, so the money adviser is oblivious and the client is oblivious until the new organisation starts contacting them. Perhaps more importantly, the Accountant in Bankruptcy service, which administers the scheme, is oblivious to what is happening. The work that that causes internally and externally is huge. It takes us away from dealing with other clients.

A simple solution would be that, once a creditor is party to a debt arrangement scheme for an individual, they should not be able to transfer the debt. It is a simple change to make, it would save a lot of work for the Accountant in Bankruptcy and for money advisers, and it would take away a lot of pressure from clients being contacted unnecessarily. It would also take away a lot of work for the creditors themselves, who would not have to go through the procedure of transferring debts in and out of different companies as we argue for non-transfer or the reverse of the transfer.

I add those three suggestions to what Alan McIntosh said, but I fully endorse what he said in the first place.

**Jeremy Balfour (Lothian) (Con):** Good morning. Thank you for what you have said so far. I am pleased to say that my first lot of questions have been answered, so I have only one. I will direct it to Charlene Kane, but others can jump in if they want to.

My question relates to local administration of the Scottish welfare fund. In the previous parliamentary session, we took evidence from various charities on whether the welfare fund should be more centralised or work within local authorities. Is more guidance on how the money is to be spent needed? We are aware that some local authorities spend their budgets quickly while others seem to have money left over at the end of financial year.

From your experience, Charlene, how easy is it to access the welfare fund? Would you like there to be more guidance on how the money should be spent nationally while still being delivered locally?

09:45

**Charlene Kane:** I often use the Scottish welfare fund because I must exhaust the statutory options first, before I can approach charities for veterans. I will be honest with you. I think that the money is being spent more quickly because more people are relying on that crisis grant. I do not think that councils are just giving it out willy-nilly. They are doing the diligence, but there is just not enough money—certainly, that is the case in my local authority.

Obviously, therefore, we have refusals. We can appeal, but that takes time. It takes 48 hours to make a decision on a crisis grant—48 hours for which the person does not have food, gas or electricity. I do not know whether there is a way for it to be done more quickly. I suppose that that would involve more staff being employed in the councils. When somebody is in crisis, they are in crisis now—not in 48 hours.

I suppose that, in order to help my clients, we would look at what is available to turn applications around much more quickly. We could consider whether some sort of interim or emergency grant could be paid, so that the person can top up their gas or electricity or buy some food that does not have to be cooked. What should we prioritise: eating or heating? Interim money, while the decision is being made, would be ideal.

I have worked with many citizens advice bureaux and have never yet heard of a council having any money left at the end of the financial year for people in crisis, although I am open to having my mind changed on that.

**The Convener:** Thank you, Charlene. I turn to Jim McPake for his perspective on that from within a local authority.

**Jim McPake:** In the local authority, my job is to react to referrals that the Scottish welfare fund presents to us. We engage with the Scottish welfare fund staff. The administration side should certainly be retained locally, for the simple reason that it takes local people to identify local services that can help the individuals who present to the Scottish welfare fund.

On whether it is better to centralise control of the overall budget, I do not have enough knowledge to comment. What I can say is similar to what Charlene said. Increasing numbers of people are accessing the service. The service does a tremendous job because not only does it identify the primary presenting problem, but it goes into more depth with a client to get more of the background to what is causing the problem. Invariably, that comes down to finance which, invariably, links into our service.

There is a knowledge base that has been built up over time, and it would be silly to remove it. Local administration of the fund should be maintained. It is logical that the local authority has responsibility, because it is more answerable than central Government. As I said, it is, however, for someone else to take a decision on whether the overall budget is administered locally or centrally.

**The Convener:** Thanks very much for that. The final questions for the panel are from Pam Duncan-Glancy.

**Pam Duncan-Glancy:** I, too, thank the panel members for their answers so far. I have one quick follow-up question on the welfare fund, and then two very brief questions on other matters.

About one third of refusals of applications for the Scottish welfare fund have been because of previous applications. Are people using it multiple times to supplement their low income?

**The Convener:** To whom do you want to direct that question?

**Pam Duncan-Glancy:** The question is for Charlene Kane and Jim McPake, please.

**Charlene Kane:** Yes—that is exactly correct: people are using the welfare fund as an advance on their benefits or wages or a combination of the two. That is not because it is an easy way out, but because they have no resilience two weeks after being paid and have another two weeks before they will be paid again.

You are also correct about the number; people are allowed to make only three applications in the year. Falkirk Council has to be strict about that; I suppose that that is because other people who have not previously accessed the fund might then be refused. I do not envy the people who have to make those decisions. Certainly, all my clients are using the fund for costs of living, including gas, electricity and buying food, and they are still in debt. We understand that the fund is a sticking plaster, but it is accessible. It is something that we can do for people at such crisis times.

**The Convener:** When it was set up, it was probably not envisaged that the welfare fund would be the sticking plaster that we see just now. Jim McPake wants to come in on this.

**Jim McPake:** Charlene has said what I was planning to say. We see multiple applications to the funds—sometimes weekly applications. There are restrictions on the help that people can be given, and it must be horrendous to have to make those decisions.

I have already spoken about debt advisers and money advisers feeling pressure. For someone who is administering the welfare fund, refusing an application must be a terrible thing to have to do.

People are accessing the fund to pay their rent, council tax, and fuel. They are also accessing it to buy food. People can avoid paying their rent, although there will be ramifications that will have to be dealt with, and they can do likewise with the council tax and fuel. They cannot, however, not buy food. The number of people who are presenting multiple times for emergencies probably make up more than 50 per cent of those who present to apply for the fund.

