



OFFICIAL REPORT
AITHISG OIFIGEIL

Social Justice and Social Security Committee

Thursday 12 May 2022

Session 6



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SOCIAL JUSTICE AND SOCIAL SECURITY COMMITTEE
15th 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)
*Foyso! Choudhury (Lothian) (Lab)
*Pam Duncan-Glancy (Glasgow) (Lab)
*Paul McLennan (East Lothian) (SNP)
*Emma Roddick (Highlands and Islands) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Anne Baldock (One Parent Families Scotland)
Hannah Brisbane (Scottish Association for Mental Health)
Sarah-Jayne Dunn (Citizens Advice Scotland)
Zahra Hussain (Mental Health UK)
Emma Jackson (Christians Against Poverty)
Peter Kelly (Poverty Alliance)
Wendy McAuslan (VOX Scotland)
Rebecca Stacey (Money and Mental Health Policy Institute)

CLERK TO THE COMMITTEE

Claire Menzies

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Social Justice and Social Security Committee

Thursday 12 May 2022

[The Convener opened the meeting at 09:00]

Decision on Taking Business in Private

The Convener (Elena Whitham): Welcome to the 15th meeting in 2022 of the Social Justice and Social Security Committee.

Agenda item 1 is a decision on taking business in private. Does the committee agree to take item 3 in private?

Members *indicated agreement.*

Low Income and Debt Inquiry

09:00

The Convener: Agenda item 2 is an evidence-taking session for our inquiry into low income and debt problems. We had our first formal session on 28 April. Today, we will hear from two panels. The first will consider the delivery of money advice service and key issues for people on low incomes, and the second will focus on debt and mental health.

I welcome our first panel to the meeting. We are joined online by Peter Kelly, director, the Poverty Alliance; Sarah-Jayne Dunn, policy manager for financial health, Citizens Advice Scotland; and Anne Baldock, financial inclusion team leader, One Parent Families Scotland. With us in the room is Emma Jackson, national director Scotland, Christians Against Poverty. It is fantastic to have a witness in the room for the first time since the pandemic. Our colleagues Pam Duncan-Glancy and Foysol Choudhury are joining us remotely.

I want to mention a few housekeeping points before we kick off. Those of you who are online should put an R in the chat function if you want to come in on a question, and please allow a few seconds for broadcasting colleagues to turn on your microphone before you start speaking. Emma Jackson can indicate that she wishes to come in by raising her hand, and I will make sure that I see it. Given that she is sitting in front of us, we will endeavour not to direct every question at her.

Moreover, our witnesses should not feel that they need to answer every question. We have a lot of questions to get through, and with four people on the panel, we will be a little bit tight for time. However, if anyone wants to add any comments, please let us know. We have about an hour.

My colleagues will now ask questions in turn, starting with Emma Roddick.

Emma Roddick (Highlands and Islands) (SNP): Good morning, everyone. My first question is for Sarah-Jayne Dunn, but I suspect that other witnesses will have opinions to share.

At the moment, there is still a bit of a misunderstanding that learning to budget can fix everything for everyone, but I am hearing that, for a lot of households, their income is not enough to cover their outgoings every month. It is as simple as that. Are you finding that more people are coming to you for help who have no possible way of making ends meet with their current income or benefits?

Sarah-Jayne Dunn (Citizens Advice Scotland): The rising cost of living is certainly a key issue for those on low incomes and those with

debt problems. People are coming to our bureaux with deficit budgets and the demand for advice from across our network shows that that is a going concern. Through our online advice pages, we are seeing concerns about landlords increasing rent; the demand for online advice on food banks has almost doubled since March 2021; and preliminary data from our citizens advice bureaux suggest that demand for debt advice is close to pre-pandemic levels.

As we know, certain groups, including those on low incomes, larger family households and people with vulnerabilities such as disabilities and mental health issues, are more likely to be in poverty, and the cost of living will certainly make that situation worse, with incomes being stretched beyond any reasonable standard of living. However, even before Covid and the cost of living crisis, families in poverty were having to prioritise what they were going to pay, with many having limited or no disposable income after paying essential bills. In fact, as you have said, many do not even have enough to pay their essential bills and they are being pushed further into poverty.

When it comes to dealing with debt, money advisers in our network are concerned. Although they can deal with their clients' debts to date, they know that, unless the root causes of what is pushing those people into poverty and debt are dealt with, they will fall back into debt and they will have to return for advice three, six or nine months down the line.

Options for those on low incomes can be limited. However, as a former money adviser, I know that advisers have a saying: like life, money advisers will always find a way. They will always find a way of supporting clients, even if that means looking at temporary solutions such as token payments or moratoriums to tide a client over until their situation either stabilises or it can be improved through income maximisation, or just to give them time to consider the best option for now. That will have a knock-on effect, because it will involve intense hand holding and support, which add another level of complexity to clients' cases. It also means that advisers have clients on their books for longer and have to provide more in-depth support, especially to those who have no disposable income, to try to deal with rising debts.

As a result, advisers feel that they are firefighting, because they know that, when they look ahead, the worst is yet to come. The fact is that, although we are in a cost of living crisis, we are also in the summer months. Therefore, people who are having to prioritise bills and decide whether to put their heating on or food on the table can be economical with their electricity usage; they might even be able to turn off their. However, it is when we get into the colder, darker months

and people really start to feel the pinch that they will have to think about what they need to do. Some clients in our network do not even have a choice of heating or eating.

We have a range of tools that our money advisers are trying to use to limit the damage, and we will always try to support clients in the best way possible. However, we can do more to support money advisers in tackling those issues.

The Convener: Thank you. I see that Emma Jackson would like to respond, too.

Emma Jackson (Christians Against Poverty): Building on what Sarah-Jayne Dunn has said, I can tell you that people are coming to us at the point of needing debt help and are describing incredibly difficult circumstances. Unfortunately, people are continuing to wait until the point of crisis before they reach out for help, because of the stigma and shame that, I am sad to say, still exist around debt and seeking help.

The issues that our clients are reporting to us include food scarcity. A third of our clients at CAP say that they regularly miss meals because they do not have enough income, while a quarter are reporting that they are skipping putting the heating on. As Sarah-Jayne Dunn has said, that is happening in the milder months, which is a concern.

We know that people are trying to minimise the impact themselves by taking every measure not to get into debt or to fall further into it. Sadly, though, about 65 per cent of our clients say that they have had to borrow from family or friends to afford food or fuel—in other words, the really basic, essential, everyday items that we know that everybody needs. Like CAS and other organisations, we work with people to enable them to be debt free and to try to find a solution to the immediate issue that they face. We have good statutory debt solutions for people, and the option will often be insolvency.

The reality, though, is that households on the lowest incomes are facing a deficit budget. Once we have worked with an individual and cleared their debts, we will provide them with a debt-free budget to help them continue to manage their income and stay debt free. However, such budgets look very difficult—almost impossible—to people.

I just want to highlight one such example to the committee. We are working with a single adult household in Ayrshire. We are very near the point of insolvency and starting the minimal asset process—or MAP—bankruptcy for the individual concerned. Their sole income is social security. The person suffers from anxiety and depression, and are often prone to panic attacks. In the budget that we are building for when the individual goes debt free, they will have £8.55 a week for food and

all household items. That is £1.22 a day. I do not know about you, but I would find it almost impossible to stretch that to cover food, toiletries, washing-up liquid and all the other things that we need. We can take that individual to the point of being debt free, but living on a budget of £8.55 is not sustainable, and the very tragic reality is that that individual will fall back into problem debt.

The Convener: Thank you for that example—it is really important for the committee to hear that.

Peter Kelly and Anne Baldock would like to come in—I ask that you do so briefly, please. Emma Roddick will then ask a follow-up question.

Peter Kelly (Poverty Alliance): I will follow up briefly because Emma Jackson and Sarah-Jayne Dunn have made the point powerfully that budgeting is crucial. The question is: what do we expect from people? What is people's individual responsibility to try to work their way out of the problems that they find themselves in? As Emma Jackson has said, the scope for doing that is incredibly limited; their situation is impossible. The message that we get from our members is that budgets are stretched beyond breaking for individuals. Therefore, when we are discussing the matter as part of the inquiry today and throughout the rest of the committee's work, we need to be mindful of the impact of low incomes and the importance not only of income maximisation but of how we secure adequate incomes for individuals.

I will make a point about the context that we are in. We are all focused on the cost of living crisis—that is absolutely right and we need to be really concerned about that. However, we need to remember that the cost of living crisis comes on top of budgets already being stretched for people on low incomes during the pandemic, which comes on the back of the fact that benefit levels were unfrozen only at the start of the pandemic. We need to remember that the context in which we go into the inquiry is one in which people already face significant challenges. We must bear that in mind when we think about solutions.