In North Lanarkshire, we work closely with the fund. We get referrals to alleviate multiple representations by giving budgeting advice, dealing with creditor issues and what have you. However, as was mentioned earlier, the challenges that we are now dealing with are more about up-front costs than they are about creditors, so there is nowhere for people to go. So, yes—people are using the fund simply to survive.

**Pam Duncan-Glancy:** That leads to my next question. Jim McPake mentioned slogans about people having to choose to eat or to heat. You are waiting for action from the Government. The response in Scotland has been to take £150 off the council tax bill, which works out at something like £4 a week. Can you comment on that response and say what else is needed? To me, money being taken off a bill is quite different to actually getting money in your pocket.

**Jim McPake:** The big issue is whether the solution is to find a way to deal with pressures under the current financial constraints on an individual, or whether it is to increase the funds that people have. The reality is that, unless we increase what is in someone’s purse, wallet, handbag or household, we are not going to find a solution; a solution will just not be there.

People and politicians talk all the time about the reduction in universal credit. Should it have been reduced? Of course it should not have been reduced, because the cost of living has increased to more than it was when the increase was made. Was universal credit increased on a permanent basis? It was not, so the argument can be made that people could and should have been planning for its removal. However, the truth of the matter is that it was impossible and impractical for them to do that. It would be logical and sensible to try to increase the funds that are in people's pockets.

The £150 grant was tremendous for those who received it. I did not receive it and my household is financially challenged on a daily basis. I am not taking anything away from people who are most definitely in greater need than others. However, there is a large forgotten element of the community who have not received any help and do not qualify for any help. However, if we look at percentage increases in costs, their costs might be higher anyway, because of how they live, through no fault of their own. They cannot change how they live; families do not change size and food still has to be eaten.

A lot has been done that has been welcomed. The increase being doubled from £10 to £20, and the £25 child payment and the change to the age barrier for that award are all very positive.

I am not a politician and I am not in charge of the country's finances. We tend to find money for things in emergency situations. It is time to start finding bigger tranches of money to help people who will simply not survive. I do not know how you are going to do it but, quite simply, it has to be done. What we have done so far has been positive, but it is not enough, and we are missing out sections of the community who need help but have been forgotten.

**Pam Duncan-Glancy:** Charlene, would you like to comment on that? That is my final question, convener.

**Charlene Kane:** I agree with absolutely everything that Jim has just said. This has to be sorted out at Government level, because we are all out of options, as money debt advisers. That does not mean that we are not doing our best and are not trying to find solutions, but just that we are out of options.

I agree that there always seems to be funding for emergency situations; I deem this to be an emergency situation. The £20 a week on universal credit was great and should have remained and increased when the cost of living increased.

I will just give you a quick personal budget for somebody who is in receipt of universal credit. They have £77 a week: £20 goes on gas and £20 on electricity. Fair enough—the gas cost might go down during the summer months. There is £20 a week for food and £7 for water and sewerage, because even with a council tax reduction, people are still liable for water and sewerage charges. The person will need a mobile phone in order to get their universal credit; the phone costs, say, £5 a week or £20 a month. Then they have to consider toiletries, clothing and footwear. You can see that there is already a deficit. What they get is not enough.

Is the Government going to get in touch with the energy companies, or take back ownership of them and set the rates? Energy companies are not struggling to feed their families and heat their homes. The chief executive officers and people who work for them are not struggling; the people who work lower down than that are probably struggling just the same. We need somebody to intervene with the energy companies and tell them that a 50 per cent rise in energy costs is not acceptable. Also, I assure the committee that although we were assured that the rises would be 50 per cent, for most of my clients, they more than doubled. People who used to get away with putting in a fiver a week now cannot do that.

Similarly, an energy company can set the amount of debt that it takes back. If a person is in arrears, the company can put in a prepayment meter and say that, for every £10 that the customer puts in, it will take £5 back. If the person uses fuel direct, the payment would be set at a flat rate of, I think, £3.70 a week. We need the Scottish Government to do something about the energy crisis as well as food poverty, please.

**The Convener:** I thank all our witnesses for taking part this morning and for sharing their worked and lived experience with us.

I suspend the meeting to change panels and give members a short comfort break.

09:58

*Meeting suspended.*

10:04

*On resuming—*

**The Convener:** Welcome back, everyone. I thank members for getting back in time.

I welcome our second panel to the meeting. Lawrie Morgan-Klein is public affairs officer at StepChange; Heather O'Rourke is digital transformation lead at Money Advice Scotland; David McNeill is director of development at the Scottish Council for Voluntary Organisations; Conor Forbes is head of business development and policy at Advice Direct Scotland; and Susie Fitton is policy manager at Inclusion Scotland.

In this session, we will primarily focus on digital inclusion or exclusion. I recognise that, after hearing some of the evidence, panel members might want to make contributions that go beyond digital inclusion. We have around an hour for this session.

I will kick off the questions. I will go around the screen in the order in which I see people, and I will start with Lawrie Morgan-Klein. What are the key factors and drivers behind digital exclusion?

**Lawrie Morgan-Klein (StepChange):** There are a few different ways in which digital exclusion, as it relates to problem debt, breaks. One of the main challenges is the fact that creditors in the main have a digital-first point of contact now. As we have seen with the bank branch closures throughout the country in recent years, creditors are moving much more to not just a telephone-first approach but an online-based one. There is a problem with the digital exclusion aspect of that.

The pandemic has been a double-edged sword in that it has forced new ways of working, including for creditors. We are a telephone and online-based service. Initially, to manage the level of demand, we moved to an online-first approach, partly to help us to deal with the volume of people who needed support.

The key point about exclusion is that some people are excluded because they simply are not able to access finance, for example. It is worth bearing in mind that some people choose to be digitally excluded as a personal choice, but they are a smaller part of the issue.

The other crucial issue that relates to problem debt especially is that well over 80 per cent of consumers have digital access now. It is important to acknowledge that, although there is an acute problem with digital access, problem debt is widespread. We did pre-pandemic polling that showed that more than 1.1 million Scots were experiencing financial harm to at least some extent—goodness knows what that figure would be now. That is right across society. It is therefore important that we view the money advice aspect and do not lose sight of its impact while focusing on aspects around digital inclusion.

The issue of universal credit came up in the previous panel discussion. People are required to have mobile phone and internet access as part of the process. It is very important to ensure that there are good multichannel options for people to get advice, whether they are online, telephone or, crucially, face-to-face options. Points were eloquently made about that in the previous panel session.

**Heather O'Rourke (Money Advice Scotland):** The responses that have been provided in the inquiry have summed things up quite well. Kit, connectivity and skills are fundamental issues that contribute to digital exclusion.

It should not go unacknowledged that digital exclusion is also experienced by advice agencies. The development of their digital services and digital infrastructure in particular is exacerbating the issues.

Kit, connectivity and skills are long-term issues. It will take a long time to address them and—let us be honest—we need to act a bit sooner. In looking at developing services in that respect to try to dampen or mitigate issues, we should meet more than halfway to try to bridge the gap. As Lawrie Morgan-Klein said, it is clear that the digital-first approach that is taken by creditors is further exacerbating the digital underclass, as I would call it. Those who do not have access to connectivity, devices or skills are waiting longer to access support and secure meaningful outcomes.

That pushes people who are on low incomes, who are vulnerable, or who live in rural areas to experience potentially prolonged financial duress. That digital underclass is growing day by day. It encompasses a number of key groups and communities who, by proxy, are suffering a disproportionate consequence to their financial health and wellbeing.

Those are three broad issues. Certainly, the Parliament and the committee should look at the short-term and longer-term approaches that we can take to addressing those three key factors.

**The Convener:** Thanks very much for that, Heather. It is always good for us to be reminded about the fact that advice agencies themselves are sometimes digitally excluded.

**David McNeill (Scottish Council for Voluntary Organisations):** The SCVO has been working on digital exclusion for around 10 years, supporting the front-line charities and public bodies that provide support. We talk about digital exclusion having three key driving factors. The first is the confidence and the motivation to go online. That particularly affects older age groups, who might not see the benefits of getting online and are perhaps a bit resistant to or worried about doing that.

The second factor is affordability, both of internet connectivity, particularly in the house, and of access to the right device. A smartphone, which is what a lot of low-income households have, is not the most suitable device for doing things such as applying for jobs. The right device and an internet connection are needed, and those cost money.

The third factor is the essential digital skills that are needed in order to be able to use that connectivity and that device in the right way. Lots of people may have connectivity, but they just participate on social media or get entertainment. That does not necessarily mean that they are able to fill out forms and applications or to apply for jobs, as you might expect. There is lots of evidence to show that—particularly from research that Citizens Advice has done in the past with its clients, a significant proportion of whom struggle to use a computer effectively.

When it comes to low income and problem debt, all those factors affect different groups in different ways, but they have a direct impact on people's income. To link back to Lawrie Morgan-Klein's point, there is a poverty premium: people pay more for services that are bought offline. Most service providers, including most utilities, expect people to engage digitally. If they have to call or to access a service face to face, that is more expensive.

Those factors also affect the ability to earn. Lloyds Bank research shows that, in the same jobs, people with higher levels of digital skills earn £420 more per month than the least digitally engaged workers. People with low digital skills earn less even in the same manual roles. The factors also affect the ability to access support from services, as has been talked about. The first panel talked about still having face-to-face services available, but lots of services, and advice, are still provided online.

Finally, internet connectivity and the right device are an essential utility. They are needed in order to apply for universal credit and benefits and to search for jobs. If someone does not have the right device and the right connection, it will cost them money to get the money that they need to earn. That is a real challenge.

**The Convener:** After we hear from Conor Forbes and Susie Fitton, I will open it up to questions from other members.

**Conor Forbes (Advice Direct Scotland):** I echo what all the other witnesses have said so far on the issues that people who are digitally excluded are facing. One of the key things is the fact that the first point of contact for creditors is the digital forum.

As an organisation that delivers our services digitally on a national scale, we have been focusing on digital exclusion over the past few years. How that has tied in with the pandemic is interesting. People seeking debt advice for the first time have come from communities and backgrounds that we have not experienced before on such a scale. For example, people in their twenties are now seeking debt advice or financial advice for the first time. Those people are, maybe, more digitally savvy and confident in using digital devices to access advice.

It is worth mentioning the great work that Connecting Scotland has done in the past few years in making sure that the most vulnerable people have access to digital devices and are more confident in using them. There is definitely an issue for the most vulnerable households with regards to not just access to digital devices and online services but confidence in using them.

10:15

There is a geographical issue, in that many people who are digitally excluded in Scotland are in rural communities. The issue is that, if they cannot access services digitally, there is also a lack of face-to-face services in those communities. That is a huge concern.

As all the other panellists have mentioned, there is an issue with the cost of living. Although some people are digitally connected and are confident in using digital devices to access advice, the problem is that, if those households have to make difficult decisions about their utility bills and grocery shopping, one of the first things that will go is their digital access—their broadband payments. That is a real concern. We need to ensure that those households maintain access to digital devices and online accessibility because, otherwise, their problems will end up being compounded by a lack of access.