Anne Baldock (One Parent Families Scotland): We are finding more and more that the parents whom we are dealing with are not only on benefits but on low incomes. Lone parents in particular tend to have quite an up and down employment history. That can cause significant problems. Lone parents can often feel isolated and might not have a lot of support from family and friends.

The service that we deliver has a holistic way of approaching situations and does not just consider debt in isolation. We have different sections in our organisation that can help people with family support and employability. We very much approach the issue as an overall problem.

However, as other witnesses have said, it is becoming increasingly too difficult to do that. You can help somebody to budget and maximise their income as much as possible, but the reality is that the amount of money that is needed to provide the necessary on-going support is not available.

Over the past two years, during the pandemic, we were able to hand out a significant amount of crisis payments, but most of those crisis payments have now finished, and charities are struggling to provide grants to get people over initial crises, which would then enable them to examine their debt. That is especially the case for young parents, who are affected by the young parent penalty—that is, parents under 25 receive less universal credit than parents over 25.

Emma Roddick: Thank you all for those answers. I have a follow-up question on disabled people. The things that are getting more expensive include energy bills, which we know will impact disabled people more. Sarah-Jayne Dunn commented that we are now in the warmer months. That will not be as helpful to people in certain island and coastal communities. Are you finding that, in addition to other characteristics, there is a disparity when it comes to location?

09:15

Sarah-Jayne Dunn: There is certainly a disparity in rural areas, such as the Highlands and Islands, as you have said. With regard to energy costs, a lot of people in those areas use non-regulated energy such as oil and Calor gas. The problem is that the support that is provided is usually geared towards people who use regulated energy such as gas and electricity, and there is usually less support for people who use non-regulated energy. They also have to pay up front for those fuels, and the costs can be significant, which can push them into arrears with their other bills. They might prioritise their oil bill and not pay their rent, their mortgage or their council tax, because they have to think about which bills are coming up and the oil bill must be paid straight away. In money advice, we use the saying—I will probably mention our sayings a lot today—that you are robbing Peter to pay Paul. That is happening a lot, because people are having to think about which bills to prioritise.

Location is definitely a significant issue. People in rural areas have to pay higher travel costs; their food costs are usually higher, too. A few years ago, a study by our Dumfries and Galloway bureaux on the cost of living found that the price of a shopping basket was significantly higher in rural areas than it was in urban areas. All that adds to the growing cost of living crisis. People have to think about which bill to pay. They have to think about whether to pay their rent, pay their council

tax or put food on the table. They have to think about what is a priority today, right now. It is a daily struggle.

You mentioned disabled people. We have lots of cases of clients who are on limited incomes, fixed incomes such as pensions, or benefit-only incomes, and a significant amount of those incomes are being eaten up because people must have their heating on or they have to follow a special diet, for example. When I worked on the front line as a money adviser, I had a client with a pre-payment meter who panicked when their electricity was switched off, because they had to keep their insulin in the fridge and they needed the insulin to be able to eat a meal. They panicked about not having that resource, so the need to keep their electricity on was more significant because of their disability. That is another factor and complexity that our advisers see across the network.

Miles Briggs (Lothian) (Con): Good morning. I thank the witnesses for joining us. I will continue the line of questioning on access to services. How has the delivery of your services changed between the start of the pandemic and now? Were you able to continue face-to-face meetings with clients? Perhaps Sarah-Jayne Dunn can answer first.

Sarah-Jayne Dunn: Scotland's citizens advice network rallied to ensure that we continued to serve the public during the pandemic. That involved a very quick transition to remote working, which meant that we were still able to help people across the network. Even during the pandemic, citizens advice bureaux were able to unlock more than £147 million for people. That meant that, for every £1 that was invested in core advice services, roughly £14 was returned to communities.

Citizens Advice Scotland's main role was to support our bureaux to ensure that there was no disruption to the services that could be sought. That involved providing bureaux with additional laptops and other equipment, training advisers and supporting our bureaux staff during that time to ensure that they were okay. I know that citizens advice services were created for the war effort, so we have that in our blood, but, looking back, I still find astonishing the amount of work that our staff and volunteers across the network did and how they banded together.

Some bureaux were able to offer face-to-face contact to the most vulnerable during Covid. That obviously meant that we had to source personal protective equipment to ensure that the health of staff was protected. Such contact increased as restrictions eased.

Citizens Advice Scotland launched its money map and helpline during the pandemic in order to

provide support through multiple channels. Our digital advice team worked tirelessly to ensure that our online advice pages remained accurate and up to date. More than 2.5 million people used our online advice sites during the pandemic.

However, during that time, we heard from advisers who were constantly worried about our frequent flyers, as we call them—clients who rely on face-to-face contact either out of necessity, such as those who are digitally excluded, or by choice, such as those who just prefer the comfort of speaking to someone face to face, particularly when it comes to debt advice.

Remote delivery can do wonders, and it has a lot of advantages, as well as disadvantages. However, if clients are not able to access the bureau in a way that they want to, even with the things that we offer, such as video chat, advisers will be worried about those who need our help but cannot access the bureau at the time.

In our multichannel support, we will obviously continue to deliver remote advice as much as possible, but we will use that to strengthen our face-to-face support now that we are able to provide it.

Emma Jackson: Like the bureaux, we provide a network of debt centres across Scotland—there are 27 of them. Our model of debt help is quite unique. Our normal mode of delivery is to provide debt advice in the privacy, safety and comfort of individuals' homes. Our debt coaches deliver appointments in homes.

Like everyone else, we had to completely pivot and change our services in March 2020. During the very strict lockdown months, we were able to make our services telephone or web-based ones. Given that many of our clients experienced digital exclusion, we predominantly offered telephone-based services.

We offer predominantly community-based support, and we were able to keep some doorstep support going for our clients. We offer emergency aid. In our first interaction with someone, if there was no food in the fridge or no mobile phone top-up, or if the electricity had run out, we were still able to assess needs, go out to their homes, safely deliver emergency support to them and journey through debt with them, predominantly via telephone-based mechanisms.

As restrictions eased and we were able to provide face-to-face services for the most vulnerable, we pivoted again and prioritised them. We have now moved back to offering home-based appointments.

We have retained the option of choice. That has been a good thing for us to build into the model. There is the opportunity to use phone-based

services for those who prefer them. However, with our client base we find that people predominantly want face-to-face and in-home support. That provides opportunities for giving not just the specialist debt advice that people need but practical support and compassion—opportunities to draw alongside people and really see the extent of the difficulties that they face in their local communities.

We now have a slightly mixed model for how we deliver our service. Ultimately, we believe in channel choice. It is about people getting the right support. Not everybody will need in-person, in-home debt advice. People should be able to choose and access the support that is right for them.

Miles Briggs: You touched on this in your responses, but what have you learned during the pandemic about new models? When I visited the citizens advice bureau in Leith, we talked about how partnerships are being developed with banks to look at early intervention to help support people. What have you learned that you have carried on doing? You said that access to support is different, such as through a phone line service. Is there anything else that we may need to know about early intervention schemes specifically?

Emma Jackson: The pandemic provided everybody with opportunities for quick and meaningful collaboration, video calls and coming together, so that we could address the issues. We already had good existing partnership relationships with organisations such as CAS and the Poverty Alliance, but the pandemic acted like a catalyst to superspeed some of that, and we were able to build new relationships with other organisations, such as Shelter, so that we could do earliest point referral.

People out there still do not know that free professional debt advice exists. I have already mentioned the stigma and shame. People carry within them myths that their problem is the worst that exists out there, that nobody has seen anything like it, that there is no help and that there is no possible way out of their circumstances.

It is incredibly important that, across civil society, the third sector and the national health service, everybody is aware that free professional debt help exists and is available. We really believe in the concept of no wrong door. Whether I speak to my general practitioner, my health visitor or my son's primary school teacher about debt help, that person should be able to say that free debt help is available in Scotland and point me in the right direction. Strengthening of the partnership relationships has been really important.

Also in response to the pandemic, we have had to increase our emergency support, which I

described to you. The extent of the issues that people face and the complexity of cases mean that people really are in the most difficult circumstances. We have seen an increase in people needing that support so, as a charity, we have chosen to widen and extend our budget so that we can meet those crisis needs as people contact us.

The Convener: Sarah-Jayne Dunn and Anne Baldock want to come in. I ask them to be very brief, because we are 25 minutes into the session and only two members have asked questions.

Sarah-Jayne Dunn: I echo Emma Jackson's point. Like Christians Against Poverty, the citizens advice network is a community-based organisation. We work closely with Christians Against Poverty, and many of our bureaux across Scotland have solid connections with their local communities.

It is important to note that different services offer different support at different levels. Collaboration is certainly key, but we think that, for that model to thrive, training is needed for certain partners. The best example that I can give of that is in mental health settings. Obviously, the citizens advice bureaux try to work closely with mental health practitioners, support workers and folk in community mental health teams. However, although our advisers are trained to have an understanding of mental health and how it interacts with money, the same cannot be said about mental health professionals' understanding of debt and advice service processes.

I am not suggesting that we turn mental health professionals into money advice experts or ask them to provide that advice. However, by giving them basic knowledge about the debt advice journey and certain key features such as the debt and mental health evidence form or what severe mental impairment can mean for their service users, the professionals will feel confident enough to raise such matters when looking at a client's mental health crisis, for example, and considering whether financial issues are causing it or being caused by it.

If we really want to start to break the vicious cycle of debt and poverty, we need to increase the base knowledge of our trusted partners and of people in other organisations and services that we want to work with so that they understand how debt advice and debt interact with mental health issues, for example. We need to go beyond just placing money advisers in settings such as GP surgeries; we need to increase people's knowledge base and understanding so that they feel confident enough to discuss the issues with their service users.

The Convener: I ask Anne Baldock to be really brief.

Anne Baldock: During the pandemic, we moved to a different way of working. We could not do face-to-face work for quite a while and, after that, we used OPFS's family support worker network. We relied on those workers to get information that we perhaps could not get over the phone or in Zoom meetings. They were very good at keeping in touch with parents on an on-going basis so that, if parents were stressed out or suffering from anxiety because of their debts, they had somebody who acted as a link.

Our advice helpline had a huge increase in inquiries during the pandemic. Many debt companies started using text services and emails much more, so clients were getting repeated text messages. Now that we have moved back to a hybrid system in which we offer whatever the client needs, we have learned from what we did during the pandemic to provide a service that is much more suited to the individual and the support that they need to deal with their debt.

09:30

The Convener: Thanks for that. It was important to hear the message regarding people getting multiple texts and e-mails from their creditors, which had an impact on a lot of people's mental health. When your phone is buzzing and you do not know if you want to look at it, it is the same as when the envelopes land on the mat, but it is continuous and sometimes goes on throughout the night.

Pam Duncan-Glancy, who is online, is next to ask questions, followed by Paul McLennan.

Pam Duncan-Glancy (Glasgow) (Lab): Good morning. I am sorry that I am not there in person. I thank the witnesses for their submissions to the inquiry—they have been incredibly helpful—and for the evidence this morning, some of which is incredibly hard to hear. I cannot imagine how hard it is to deliver those services, so I say a massive thank you to them for that too.

I have a couple of questions for Sarah-Jayne Dunn, and then a couple for Peter Kelly.

Last week, we heard about what is, to be honest, an horrific operating environment for some citizens advice bureaux advisers, and about what they have to deal with as a result of a lot of the things that you have explained this morning. We heard that they are completely burnt out—and someone said that their staff worry about some of the same issues as the people they give advice to, which shows the depth and change in nature of poverty and debt in Scotland. What is your understanding of that environment? Can you tell

us a little bit more about the experience of your advisers?

I also have a question for you on something slightly different. I will ask it now in the interests of time. We know that digital exclusion prevents people from accessing some services. During the previous evidence session we heard that, during the pandemic, mobile phone companies let people access the NHS without using their data. Would it help the clients you work with if they were able to access specific websites without using their mobile phone data allowance? If so, which websites should they be able to access?

Sarah-Jayne Dunn: I gave advice until September 2020, so I know that it can be very hard to switch off at night when you hear those harrowing stories. Clients come to you who are at the brink of crisis and have contemplated or attempted suicide, and it can be very difficult when you look at their situation. You can feel a sense of hopelessness. However, a money adviser will do what they can to support that client as best they can in such situations.

Sometimes there is a level of complexity. For example, the clients who come to our bureaux bring not only debt advice issues, but housing, employment and immigration issues. The issues are multilayered and complex, and a money adviser has to look at what support they can give and what other services are out there to support the client. They need to take a multidisciplinary approach to a client's situation to see whether there is something that we can do to deal with the root cause, so that—as Emma Jackson said—when they are debt free they are able to move on.

For some clients, we are only able to provide temporary relief. We need to constantly look at and deal with such situations. I had clients who were with me throughout my 12-year career of giving money advice. I had to go back to them time and time again because, no matter how much budgeting and income maximisation is done, it is never going to deal with a chronic lack of income or solve the problem. We need to look at other routes and solutions—for example, looking at energy efficiency measures for someone in fuel poverty.

That can lead to adviser burn-out and can affect their wellbeing. Sometimes it feels as if, no matter what you do, your client will come back for further advice. However, we have advisers who have been in the business for 25 or 30 years, so it depends on the individual.

I always say that the best thing that we can do is ensure that our advisers are supported and have a range of tools in their arsenal to help clients as best they can, because that will mean that they will not feel that they cannot do anything but instead

will feel that they have found a way to support their client.

On digital exclusion, you are right that there is a pocket of clients for whom having access to certain websites without having to use up their data would be of massive use, because data poverty is a significant issue.

However, digital exclusion is not just a lack of being able to afford access to data; it can also be a lack of confidence or digital skills. For some people, even if they have access to the NHS website, they might not be able to navigate it and find what they want. We have to think about the different clients that are in the digital exclusion bracket.

A lot of people do not want to use digital; they want to speak to somebody face to face. Money Advice Scotland did research years ago on the client journey. When it came to finding where to go initially for debt advice, people wanted digital and remote advice, but when they wanted to look over their options and discuss what they wanted to do, they wanted face-to-face interaction. When we think about digital exclusion, we also have to think about client choice and make sure that it is a channel choice, not a channel shift.

The Convener: Pam-Duncan Glancy has questions for Peter Kelly.

Pam Duncan-Glancy: Convener, in the interests of time, I will roll in one of my other questions, as it would sit more appropriately in this theme.

The Convener: Go ahead, as long as it is quick.

Pam Duncan-Glancy: We have had evidence that around 60,000 people got into debt for the first time during the pandemic; what does that tell us about the picture of poverty in Scotland, and what does that mean for how services are delivered and for solutions to the issue? In your submission, you call for a more joined-up data sharing scheme for support services and affordable credit. Could you explain a bit about what happens now and what a more joined-up scheme would look like? Finally, people do not have enough money to pay for essentials. As has already been said, even bankruptcy is a temporary solution. What specific action could we take in Scotland on that and to address the cost of living crisis?

Peter Kelly: I might have to come back to ask you to repeat your final question. As I alluded to in my opening statement, the pandemic has changed things and changed patterns of poverty, and it has certainly deepened or hastened existing patterns of poverty such as in-work poverty. The value of social security benefits to people in out-of-work poverty has also changed.

The pandemic has also highlighted the importance of precarity in relation to people's experience of the labour market and housing issues such as access to housing and the affordability of housing. It has heightened our awareness of many issues that already existed in relation to how poverty plays out in Scotland and across the UK, and debt is a crucial dimension of that picture.

As you said, 60,000 people increased their debt during the pandemic and, as I said earlier, more people report that they cannot stretch their budget any further. Managing on a low income is becoming increasingly difficult, and the cost of living crisis, inflation and the changes to the energy cap have all magnified those problems.

The general response is that things are getting much tougher and we are seeing that reflected in the kinds of issues that colleagues and the membership of the Poverty Alliance speak about. We are seeing an intensification of already existing problems, and more people are being drawn into those issues.

I think that your second question was about data sharing and joined-up approaches. That relates to the no-wrong-door approach that one of my colleagues mentioned earlier. If we take access to social security benefits and the automation of—*[Inaudible.]*—passport benefits. People who are clearly on a low income, and who are known by a public authority to be on a low income, need to be able to have automatic access to other entitlements. That is really important.

The issue of notifying organisations and enabling third sector community-based organisations to access and share data is complex and has legal implications in relation to how data is shared. It is crucial that public authorities are better able to communicate and share information. That does not seem to be happening at the moment, although there are good moves afoot in Glasgow, where I understand that greater efforts have been made to share data. The relationship with the Department for Work and Pensions on the data that it holds on people on low incomes is crucial in that respect, and more needs to be done to ensure that that data is shared effectively.

I have completely forgotten your third question. Could you repeat it?

Pam Duncan-Glancy: What could we do with the powers that we currently have in Scotland to make the situation better?