**Susie Fitton (Inclusion Scotland):** Good morning, and thank you for the invitation to speak to the committee.

The Scottish Government's household survey shows that 29 per cent of disabled people do not use the internet. In practical terms, others who may technically have access via smartphones can have huge difficulties in using a mobile phone to complete forms or to access services such as online banking, social security or council services. Those difficulties can be with affording the data to download information and with the accessibility of websites and online information.

The failure by many public bodies, including the DWP, as well as creditors—in the context of debt—public services and other service providers, to provide suitable alternatives to digital communication and services excludes disabled people in many cases. For example, Inclusion Scotland has heard reports of disabled people who are in receipt of universal credit being sanctioned for struggling to complete their online journal.

Evidence from Citizens Advice Scotland in April 2019 showed that as many as one in three people seeking help with universal credit from a citizens advice bureau did so because they could not access the internet. During the pandemic, 82 per cent of 2,000 surveyed members of Glasgow Disability Alliance—a member organisation of Inclusion Scotland—said that social isolation had been a major concern for them during the pandemic, with 60 per cent lacking the technology and connectivity or confidence to get online.

In agreement with the previous speakers, I would say that digital exclusion for disabled people is both a cause and an effect of poverty, social isolation, barriers to information and services and barriers to accessing opportunities. In seeking to address the digital poverty gap for disabled people, it is important to bear in mind that devices and internet access are obviously dependent on electricity. For many people who are living in the poorest households—as I hope I will speak about in a bit more detail later, disabled people are disproportionately likely to live in poverty—a lack of access to the internet intersects with fuel poverty.

Digital exclusion can compound disabled people's financial exclusion, widen inequality, make accessing education, employment, social security and public services difficult, and increase social isolation for disabled people. The fall-out from that exclusion will be long term, with many effects emerging downstream, such as mental health implications and loss of income or the ability to manage finances and debt.

Those who need health and care services the most are the least likely to be able to use digital health services. Without tackling digital exclusion among disabled people, there is a real risk that digital transformation will widen, rather than narrow, health inequalities for those people. The increased use of the internet to access key services such as social security, banking, Government and council services has implications for those who are not equipped, unable or—for a small cohort of disabled people—unwilling to use digital technology, or for those disabled people who have impairment-related barriers that make using digital technology impossible.

People who have digital skills and access to the internet have increased earnings, higher employability, cheaper shopping and improved communication and save time through online services, which we have talked about before. Many disabled people who are on a low income and cannot afford a home computer or a broadband connection, or do not have support to acquire digital skills, are simply excluded from many of those benefits.

**The Convener:** Thank you. That helps to set the scene for us.

**Pam Duncan-Glancy:** Thank you for the information that you have shared with us just now and in advance, as well as the work that you have done over the past couple of years, which have been really hard, with the people that you represent. Those of you who listened to the previous panel will have heard some stories about the effect of that.

I will start on that, if that is okay, convener, before I move on to digital exclusion. Today is international workers memorial day and it is important for us all to remember that everything has an impact on people in their jobs. We should not have to go to our jobs and get sick or stressed. We should not have to take those jobs home, nor should they affect our mental health. Those are unacceptable experiences for everyone in the workplace. I would be keen to hear from David McNeill about the sorts of pressures the organisations that he represents are under. What is the demand on their services, specifically front-line services? Have there been any attempts by the Government or others to support that demand and to increase resources for it?

**David McNeill:** As you would expect, a lot of people have been talking about the pressures that they are under. We heard direct evidence from the representatives of advice services on the first panel that there is a huge demand on services. There is also an issue of staff burnout. The past two years have been challenging because of the pandemic, as people have struggled to adapt how they deliver services and move those online. Now, advice services are returning to face-to-face delivery. The cost of living crisis is affecting workers as well as placing additional pressures on the people they support. It is a very challenging time for all those who are delivering services and for people who are working in poverty services. We got a sense from the first panel that people are experiencing a sense of helplessness about how they can help people. We heard evidence this morning that it is not about being able to provide help to people about how to budget, because they have no money to budget with; they are living on very low incomes. Increasing costs provide huge pressure.

We have heard a lot from organisations that have short-term, one-year funding arrangements with central or local government, which places huge challenges on people as staff are constantly at risk of redundancy. Organisations are having to apply for funding and need to put time into funding applications, which adds pressure and takes time away from delivering services. In the programme for government, there are positive intentions about multiyear funding, but we want to see more of that in practice and for those warm words to become a reality.

**Pam Duncan-Glancy:** The SCVO leads on the connecting Scotland project. What demand have you had for that service and what might the impact be of an online or phone-based money advice service across Scotland? Can you also tell us how many devices you have been able to give out and whether there is unmet need in that regard?

**David McNeill:** The connecting Scotland project has been huge. It started during the pandemic and initially had a target of reaching 9,000 people who were shielding and clinically vulnerable, to support them around their social isolation. The target groups and funding then grew to tackle families and care leavers, and then people who were more widely digitally excluded.

We have reached more than 60,000 households over the past two years, providing them with a combination of a device, an internet connection—if they needed that—and training and support to use the device effectively. A really important aspect was that that support was provided by organisations that were working with those people already, which might be an employability organisation, a mental health organisation or a homelessness project.

All those front-line services are providing digital skills support in the context of the issues that people are facing, because it is about helping them to achieve whatever outcome they need, not just to develop digital skills for the sake of it. We have worked with more than 4,000 projects from 1,000 unique organisations in the public and third sectors to reach those 60,000 households, which are only the tip of the iceberg.