Peter Kelly: In relation to boosting income, there is a lot that can be done. We have spoken to the committee and have submitted evidence on a range of areas in which we could look to boost incomes. It is important to repeat that the Scottish Government's efforts to boost incomes through

measures such as the Scottish child payment and the mitigation of the benefit cap are welcome.

One area where more action could be taken is on the provision of access to affordable credit. The need for that was highlighted in the first child poverty delivery plan, which the Scottish Government produced back in 2018. In the new child poverty delivery plan, with the current focus on preventative approaches—I am talking about the kind of services that the organisations of my colleagues on the panel provide directly—there is less of a focus on the need for affordable credit. It would have been good if more emphasis had been placed on that and clearer approaches had been set out on the development of support for and investment in affordable credit in Scotland. That has been shown to make a difference in helping people to keep out of the most unaffordable and problematic forms of debt. There needs to be greater investment in that.

The efforts in relation to welfare advice and health partnerships that are referred to in the child poverty delivery plan could be scaled up. Those are really important measures. Getting money advice into the 150 GP practices in the most deprived communities in Scotland is an important move. That model will help to ensure that people can access the support that they need and know about the support that is available for them.

The Convener: Thank you.

Paul McLennan (East Lothian) (SNP): I thank the witnesses for their submissions and evidence so far. I am conscious of time, so I will try to roll two questions into one.

The first question is about the funding environment for the witnesses' organisations. Where are they at the moment with funding and what do they forecast the requirement to be for the next number of years?

What do the witnesses see the role of partnership working being, particularly in specialised services? The evidence that we took last week was more about fuel poverty. I ask the witnesses to touch on that and to say how they see partnership working improving in the next number of months and years.

09:45

Emma Jackson: I will pick up your question about partnership working. I have spoken a bit about that already, so I will not repeat what I said.

The idea of there being no wrong door is very important so that individuals can be referred on. However, as we consider such approaches, we must always have in the front of our minds the dignity and agency of people who experience problem debt. We must never get into a situation

in which somebody can continue to access a service only on condition that they go on to get debt help. We must be careful about conditionality and coercion.

People find it difficult to take the first steps to gather the evidence, understand the extent of their debt and work out the solution. People need to be ready and able to do that and be supported with those journeys. We already have a number of joined-up partnership arrangements. We can build on those to give entry-level information about the routes out of debt that exist across Scotland and where free debt help is available so that signposting and pointing can happen no matter where anybody goes.

To answer your question about the funding environment for debt help organisations across Scotland, the security of longer-term funding would be deeply welcomed across the sector. The precarious nature of one-year bits of grant funding is difficult. The challenge of service delivery is in the mix with that. Therefore, multiyear cycle funding would be welcomed across the service.

The same is true for the continued opportunity for collaboration. Each of our organisations delivers something unique and different. We are never in competition with one another, but how do we come together to raise awareness? A number of us participated in the Scottish Government's debt awareness campaign that took place at the start of the year. That was an excellent example of how organisations can work together, each highlighting their unique strengths, so that individuals can make the right choice.

Sarah-Jayne Dunn: I will echo a couple of Emma Jackson's points. I agree with her on the need for a more sufficient and stable funding relationship, especially with local authorities. That would just mean that every person in Scotland has equal access to free, independent and confidential advice, for which our network is known and valued.

There is a need for training on understanding financial difficulties. One example is the debt and mental health evidence form. Members will probably pick up on that with the later panel of witnesses, so I will not dwell on it for too long. Our advisers have to spend time and resources that are limited and precious to them—especially at the moment—to explain to mental health professionals what the debt and mental health evidence form is so that they can get it completed. They then have to go off to creditors and do the same thing again—explain what the form is and what it does. Equipping those professionals with knowledge of the money advice process would not only encourage discussion but mean that service users would look at their multilayered issues.

Good work is being done elsewhere. For example, in Wales, the Money and Pensions Service money guidance programme is used to train mental health professionals in understanding what is involved in the money advice process. The Money and Mental Health Policy Institute, from which you will take evidence later, is looking to develop an e-learning module that is tied to continuing professional development and will teach people how money and mental health interact and how money can impact someone's mental ill health. We could adopt and explore that in Scotland so that, if we are going to make partnerships and collaborate, both sides of the coin understand the connections.

The Convener: Thank you, Sarah-Jayne. It was helpful to hear that, and it will help us with our questions for the next panel.

Do you have another question, Paul?

Paul McLennan: I have just a supplementary, convener. It would be good to have a three-year funding model, but what is your forecast for the next two or three years? Will you require a massive increase in funding to ensure that your services meet demand? Of course, you will also need time to train people up, so how will you address those training issues?

The Convener: We will hear very briefly from Sarah-Jayne Dunn and Anne Baldock, and then we will have to move on to the next question.

Sarah-Jayne Dunn: Over the past couple of years, we have been successful in securing funding for additional front-line money advisers from the debt advice levy, which has also been increased, but that funding was mainly to deal with the demand from the pandemic. We are in discussions with the Scottish Government on support for money advice this year, but there is no additional funding from the UK Government to help with demand arising from the cost of living crisis as there was for the pandemic, which will limit our ability to increase capacity and help the greater numbers who are seeking support and advice from the CAB service.

Anne Baldock: Funding has always been a problem for money advice services compared with, say, welfare rights provision. However, before and during the pandemic, a lot of smaller organisations and charities such as ours formed very good local connections with other organisations, and we were able to secure money through the Scottish Legal Aid Board for a test for change programme, which we are currently operating. The focus of the programme is on reducing people's debt journey, and it very much involves working with advisers who already know their clients well and can support them in getting the information that they need before they see a

money adviser, which cuts things down. Different programmes of that nature will broaden the service that is available.

There is not a huge amount of money advisers available—I always joke that we are a dying breed—and I think that we need investment in training new advisers and in making money advice work an attractive prospect. If we had funding for a set period, it would give people in money advice job security and would go a long way towards broadening the advice that is available.

The Convener: Thanks, Anne.

Natalie Don (Renfrewshire North and West) (SNP): I thank the panel for appearing before the committee this morning and their responses so far.

Could any improvements be made to creditors' processes and procedures that would help people who are on low incomes and have debt problems? That question is for Peter Kelly, first of all.

Peter Kelly: With regard to improving processes, an area that we have not discussed so far is the fact that public or state debt is a growing dimension of the debt problems that people are facing. Given the ties between regulators and the state, it is an area where action can be taken and where there is scope for having much clearer and better approaches. For example, our approach to council tax debt, which is an important part of the overall problem of overindebtedness, is very rapid, and we could take further action in that area by building in more steps and allow people to address debt before the problem increases through the use of, say, summary warrants.

That is absolutely an area for action. We also need to look at other aspects of public debt where local authorities or the Scottish Government might have scope to act. For example, Aberlour has highlighted the issue of school meals debt, which it estimates to be more than £1 million in Scotland at the moment. That debt could be written off, particularly as primary school children move into secondary school, if families are still carrying debt at that point.

Given the overall context in which we are operating, there are specific areas where we could take action. In the interests of time, I have mentioned just two of them.

Sarah-Jayne Dunn: In the interests of time, I will not give the full answer that I would love to give. We have put information in our written submission on what we would like councils to do, especially in relation to council tax arrears, which Peter Kelly mentioned.

One suggestion, which was raised by Alan McIntosh in the committee's evidence session in April and which we could do now, is to raise the protected minimum balance in bank arrestments.

Council tax is one of the single biggest debts that we see in the bureaux. When it comes to the collection of council tax, local authorities favour bank arrestments, and that is becoming a significant issue, especially for our advisers. At present, the protected minimum balance is set at just over £566, which, frankly, is too low—it is not enough money for anybody.

The money is arrested, regardless of a person's personal situation and household composition. Often, the money that is taken is benefit income. Technically, that cannot be touched, but creditors argue that, once a benefit hits a person's bank account, it loses its protected status. That means that those on the lowest incomes are being left without any means to support themselves, and advisers are having to spend time and resources fighting on behalf of clients to cover those funds and to source emergency crisis support to provide essentials such as food and energy.

We would like the protected minimum balance to be increased to £1,000 as an emergency measure in the short term, and we would like a wider review to determine a more appropriate long-term level. We would also like only a percentage of any income above the £1,000 to be subject to a bank arrestment, using the sliding scale that is already used with earnings arrestment. We need household composition to be taken into account in considering the protected minimum balance because, at the moment, the amount is the same regardless of whether a person lives on their own or in a household with a larger family. We know that certain groups such as lone parents, families with three or more children or people with disabilities face higher living costs and are more likely to live in poverty, yet bank arrestments have no protections or mitigations for those groups, so they are disproportionately affected by that form of diligence.

Emma Jackson: I will build on what Peter Kelly and Sarah-Jayne Dunn have said. On the issue of debt to the Government, 43 per cent of the clients who access support from CAP have universal credit deductions, which makes managing a budget incredibly difficult. Our observation is that council tax arrears create a very difficult environment for people. Around 40 per cent of our clients have such arrears when they contact us, and we often observe local authorities taking quick and fairly harsh action, which just adds pressure to households that already face difficult circumstances.

On the opportunities for change within the framework, I will not go over everything that Sarah-Jayne Dunn said about bank arrestments, but we whole-heartedly agree with her points and would advocate for everything that she has set out.

However, that is just one point. As the committee is aware, there are different routes out of debt and we have different statutory solutions for which the Accountant in Bankruptcy is responsible. This year, we have been working through a review with the AIB to look at particular issues. There are particular things around MAP bankruptcy, which is the insolvency option for those on the lowest incomes, which we think that the AIB and, indeed, this committee could consider. One aspect of that is the minimum debt threshold at which an individual can ask to go through bankruptcy. That is set at £1,500, so an individual must have that level of debt before they can access MAP. However, our experience—case studies also show this—is that even debts of £800, £900 or £1,000 can be devastating for households on the lowest income. The current threshold removes the insolvency option for those households. Even small amounts of debts can keep people trapped not only in debt but in poverty, which should concern us all.

10:00

There is another other big issue that we are very concerned could be coming towards us as a direct result of the impact of the cost of living crisis on households that are on the lowest incomes. We have talked about deficit budgets. We are able to work with people now to get them to become debt free, but we know that it is very unlikely that a number of households will be able to maintain that debt-free status. Under the current arrangements, someone who is in debt cannot reapply for a MAP within a 10-year period. That is incredibly concerning, given the current environment that we are in. People need to be able to access a debt solution sooner than that. A creditor petition MAP can happen before that, but that is a completely different experience for someone who is going through that process—they lose the agency to decide and determine what they would like to do about their circumstances. We must consider that issue now before we face it in the next year or two.

Natalie Don: I will follow on from some of those responses. In terms of debt with private creditors, could more responsibility be placed on creditors to flag a potential debt before it gets to crisis point? From looking at debt on, for example, credit cards, credit accounts and catalogues, we know that making minimum payments tends to be a real issue for people. No one who is making a minimum payment for accrued debt is doing that for any reason other than that they are in trouble; no one does that if they can pay the full amount. Creditors allow that to go on endlessly and it becomes a horrible vicious circle, with people not clearing any of the original debt.

On food poverty, people are now getting into debt paying for essential items. Creditors are popping up that enable people to buy shopping on a “buy now, pay later” basis, or to pay for shopping over three payments. I have constituents who are paying interest on food items that they bought nine to 12 months ago. That is shocking.

Are there ways in which we can deal with such situations before they become a problem? Rather than letting it get to the stage of a debt arrangement scheme being needed—a bankruptcy process would probably not be relevant—could we reduce debt by removing a portion of the interest accrued or, as I suggested, by getting the creditor to flag up the matter before it becomes an issue?

It seems that when we get rid of one problem organisation or one of those types of creditor, others pop up. Is there a way in which we could limit them? They tend to focus on and target people on low incomes.

Sarah-Jayne Dunn: On credit card debts, you are right. People who are making only the minimum payment are not doing so because they want to keep their debt on-going; it is usually because that is all that they can afford. It is estimated that through making only the minimum payment on a credit card, it can take more than 30 years to clear a debt.

Private sector creditors are heavily regulated by the Financial Conduct Authority and must follow the persistent-debt policy. If a person makes only minimum payments for a set time—I think that it is nine months—their credit card company sends a letter saying that they are in persistent debt and need to look at getting debt advice, for example.

Although that system is in place for private creditors, there is no such policy for public sector debt. Emma and Peter have mentioned clients with benefit overpayments having deductions from their benefit; there is no consistent policy for people who have been in that position for a long time. Consideration needs to be given to ways in which such debt could be dealt with other than by constant deductions from people’s universal credit, for example.

When it comes to arrangements such as buy now, pay later, you are right: it feels as though, once we deal with one bad approach, such as payday lending, which was brought under heavy regulation, another approach pops up. Buy now, pay later just seems to be the latest approach. However, the Financial Conduct Authority and the regulators are on top of it. We have already raised the issue with the FCA and are looking to bring in tighter regulation—we hope at the same level as was brought in for payday lending, but not taking as long as that did.

Again, I say that it comes down to the public sector. Although the private sector is heavily regulated and there are expectations around things like treating vulnerable customers fairly, and making sure that for those who have vulnerabilities such as mental health issues, the rules and regulations are followed, that has not been reproduced in relation to public sector debt. That is probably where we need to focus more. There are things that we could do when it comes to things like council tax debt.

One of the most important things to note is that although people are using credit cards for cost of living essentials, more people are coming in with priority debt, such as council tax and rent arrears. That is the debt that CAS is seeing; it is not necessarily credit card and personal debts such as we were seeing previously.

The Convener: I know that Emma Jackson wanted to come in on this question, but I ask her to follow up in writing, because I still have two members who want to ask questions and we are over time.

I will bring in Jeremy Balfour now.

Jeremy Balfour (Lothian) (Con): Good morning, everyone. I have a very quick question that follows up Emma Jackson’s point about MAPs and insolvency. What are the negative sides to going down that road? It is obviously a way out, but if a client goes for insolvency or enters a MAP, what are the long-term negative points for them, or are there none?

Emma Jackson: First, we have an excellent structure for accessing insolvency options in Scotland. People need to go through a trained accredited money adviser, so they get specialist help. We have already put a mechanism—a gate, if you like—in the process so that people get to the right solutions.

Nobody wants to go bankrupt. No one wants to access a MAP because going through bankruptcy still comes with a huge amount of stigma and taboo in society. It is also an arduous process. There is a lot of paperwork to fill out and people’s lives are unpacked and they have to share quite a lot of detailed personal information. It is worth everyone bearing in mind the fact that nobody chooses that solution unless it is absolutely necessary for them.

The process has some impact on individuals in terms of accessing credit and moving forward in the future, but people go for a MAP because it is the best route out of debt for them, and it has been carefully considered for them by a money adviser.

One of the alternatives that Sarah-Jayne Dunn described earlier was the debt arrangement scheme, which could mean that it would take 30

years to pay off a debt. Last week, an example came to the office in which the repayment option would mean that it would take 50 years to pay the debt. None of us could live like that. People's wellbeing and health are absolutely essential. Although there are, perhaps, short-term implications of going through a MAP, if that is what has been advised by a money adviser, it is guaranteed to be the right solution.

Jeremy Balfour: Can you clarify your comment about it being 10 years before someone can enter a new MAP? Maybe the other witnesses can write to the committee with their answers. What timescale would you be looking for? Would it be three years, four years, or what?

Emma Jackson: That is a great question. Sarah-Jayne Dunn and some other colleagues and I were discussing that issue not long ago.

It is helpful for the committee to know that the comparable route out of debt in England and Wales is a debt relief order; it is six years before someone can apply for another one of those. That is something to bear in mind.

We need to look at the backdrop, which is the economic circumstances that we are facing, and we need a system that is flexible enough to cope with them. We are about to face crisis, almost emergency, needs, so we could choose to do something for a limited period to best meet the needs of people who are trying to weather the current economic crisis, then we could return to an agreed more long-term timescale. We need to consider such flexibility.

Jeremy Balfour: You might not know the answer to this, so I am putting you and the others on the spot. My understanding is that changing the timescale would require primary legislation. Is that correct?

Emma Jackson: Yes—that is also my understanding.

The Convener: Thank you, Jeremy. Foysoil Choudhury joins us online.

Foysoil Choudhury (Lothian) (Lab): Good morning. I have a very short question for the panel. Do you find any variation in the issues that are faced by people from black and minority ethnic communities when compared with the rest of the population? Do such groups face multiple disadvantages?

The Convener: Thank you, Foysoil. Your sound dropped out a little bit. The question is about whether there is a specific impact on the BME community. Who do you want to answer that question, Foysoil?

Foysoil Choudhury: Sarah-Jayne Dunn.

Sarah-Jayne Dunn: The short answer is yes. Emma Jackson said earlier that when someone has reached crisis point, it can take up to a year before they seek help. We find that for people in BME communities it is even longer, because in some communities and cultures the stigma attached to debt is higher. Reaching out for help can be seen as being deeply shameful, which adds another layer to problems in getting support.