The connecting Scotland project is unprecedented in its scale in tackling digital exclusion across the UK and, indeed, the world, but we know that there are at least 200,000 households in Scotland that cannot afford an internet connection in the house and 800,000 people who do not have digital skills. It is a large challenge and we have really welcomed the opportunity to deliver something at that scale, but there is more work to be done.

**Evelyn Tweed:** My first question is about remote money advice services, particularly in relation to StepChange and Advice Direct Scotland. What do you do? Are there differences between your advice in the remote context and that given by traditional agencies? I was interested in Conor Forbes's comments about younger people and rural areas. Perhaps you could also tell us about your client groups and whether you feel that they are different for the different models.

**Conor Forbes:** Remote and face-to-face models provide pretty much the same statutory solutions. The key difference between the models, particularly at the moment, is the former's ability to meet the volume of demand and to do so without delay. One of the main issues that we have seen since the start of the pandemic—to be honest, we saw it even before that—is extremely long waiting times for people who have really serious financial issues. We are talking about perhaps three or four-week waiting times for people to get a first meeting with an adviser in certain local authorities.

The ability to scale up using digital services means that providers have been capable of meeting the rise in demand for advice. The ability to use multiple channels and provide advice over a telephone, by email or even the virtual face-to-face model that we are using just now for certain customers means that we can meet the variety of circumstances that people have and face.

Over the past two years we have seen a range of people. I have already mentioned younger people; there are certainly a lot of them, in their late teens and early 20s. There are also people who have perhaps just got on to the property ladder for the first time and have experienced an income shock as a result of Covid or the cost of living crisis. For the first time they are seeking not just debt advice, but any advice.

The fact that they will use a remote model to contact us reflects the confidence that young people have in accessing services digitally. However, even if a young person's first contact with a debt adviser is via webchat, they will still have a preference to move on to a telephone call, especially if the problem is complex and requires a more formal solution. I would say, however, that their initial point of contact and the one that they feel confident using to make first contact will normally be digital: social media or webchat.

10:30

On the rural issue, over the past two years, we have been trying to engage with front-line services such as food banks. For years, we have heard about the misplaced sense of shame that people, particularly in rural communities, feel when accessing debt advice; doing that is a lot more visible in rural communities. In many areas in Scotland, there is no citizens advice bureau, so people have to go to a community centre or a library. We have seen tons of examples of people putting off getting debt advice because they worry that their neighbour will see them. There is definitely an appetite for digital access in rural communities.

The work that we have been doing with food banks has been around the most vulnerable people—the people who are digitally excluded, because they cannot afford the cost of digital connectivity or because they lack the confidence or skills to access digital services.

It is important to consider the trust that people have in advice services. It takes a long time to build up that trust. We have seen that people who go to a food bank have quite a high level of trust in that service. It transpires that most of the people who use that service have financial issues or debts that have gone unresolved. Working with food banks and facilitating digital accessibility through food banks and front-line services makes it much easier to get an individual to engage with their debt recovery journey, because that level of trust in the services has already been built up. If someone who has fallen through the net goes into a food bank and asks for support, there is the option for them to be digitally connected to a debt adviser. It might take someone who lives in a rural area an hour and a half on public transport to get to the nearest face-to-face advice centre and some people do not have the money to afford the fare for that journey.

**Lawrie Morgan-Klein:** I echo many of Conor Forbes's points, which were really well made. In general, there is not really a difference in terms of solution and advice. We offer first-time advice and welfare advice, and we support the client with the solution that is recommended from that advice. We will take them right through to being debt-free.

Conor Forbes made a good point about people in rural areas. Sometimes, people feel a little hesitant to go to a local high street and walk into an advice office. There is a bit of a challenge around stigma. People know that they need to get advice but there is a big societal pressure around doing so. Anything that can address that is crucial, because it delays people seeking advice.

Our online service provides a person with a bit more distance, which can be comforting to them, in the sense that they are sitting on their phone or computer to go through the advice process rather than discussing that with a human being. Obviously, that will work differently for different people. That leads me to reiterate that there must be a horses-for-courses approach. There must be an online offering, a telephone offering and a face-to-face offering, and all of those must be robust. That is particularly important given the capacity issue—Conor Forbes mentioned waiting times, which does not really affect national services like ours in the same way. Certainly, services can be very busy—Pam Duncan-Glancy made a good point about international workers memorial day. It is crucial that we recognise and acknowledge the burnout and stress that advisers face. Charlene Kane and Jim McPake, on your first panel, made that point eloquently.

At the same time, we have moved to hybrid models of working, with a lot of people working from home. There is pressure on advisers who have set out their workspaces at home, including advisers who work for remote services such as ours, when they take really challenging and difficult calls in what are their places of relaxation. It is important to recognise that there is concerning pressure on advisers, right across the sector.

**Evelyn Tweed:** I am interested in the role of the remote delivery of services in future. Heather O'Rourke, you touched on the matter earlier: how can we do that well, and how can we do it better in future?

**Heather O'Rourke:** That is a difficult question. As fellow panellists said, it is not about taking the digital-first approach that creditors have so often taken; there will always need to be multichannel options that work in tandem. It is about recognising that. We cannot have just one broad approach; we must look to communities and smaller areas to harness and use digital at the right time, when it is most effective in getting clients engaged.

Often, there is a long delay between someone making an appointment and actually seeking advice. We need to make digital work in that context, to keep the ball rolling. Quite often, advice services find that a client makes an appointment but then does not see the service for several weeks. During that time, the client is expected to gather evidence—bank statements, credit reports, letters and so on—but a lot of people do not open those letters and emails, so they are left in a void, with ownership of tasks that are, frankly, overwhelming for them. When it is time for the appointment, the client is ill prepared, so there is a knock-on effect: work is delayed or prolonged, and multiple appointments are needed to get to a point at which we can start to assess options.