There is also the language barrier. In my time as a money adviser, I helped to support many people from BME backgrounds and communities who had to bring in an interpreter or even their children to interpret, translate, and talk through an issue. That could be very difficult because we never knew whether the translation was going to be exactly what needed to be said, which adds more challenges. We have definitely seen variations

Differing levels of poverty and demographics come into play, especially in BME communities. We try to be as welcoming as possible, and we work with other community services that are already supporting clients who come from such backgrounds, so that we are seen to be working together, rather than competing or being seen as somebody that people do not want to go to or speak to.

The Convener: I have a question, but I ask the witnesses to answer it in writing. Yesterday, there was a report from the Lloyds Bank Foundation entitled "Deductions: Driver of Poverty". A huge part of it is about the deductions from benefits that Sarah-Jayne talked about earlier.

In my experience of working with people who were in debt, perpetual deductions from benefits was always the big issue. The drivers for that include recouping of advances, or people having been surprised by historical debt from the clunky tax credit system. Obviously, those drivers mean that people can never get out of debt because they have essentials to pay for. Could your organisations write to us to say whether they agree with the report's recommendations about writing off historical debts and doing a full review of the system of clawback from benefits, which are, essentially, the minimum that people are supposed to live on but are not means tested? It was very interesting to hear Sarah-Jayne Dunn or Emma Jackson talking about how once benefits hit the bank account they are not protected. The committee would like to hear your thoughts on that report and its recommendations, if that is possible.

Thank you for coming along; I am sorry that we ran over time. We will pause for the panels to change over and to take a short break.

10:13

Meeting suspended.

10:19

On resuming—

The Convener: Welcome back. The members of our second panel are all joining us remotely. I welcome Zahra Hussain, mental health and money advice senior adviser, Mental Health UK; Hannah Brisbane, public affairs assistant, Scottish Association for Mental Health; Rebecca Stacey, senior research officer, Money and Mental Health Policy Institute; and Wendy McAuslan, development co-ordinator, VOX Scotland.

We are running late and are quite short of time, so we will move straight to members' questions.

Emma Roddick: In its submission, Support in Mind said that people with mental health problems often do not have the energy or motivation to improve their situation. I think that there is not enough understanding of the fact that, as well as being financially poor, people can be energy poor and time poor. Is there enough understanding within services—and in this building—of how exhausting it is to be constantly worried and working without an end in sight? I direct that question to SAMH.

Hannah Brisbane (Scottish Association for Mental Health): Good morning, and thanks for having us along.

In general, there is probably not enough awareness of those issues. I know that people using our services talk about the impact of their mental health on their energy levels. In particular, symptoms of poor mental health include things such as brain fog and memory problems, which can impact on people's ability to deal with their daily finances. You talked to your first panel of witnesses about budgeting. It can be difficult for someone with a mental health problem to keep track of all their finances and deal with bills and online banking. There is not a good level of awareness of those issues among the public or in debt advice, financial and banking services, and we would like to see that level of awareness raised.

Emma Roddick: My next question is for anyone with a general interest in the issue. Is anything being done to support children who are living in households that are in that situation? It will be quite traumatic for children who are growing up knowing that their parents are struggling and are exhausted all the time.

The Convener: Hannah, could you start? Anyone else who would like to respond should type an R in the chat box and I will bring them in.

Hannah Brisbane: Our children and young people service is aware of the impact of mental health issues in households. I know that the Money and Pension Service is beginning the

implementation in Scotland of the delivery plan for its United Kingdom financial wellbeing strategy. I believe that there are actions in that to consider the place of schools, not only in relation to mental health problems but also in relation to financial education. That will be aimed at not only children and young people, but parents, with schools being used in the delivery of such information, as they are the places in communities that parents already access.

Wendy McAuslan (VOX Scotland): You asked whether there is enough understanding of the difficulties that people with mental health problems face. What people need in order to get themselves out of debt is not so much information, as general support. The issue is not about knowledge; it is about things such as how depression can impact on motivation. Those factors mean that people feel quite terrified. They are scared and they do not know where to start—they do not open mail and so on. It is not an information-related issue; it is more about the feelings that people have.

Emma Roddick: Thank you.

Miles Briggs: I will ask a few questions about debt and suicide. In relation to the Money and Mental Health Policy Institute's research in 2018, what reassessment has taken place of the scale of the problem of suicide and debt? I will bring in Rebecca Stacey first, then anyone else can comment if they want to.

Rebecca Stacey (Money and Mental Health Policy Institute): In short, the Money and Mental Health Policy Institute has not done a widescale investigation into the link between debt and suicide since that publication, but there are a couple of points to make. First, the findings from that research are still relevant and still stand; the link between debt and suicidality is strong.

Last year, we did a bit of research that took stock of the state of nation's financial and mental health and, as part of that, we looked into the link between struggling financially and being at risk of suicide. We found that 2.5 million adults in the UK with a mental health problem considered taking or attempted to take their own life while behind on payments during the pandemic. The issue is still prevalent and those findings are really concerning.

An important point to make when discussing debt and suicide is that the reasons why someone decides to take their own life are always very complex and multifaceted, and it is important to consider the number of different factors that will be at play behind that decision when considering the link between debt and suicide.

Miles Briggs: To link into that point, we heard in the earlier evidence session about the ask around training and advice referrals in mental health services. Do current mental health and

suicide prevention strategies adequately consider the role that financial difficulties can play, and how would you like to see that change?

Rebecca Stacey: In short, steps have been taken towards acknowledging that people who are economically vulnerable are at greater risk of suicide, but a lot more needs to be done as part of those prevention strategies to further establish that link between financial difficulty and suicide, and actions need to be taken on the back of that to build on what was mentioned in the earlier evidence session.

A key part of that is mental health services and the healthcare professionals who work in them being able to better identify people who are at risk of suicide as a result of, for example, financial difficulty. A key part of that is empowering healthcare professionals in those services to be able to ask questions and make inquiries about how someone's financial situation impacts on their mental health.

There are two key parts to that. The first is about having a training module for healthcare professionals on money and mental health. More financial prompts need to be embedded in processes in mental healthcare settings. For example, mental health care and treatment plans in Wales have a specific financial prompt, and we are looking for the other nations in the UK to implement that approach.

Secondly, it is important that when healthcare professionals have identified and made an inquiry about someone's finances, they are able to refer people to the support that they need to help mitigate their risk of suicide or their financial and mental health worsening. Part of that is about having more referral routes from mental health settings to advice settings.

Another important point to make is that for people who have more severe mental illness—people in secondary mental healthcare settings—the expectation that people are in a position to act on signposting and referral routes is not realistic. For those people, we want to see more integration with debt and money advice in secondary mental healthcare settings. Some good steps have been taken towards integration in primary mental healthcare settings, but we want more of that to take place in secondary mental healthcare settings.

With increased knowledge, healthcare professionals can make better referrals to support schemes, which we can discuss in a bit—for example, the mental health access to breathing space scheme or a debt moratorium, which gives the potential for mental health breathing space. Sarah-Jayne Dunn also talked about better

support for completing things such as debt and mental health evidence forms.

10:30

The Convener: Thank you, Rebecca. I can see that Zahra Hussain and Hannah Brisbane want to come in. We will go to Zahra first.

Zahra Hussain (Mental Health UK): Hello, everyone. I have seen such a large increase in suicide and debt. I have been a front-line worker in debt advice for about five years, and I have seen a large number of people who have had severe mental health or physical health conditions—I even had a client who suffered a heart attack because of the pressures of debt and of being contacted by creditors by text messages or by phone. It is really challenging for vulnerable people to deal with that. The cost of living has increased. It is a vicious circle. There is limited protection, especially since the Covid restrictions have lessened.

More empathy needs to be shown towards people who are vulnerable. We use tools such as the debt and mental health evidence form, but what happens when those forms do not work with creditors? For example, I have a client who is on means-tested benefits. They will never get better—they have had 30 years of mental health issues and have been in hospital because they have been sectioned. They have experienced very serious difficulties at stages of their lives, yet creditors do not take those issues into account, even though we write detailed letters and provide debt and mental health evidence from trusted professionals such as psychologists. Sometimes, creditors will not acknowledge us, as workers on the front line, and will not think about the person who is suicidal.

One client tried to hang herself or to jump off a bridge at least twice a week during Covid. What must the impact of that have been on the family? It does not affect just one person; it affects the whole family. It can affect the community, too. We need to look at the bigger picture. We need to make changes within debt advice. We need to think about how we can stop the spiralling debt and the stress that that puts on people's mental health.

Given people's incomes and the cost of living, the situation is becoming a lot more challenging. We now have the working poor. Even if someone is working and is not eligible for benefits, they can be poor. I know that the situation for people with kids is very difficult, but even people who are single and do not have kids face difficulties. I am thinking about someone who is on universal credit, with a limited income, who does not have additional needs. Are they to choose between

eating and heating? Heating costs might not be as high as they would be in the winter, but people with disabilities are still affected. I have a client with an electric car. They cannot afford to plug it in because of the high energy costs. It is a vicious circle.

I could go on, but I should give others on the panel a chance. Local authorities are making bank arrestments. How can we leave people with just £566 and think that that is enough for them to live on? We know how high the cost of living is. It is not possible to get standard social housing, so people have to go to the private sector. Are you telling me that it is possible to get a property for £600 or £500? How will people eat, pay for their energy and meet their other living costs? I do not understand. When someone's wages are arrested, there is also the £25 court order that must be paid for. Therefore, they will not have £560. A range of other costs have to be met.

We are seeing the impact that debt is having, not just on suicide but on other health matters—I mentioned the person who had a heart attack. I do not know what I else I can say. I had better let others speak—I am sorry.

The Convener: Thanks for that, Zahra. I think that you have painted a picture of the firefighting that you are doing on the front line with people who are trying to navigate the situation that they find themselves in.

I will bring in Hannah Brisbane and Wendy McAuslan. I should say, though, that members have lots of other questions, so we should keep things brief.

Hannah Brisbane: I will return quickly to the question of suicide prevention strategies. The current national suicide prevention plan recognises at-risk groups, including people in poverty. However, no action has been dedicated to that yet, and we would like the relationship between poverty and debt and mental health to be acknowledged in the new strategy that the Government is developing.

In particular, we would like a focus on local suicide prevention plans and their local implementation. What will be in those plans will vary across the country, based on local need, but we argue that debt should be acknowledged in them, too. A really good example of local work that is happening in this country is the distress brief intervention programme, which quickly signposts people in distress to support in their communities, such as debt or money advice services, based on what they need. We would like that programme to be rolled out nationally and to happen on a face-to-face basis rather than through the telephone model that is currently being used.

Wendy McAuslan: I will build on some of the things that Rebecca Stacey mentioned earlier. With regard to people with existing mental health problems, there is a real need for clinicians and health staff to be able to pick up on some of the debt and economic rights issues. Up to now, their focus has been very much on reducing people's symptoms, but we need a process by which we can understand people's financial set-up and situation. A lot of our members will not necessarily link in with debt advice services or citizens advice bureaux; many of them, especially those with complex mental health problems, do not go out or have a lot of contacts, and we need to find ways of picking up those people who have spiralling debts but who do not see many other people aside from their clinical support.

The Convener: I call Pam Duncan-Glancy, who is online.

Pam Duncan-Glancy: Good morning, panel. Thank you for all the evidence that you have provided so far this morning and the information that you shared in advance of the meeting. As I said to the other panel, a lot of what we are hearing is just horrific and I cannot imagine what it is like to have to deliver these services and, indeed, to experience the sort of direct experiences that you have described. It is just horrific.

I have a couple of questions that bring together themes 1 and 3, and I will direct them at Mental Health UK and VOX Scotland. We know—and much of the evidence that we have received acknowledges—that mental health issues and debt issues are related. You have touched on some of this already, but what does that mean for the delivery of services? How can we break the link between mental health issues and debt, and what specific actions can the Government in Scotland take to identify people who will need that additional support?

The Convener: Who did you want to direct those questions to, Pam?

Pam Duncan-Glancy: If it is okay, I would like to direct those questions to Zahra Hussain and Wendy McAuslan.

Zahra Hussain: To break the link with debt, support really needs to be in place, but there have been so many cuts to support, including to psychiatrist and psychologist services in our NHS. Even getting an appointment with a GP, never mind seeing them face-to-face, is really difficult. I know of a client who had to wait three years to see a psychiatrist—for some people, that is three years too late.

If you want to try to break the link between debt and poor mental health, you need to start by putting some things in place. To pick an example

at random, I will talk about council tax arrears, which I see daily. People from all walks of life experience council tax arrears. Sometimes, that is because their mental health is so bad that they are struggling. How can a person break the link if their money is being taken out of their bank account or bank arrestments are being made?

It is a vicious circle, and our job is to try to help someone who we know has severe mental health issues to cut their expenses. Our mental health and money advice service gets a lot of clients who have reached crisis point. We are part of Support in Mind Scotland, which offers the distress brief intervention service. The people who are referred from that to our service are at crisis point—the lowest point. Often, they have tried to commit suicide.

We need to bring in services. I will keep banging on about services until we get them back up and running in a timely way. Surely, waiting for three years is not right. Three years! That is not helping. Trying to see a GP when things are really serious and being told to wait is not helping. We work with carers, too. One client had a daughter who was trying to commit suicide. Where are they supposed to go?

Breaking the link between poor mental health and debt is impossible, unless we put in barriers around managing people's debt. It should not be possible to take action that is so severe that people are forced into taking their lives or having heart attacks or similar experiences. We should force—force; I do not want to sound like a monster. Creditors should have some understanding and empathy. What if they were in that position? Nobody chooses to try and kill themselves. Nobody chooses to have debt. People have credit cards thrown at them and they may already have had a bankruptcy and be on the highest annual percentage rate. They will go back into the vicious circle because of the cost of living.

I have talked about people being left with no money in their bank account. The protected minimum amount should be increased—it does not reflect the cost of someone just living life. That amount must be increased. Get the Scottish Government to make those changes, because people need to be able to live. We need to let families and communities live, and we need to not have people—

The Convener: I am sorry to interrupt, but I need to bring in Wendy McAuslan. You are underlining points that we have heard previously, especially about leaving the minimum income in people's bank accounts. We will take evidence on the council tax next week and your evidence will help us to formulate our questions.

Wendy McAuslan: The question is important, but it is really complex to answer. We know that our members are three and a half times more likely to have problem debt and four times more likely to be in arrears with their gas and electricity. We already know that we have a group of people who are at real risk of debt problems.

For a number of years, unemployment and underemployment have been issues for our members and that will only get worse. People are in jobs that have a lot of turnover, or in low-paid jobs. On top of that, we have a benefits system that does not fully understand the fact that mental health is not about the sort of things that the assessments ask about. It just does not quite sit right with such people, who are much more likely to experience debt. If we are to address that, we must address things such as underemployment and unemployment, and we have to make sure that the benefits system is suitable for people who have mental health problems.

10:45

Finally, the Scott review, which is looking at mental health legislation, is also looking at ensuring that we prioritise social and economic rights through the concept of something called human rights enablement. I am quite hopeful that that could be a vehicle for ensuring that people can access economic rights. There needs to be a drive towards not just supporting somebody and signposting them to where they can go, but ensuring that they get those services so that their rights are upheld.

The Convener: Thank you. Pam Duncan-Glancy, do you have another question?

Pam Duncan-Glancy: Not on this theme, convener, but I have a couple of questions on other themes. Would you like me to ask them now or to come back in if there is time?

The Convener: We need to move on now, but I will bring you back in later. I just want everybody to get their opportunity.

We will go to questions from Foyso Choudhury, who is also online.

Foyso Choudhury: Pam Duncan-Glancy just asked a question about the cycle of debt. How can we best break the cycle of debt and mental health problems? Is there any evidence that some policy approaches work better than others? I put that question to Hannah Brisbane.

Hannah Brisbane: I echo what others have said. Prevention of and early intervention in mental health problems and debt will always be key to stopping the cycle from forming in the first place.

SAMH has been calling for better mental health support in this country. The mental health system was already struggling before the cost of living crisis and the pandemic, so we really need to see more investment in mental health support at the community level so that people can access it as early as possible.

We also need to ensure that people can meet basic costs through, as has already been mentioned, higher wages and social security payments, as well as by ensuring the better take-up of benefits. The University of Glasgow has recently published some research into the experience of people with mental health problems who receive universal credit and it found that they are struggling to meet their basic needs, often relying on family and friends to help. Participants were also often unaware of emergency financial support that is in place, such as the Scottish welfare fund.

We need to ensure that people have better incomes to meet their daily needs and that they are using all the current support that is available to them.

Rebecca Stacey: A number of different factors are involved in breaking that link between having a mental health problem and experiencing poverty. I would like to see a top-line view of those factors and actions, some of which are specific to the Scottish Government.