That is where we start to see clients disengage and drop out. That has an impact on capacity, because advice services might have just one or two debt advisers, whose time has been taken up with missed or extra appointments.

There is no silver bullet, unfortunately. At Money Advice Scotland, we are developing an online tool with an existing supplier. The tool is called IE—income and expenditure—hub, and it allows people to enter their I and E manually online, or through tools such as open banking. We are developing the tool to be Scotland centric and to mirror the common financial statement. It enables clients to fill in their I and E details and share them directly with creditors and money advice services, through an online account. There is no requirement to download or upload things; there is manual entry.

We are a front-line service but we do not provide debt advice: we are more of a triage service, which provides information, guidance and signposting. We are a digital-only service, and we know that some clients are not able to use digital, for example because they find it difficult to enter data on a small screen.

People sometimes need some hand holding to build their confidence. Our advisers will share their screens and go into accounts with clients to help them fill those in. That is fairly time-consuming and we are a small service. We hope that, over the course of the project year, we will see those interventions and ways of supporting people paying dividends in better preparation for clients and taking some of the burden from local services because clients will be better prepared. It should minimise the time that they spend in a state a financial crisis, bringing meaningful outcomes and debt solutions a little bit closer.

We need a digital audit that advice agencies can undertake with support from the those leading in the sector. It would help agencies understand where, in their core functions and back offices, they can introduce digital ways of working so that clients who do not use digital do not have to, because advisers and agencies are playing their part to lift them up. They should meet not just halfway but perhaps 75 per cent of the way, so that clients who can use digital have a smoother process and more time can be spent on those who are digitally excluded for some reason and who we cannot yet support because it takes a bit longer to achieve those goals.

**The Convener:** I have a request in the chat box from Conor Forbes who would like to add to that, and then it would be helpful to hear from Susie Fitton about the Inclusion Scotland perspective.

**Conor Forbes:** I agree with everything that Heather O’Rourke said. If we look at it realistically, we can see that financial services in general are moving towards a digital model. The same will inevitably happen with the principles of financial inclusion. Some of the things that Heather mentioned, such as open banking, are there to ease the process, not only for the organisation providing advice but also for the customer.

In order to maximise the output for customers accessing advice, the process must be as streamlined as possible. I honestly think that technology is the best way to do that. There is a huge appetite in Scotland, particularly from organisations such as FinTech Scotland, which is doing great work, to promote financial inclusion and social good through technology. If that keeps pace with the work that is being done to increase digital inclusion in Scotland, it can solve some of the issues that we are seeing.

**The Convener:** Susie Fitton, do you have anything to add?

**Susie Fitton:** We need public and other service providers in Scotland to commit to providing suitably supported offline options to help disabled people access provision such as telephone support. That includes support with British sign language. We need text phone and SMS messaging for those who cannot use voice calls and we need face-to-face support and home visits for people who cannot use other support. We would say that those options should be available to all, but that they should be specifically targeted at disabled people who are digitally excluded.

We know that there are good examples of skills training for disabled people who are digitally excluded in local organisations that are trusted by disabled people. Connecting Scotland’s funding for the Glasgow Disability Alliance’s connects programme has been extremely successful because disabled people are already connected to GDA, which has sourced, set up and distributed more than 200 devices such as iPads, tablets, laptops and smartphones for disabled people. That has included support with digital skills so that disabled people can learn how to use the kit. They have equipped disabled people with internet access and have delivered coaching and support over the phone to more than 300 disabled people.

It is also important to realise that they have provided additional equipment such as webcams, headphones and Bluetooth speakers as well as disability-related equipment such as wheelchair clamps, external keyboards and assistive technology such as magnification software or voice activated software to meet disabled people’s digital access needs. They have also engaged interpreters to support disabled people for whom English is not their first language, sign-posted to other organisations for literacy support and engaged a specialist coach to support visually impaired learners with assistive technology.

10:45

That is a really good example of where a community development approach that builds confidence through coaching, distributes kit and assistive additions and strengthens connectivity with wi-fi and data packages has allowed a disabled people’s organisation to address the high levels of digital exclusion among their disabled members, and of where an organisation of disabled people can address digital exclusion among disabled people. If we are going to tackle that exclusion, a key point is that we need to involve disabled people’s organisations in the effort.

**The Convener:** Thank you very much, Susie. That explains clearly how an organisation such as GDA is really well placed to deliver that inclusion work, using the connecting Scotland funding that is available.

I move to questions from Jeremy Balfour.

**Jeremy Balfour:** My questions were covered there, so I have nothing else.

**The Convener:** That is very handy. I will move to Pam Duncan-Glancy.

**Pam Duncan-Glancy:** I thank the witnesses for their answers so far. I would like to put on record my thanks to Glasgow Disability Alliance, which I know has done a power of work, in particular through the connecting Scotland support fund, in the way that Susie Fitton has outlined.

I want to move on to talk about the impact that debt is having on groups of people such as low-income families. My first question, which is for Conor Forbes and Lawrie Morgan-Klein, is about public sector debt collecting. We have heard, and have seen in the evidence that has been submitted to us, that public sector debt collection seems to be faster and harsher than private sector debt collection. Although no debt collection should be quick or harsh, one would expect it to be the other way round. Why do you think that is? What solution could the committee seek to pursue?

**The Convener:** Who do you want to direct that question to first?

**Pam Duncan-Glancy:** Conor or Lawrie, please.

**The Convener:** Who wants to come in first? On you go, Lawrie.

**Lawrie Morgan-Klein:** That is a crucial question, especially because in the problem debt world, post-2008, we have seen a shift from a big personal debt crisis to arrears on essential bills, such as utilities, council tax and so on. The first panel made really good points on that, especially on the impacts of council tax debt collection.

Local authorities are in a difficult place here, because they are legislatively required to pursue those debts. Sometimes, as Alan McIntosh suggested, the way in which those debts are pursued can be a bit restrictive. The local authority is obliged to pursue the debt and collect the tax, but those cycles of non-payment and collection activity end up increasing the cost for the local authority and putting huge pressure on the individual concerned. Those arrears are not collected effectively, so we really need to consider how to do that.

One way forward might be through a collaborative approach. We have worked with Citizens Advice Scotland, the Improvement Service and the Institute of Revenues Rating and Valuation—the IRRV—to create a best practice guide for the collection of council tax debt, which we hoped local authorities would adopt. The guide focuses on collaboration between advice agencies, collection teams and local authorities. Some local authorities are ahead of the curve—they have done that. They are seeing positive results from mixing their own collection team directly with their advice team, so that the local authority's own advice service is involved really early on, at the initial point when someone falls into difficulty.

Giving someone opportunities to get impartial advice from organisations such as ourselves, Advice Direct Scotland, local citizens advice bureaux and others is crucial. Problem debt never involves only one thing; a full-spectrum issue needs to be addressed for the individual. We can take out the council tax and rent and try to provide support with those, but the person might still be facing enforcement action from a creditor. If they make an informal arrangement for their council tax but an earning arrestment has come in from a creditor, taking enforcement action on another debt, that voluntary arrangement cannot work.

I will take the opportunity to mention some of the other legislative points that have come up. The protected minimum balance has been talked about. It is crucial that we consider increasing that, as Alan McIntosh said. Someone might have a relatively low amount of debt, so they will be ineligible for a statutory solution such as a minimal asset process, because their debt threshold is too low. Essentially, they do not have enough debt to become bankrupt or to use the debt arrangement scheme and receive protections from those solutions. They are in a cycle of creditor enforcement action, dealing with forms of diligence that take the money away from them.

We need to think about that group with a "low" amount of debt. There are no protections available for an individual in that situation; they are just in an endless cycle until they are in enough debt to qualify for a solution or something terrible goes wrong for them. There are some really important points to consider there, and it is crucial to take a collaborative approach in considering what we can do, such as increasing the minimum protected balance, especially as benefit payments now go directly into bank accounts and can be arrested. It is a different world, and people are experiencing real detriment as a result.

**Heather O'Rourke:** Lawrie Morgan-Klein makes some excellent points. This was also discussed by the first panel. When we are considering debt solutions and the eligibility criteria, rather than putting a figure on the amount of debt, things need to be well thought out, and we should look at the proportion of debt compared with income, or at the percentage, as a criterion. As Lawrie said, someone might have £800 of high-interest debt, and that would make them ineligible, but if there are no other solutions available, they will find themselves in a cycle of debt. Compared with their income and outgoings, they might be just as indebted, if we consider it in a percentile way, as someone with £13,000 of debt.

I will make a comment on taking a collaborative approach, which may potentially be easier to adopt through local authorities and social creditors, as opposed to consumer creditors. When it comes to debt recovery and money advisers asking for breathing space, so as to allow time for making appointments, gathering and so on, could concessions be made whereby clients who are evidenced as being digitally excluded can get an additional X number of weeks or months as part of that breathing space, because of their digital exclusion and their circumstances, which would be acknowledged by social creditors and, hopefully, consumer creditors? That could buy them more time. People in that situation are disproportionately affected by delays and waiting times, for all the reasons that we have discussed thus far.

**The Convener:** I can see from the chat that Lawrie Morgan-Klein wants to come back in. Could you make it brief, please, because Pam Duncan-Glancy has some more questions to ask?

**Lawrie Morgan-Klein:** Thank you. We also have an issue around—this also relates to digital exclusion—creditor compliance with statutory solutions. It is an endless problem. We support a lot of clients on the debt arrangement scheme. Creditors have access through online portals and all the rest of it, and they know—or should know—that the clients receive protections because they have an arrangement in place. However, we continually have to revisit cases in which it looks as though the creditor teams are not talking among themselves. I do not want to make too bold a point here, but as part of its inquiry, perhaps the committee might look to speak to creditors about that. It would be really useful to hear what they have to say about how they can ensure that they are fully complying with Scottish legislation in that situation.

The Scottish Parliament put the debt arrangement scheme in place; it led on that across the UK, which now has the breathing space scheme that was partially based on many learnings from the debt arrangement scheme and our moratorium process. We now need to make sure that creditors are complying with that legislation.

**The Convener:** That is an interesting point. I saw a lot of "Aha!" moments and nodding heads from colleagues around the table. Pam, do you have more questions?

**Pam Duncan-Glancy:** I do, thank you. I share Lawrie Morgan-Klein's view that the committee should consider speaking to creditors and, for the record, I think that it would also be worth speaking to energy companies.

My final area of questioning is for Susie Fitton. Hi, Susie; it is nice to see you again. My question is about disabled people and their experience of low income right now, as we are in the middle of a cost of living crisis, and their experience of debt.

What types of debts are disabled people getting into? Is there something that is specifically disability related? If there is, what can we do to address that?

I also have a slightly broader question on fuel costs for disabled people. We know that it costs disabled people more in fuel, for lots of reasons. Can more be done on that? Has the support that the UK Government and the Scottish Government have provided by deducting money off council tax bills specifically helped disabled people? What more could we be doing here in Scotland?

**Susie Fitton:** Today, we have heard some terrifying evidence about the wholesale rise in living costs during the past year. We know that that is driven by inflation and energy price hikes. We are hearing that disabled people who are on low incomes are having to make the appalling choice between eating and heating their homes, which everyone has talked about today.

We need to think about the relationship between poverty and disability, which I will talk about in a minute, as well as the additional impairment-related energy costs, which come from disabled people running life-saving equipment such as dialysis machines and respirators, which need high energy input. Some might simply need to keep their house warm enough to manage a chronic pain condition or a neurological condition, or to keep a disabled child well.

11:00

We know that all the evidence that has been gathered on disability-related expenditure and the extra costs that disabled people face simply from living as disabled people suggests that those extra costs can be extremely high. In 2019, Scope did research that suggested that disabled people spent on average £632 a month on disability-related expenses, which could include energy costs from increased heating costs, for example, and the costs of special equipment such as aids and adaptations, of care charges and of using taxis when public transport might not be accessible.

That research found that Scots disabled people faced the highest excess costs in the UK and that one in five disabled people and one in four families with disabled children faced extra costs of more than £1,000 a month. That is really terrifying because, although all households in Scotland have been impacted by the cost of living crisis, disabled people are much more likely to live in poverty anyway.

The statistics on disability and poverty are stark. Nearly half—49 per cent—of those who live in poverty in the UK are disabled people or people who live in a household that contains a disabled person. It is vital to recognise that the official measure of poverty—that a household lives on less than 60 per cent of median income—fails to take into account the additional costs that I have talked about, which are associated with living with a disability.

Once those costs of living are fully taken into account, 500,000 Scots disabled people and their families are living in poverty. They make up 48 per cent of the total of all people in Scotland who live in poverty, despite making up only 22 per cent of the population. Without taking into account any of the cost of living crises or rises in wholesale energy costs, we see that disabled people are already disproportionately likely to be living in poverty.

As for what we do, it is not necessarily for Inclusion Scotland to advise on a windfall tax on energy companies, but we need targeted support for disabled people who are struggling to meet their energy costs and their debt in relation to meeting energy costs. We need a raft of measures to tackle the poverty that is experienced by households that include a disabled person. Families with disabled children and the children of disabled parents are at increased risk of poverty. The Joseph Rowntree Foundation estimates that half of all those who live in poverty in the UK live in a household that contains a disabled adult or child.

To avoid hardship, debt and destitution falling disproportionately on disabled people and their families, more must be done to address the needs of families with school-age children. We warmly welcome the doubling of the Scottish child payment from £10 to £20 a week, the rise to £25 a week by the end of the year and the benefit's extension to under-16s, but the Scottish Government could also use existing delivery mechanisms at the local authority level to deliver additional targeted help to families with school-age children. In and of itself, that would go some way towards supporting families of disabled children and households that include a disabled adult to meet the additional costs of living.

The school clothing grant could be raised substantially—we think that it could be doubled. That would require little, if any, additional administrative resources at national or local government level. We accept that such an increase would not reach all the families who are in need, but it would reach a substantial proportion of them and it would provide temporary assistance when the incomes of thousands of households have fallen substantially.

Such an increase would be well targeted on low-income households and would disproportionately benefit child poverty delivery plan priority groups, such as disabled children, children of disabled parents, lone-parent families and minority ethnic households. That is because those groups are more likely to be in receipt of means-tested low-income benefits, which are the passporting benefits for receipt of the school clothing grant.

We know that there are barriers and limits to what the Scottish Government can do and that it has already committed to addressing the poverty experienced by disabled people but, in the current context, in which disabled people have experienced significant financial shock as a result of the pandemic, more needs to be done.

**The Convener:** I am conscious of the time, and I know that Heather O'Rourke wants to come back in. I will give her the opportunity to make the point that she wants to make before I close the session.

**Heather O'Rourke:** Thanks very much, convener.

I agree with everything that has been said. The dialogue has been healthy, with everyone singing from the same page.

Will the Parliament consider exploring what free online access to credible and verified sources of support mobile firms can offer to customers? For example, in March 2020, the national health service worked with O2, Three, EE and other leading providers to allow people to access NHS information about Covid without using a data allowance or credit. Could something like that be considered or replicated now that we are in a cost of living crisis, which is a pandemic of its own?

There are other examples that I am aware of in the UK. I think that the UK Government had a gigabit voucher scheme to help to install broadband in rural areas. Could we focus on whether we could make available access to credible sources of information—websites such as those of local authorities, citizens advice bureaux and charities? If we could do that during the pandemic, why can we not do it now? Although devices and confidence are still issues, we could start to try to bridge those issues at least by the starting point of providing access.

That is something for the committee to consider. Thank you for allowing me to put it forth.

**The Convener:** Thank you. That was a very important point to bring to our attention, and that was a great way to end the session.

I thank the witnesses for their evidence, some of which was quite difficult to hear—it would have been difficult to deliver to us, as well. If the witnesses feel that anything was missing this morning, they should feel free to follow that up in writing.

The committee will not meet next week, as the council elections are on Thursday 5 May. Like Paul McLennan and Evelyn Tweed, I will cease to be a local councillor on that day. We will be back on 12 May to continue taking evidence in the inquiry.

I close the public part of the meeting.

11:07

*Meeting continued in private until 11:33.*

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

All documents are available on
the Scottish Parliament website at:

www.parliament.scot

Information on non-endorsed print suppliers
is available here:

www.parliament.scot/documents

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000
Textphone: 0800 092 7100
Email: sp.info@parliament.scot

The Scottish Parliament
Pàrlamaid na h-Alba