The first one involves essential services firms. It is important that they provide services that are accessible by default to people with mental health problems, and that they provide support to people with mental health problems, whether it be by providing more suitable repayment plans or, to go back to the issues that were raised earlier about the challenges faced by people with a mental health problem in terms of concentration and processing large amounts of information, by providing transcripts and other follow-ups to interactions with customers who have mental health problems.

Advice services also have a big role to play, but it is fair to say that a lot of the members of our research community—a network of people with mental health problems who drive our research and equality course—struggle to access, understand and act on some of the advice that is given. A big challenge that advisers have talked to us about is the fact that their funding models do not necessarily facilitate providing the more bespoke and tailored support that are needed by clients who have more complex needs, such as those who have mental health problems.

We call for funders of advice to take into consideration those more complex needs when funding debt advice, and that could look at things

along the lines of having—*[Inaudible.]*—premiums or more specialist debt advice for people who have mental health problems.

The role of mental health services is also important. I do not want to repeat what I said earlier, but we would like the Scottish Government to implement schemes that are linked to, and can improve access to, mental health services. First, we would like there to be a breathing space scheme that is similar to the scheme in England and Wales for people who are going through a mental health crisis. That could work with the debt moratorium scheme in Scotland and could be a really useful tool to ensure that people who are struggling with their mental health and their finances are able to access breathing space and respite.

We should also remove barriers in the form of charges by GPs for debt and mental health evidence forms. That is another important challenge. Doing so would ensure that people with mental health problems are able to get better support from their creditors if, as we hope they do, they accept the form.

The overarching issue relates to income. That is why, more widely, it is vital that the UK Government invests in benefits, so that they keep pace with the cost of living, and reverses the cuts that have taken place recently. For example, the £20 uplift to universal credit should be restored, and more should be done in relation to the limited capability for work UC payments and the work-related activity group payments as part of employment and support allowance.

The Convener: Thank you. We need to move on. If the witnesses want to make us aware of anything else, they should follow up with us in writing, because there will not be time for them to say everything that they want to say this morning.

Miles Briggs: My question is about access to help and support, and early intervention. From the witnesses' experiences, what scope is there to identify people earlier and provide them with a referral? That might not necessarily be in a mental health context; it might relate to other organisations that might be in contact with individuals who are financially vulnerable.

The Convener: Who are you directing that question to?

Miles Briggs: I will start with Rebecca Stacey, because I can see her on the screen.

Rebecca Stacey: In addition to mental health and advice services, essential services firms have a role to play. Essential services should use certain data to identify people who are more financially vulnerable and therefore might be at risk of struggling with their finances and their

mental health. We have always said that there should be more proactive identification of such customers, and that there should be help for people who disclose that they need more support. Through our research, we know that one in three people who have disclosed to an essential services firm that they have a mental health problem have not had any additional support on the back of doing that. That is of great concern. Once such a service has identified someone, or once someone has disclosed something to it, that person should be referred to existing advice services. That is key. There is a big opportunity in that regard, and it is not being utilised as fully as it could be.

We know that people with mental health problems sometimes struggle to access advice services. We have heard accounts of people not disclosing their mental health problem to an advice service, either because they do not feel that it will affect the advice that is provided or because they think that the adviser will not understand the impact that their mental health problem is having on their situation. Through funding models, there is a big opportunity for advice services to be more empowered to take the time to provide more bespoke and tailored advice for people with mental health problems.

Pam Duncan-Glancy: I am keen to ask about the current landscape of services. I will direct my questions to SAMH and the Money and Mental Health Policy Institute. What is your understanding of the funding environment in which those organisations are working? Has that environment had an impact on their ability to provide mental health and debt support? That also relates to debt advisers' role in providing mental health support; it works both ways.

As you know, the breathing space mechanism in England is slightly different from our moratorium. Could we and should we extend the moratorium in Scotland to ensure that creditors do not contact people at all and that it lasts for a longer period—for as long as someone is experiencing crisis?

Hannah Brisbane: I echo the point about funding that was mentioned in the previous evidence session. We would definitely call for multiyear funding as a better way of protecting the services that we have in place and providing more consistency between tenders.

The Money and Mental Health Policy Institute was instrumental in securing the reforms to the breathing space scheme down south, so Rebecca Stacey will probably have more to say on that. At SAMH, we are not debt solutions experts, but we can feed in our point of view on the mental health aspects. It would make sense for us to have provisions such as those that exist in England to protect people with mental health problems. We

have questions about whether the scheme should look exactly the same up here, and particularly whether people should have to be in crisis before they have access to the protection that the scheme offers. We also have a question about the 30-day period after someone has completed treatment for their mental health crisis. In Scotland, we have a good opportunity to learn from the scheme in England, but we could adopt it a bit differently up here.

Rebecca Stacey: I do not want to repeat too much of what I said earlier, but the main funding challenge that we hear about from debt advice providers is about not being able to provide more bespoke and tailored advice to people with mental health problems. People with mental health problems in our research community tell us that they would quite often benefit from more frequent but shorter advice sessions, which could help with attention span issues and the challenges of digesting large amounts of information when it is provided. People also tell us that they quite often struggle to understand and follow up on advice that is given.

Ideally, we want more intense follow-up advice to be provided but, as we have talked about, that is not always possible within the current funding models. We ask funders of debt advice to consider those requirements and not to penalise services for providing that type of tailored support.

An additional point about access to advice is about the provision of face-to-face debt advice. That is really important, especially for people with mental health problems, 75 per cent of whom struggle with at least one main communication channel—the main one being the telephone. It is important that such people can access advice services in a variety of formats, including through drop-ins as well as more online appointments.

We absolutely call on the Scottish Government to consider implementing something similar to the mental health breathing space scheme in England. I will touch on a couple of reasons why we campaigned for that scheme and why it was important for us to have it tacked on to the conventional breathing space scheme, which I think help to make the case for a similar programme in Scotland.

The first issue was that, in order to access the conventional breathing space scheme in England and Wales, people need to be accessing debt advice. However, we know that, especially for people who are struggling with more severe mental illness and who are in crisis, that expectation is not at all realistic. Therefore, the scheme really needed to be available to people who are in crisis care and who cannot access more conventional forms of money advice.

Secondly, there is no saying how long someone's mental health crisis will last. The prospect of the moratorium or breathing space respite cutting out during a person's mental health crisis is detrimental and creates a real risk of exacerbating people's mental and financial health issues. Therefore, another key part of the mental health breathing space scheme in England and Wales is that it lasts for as long as a person's crisis lasts, with a buffer period. We are calling for something similar in Scotland. As far as I am aware, the terms for accessing the moratorium in Scotland are slightly different and do not necessarily require access to a debt adviser, but the principle is that, if someone is in crisis, the respite needs to be automatically offered to them, instead of there being an expectation on them to apply for it or seek advice about applying for it.

11:00

A key learning point that we would suggest that the Scottish Government consider, given our experience of the scheme's implementation in England, is that it be implemented in conjunction with healthcare professionals. There are a number of reasons for doing so. First, it would increase awareness of any scheme that might be implemented; indeed, a challenge that we face in England and Wales is that mental healthcare professionals perhaps do not have a great awareness of the breathing space scheme. Secondly, it would allow healthcare professionals working in mental health settings to suggest who would be best placed to sign off on access to a mental health breathing space equivalent up here. We would certainly encourage those things to be considered in implementation.

The Convener: Thank you very much for that, Rebecca, and I think that Hannah Brisbane's comments really help us with regard to the evidence that we need to take.

I will bring Emma Roddick back in, to be followed by Paul McLennan.

Emma Roddick: I want to go back to Hannah Brisbane to ask about stigma, which we know prevents a lot of people from coming forward to seek help. Do you find that that is worse when children are involved? Are people anxious about what an admission of being in difficulties will mean for, say, custody of children or that it might lead to their children facing stigma?

Hannah Brisbane: I do not have experience of that in my role at SAMH, but I can certainly chat about it with colleagues in See Me Scotland, Scotland's anti-stigma programme, and ask them to follow it up in writing. I am sure that they will be happy to do so.

The Convener: I think that Zahra Hussain wants to respond as a front-line worker.

Zahra Hussain: Covid and its restrictions led to many challenges, and stigma increased as far as services were concerned. A lot of issues were not handled in a constructive manner. After all, in a family environment, children live in the same space as adults—their parents—and what often happens is that these things come back to the school. Unfortunately, when someone has mental health issues, it leads to their children struggling at school, and the limited services are simply not helping children.

There is a lot of prejudice involved in mental health matters, and people experience stigma if they do not dress appropriately, if they are of colour or if they are disabled. So much discrimination is happening and, indeed, is happening more openly. Children are truanting, which unfortunately is having an impact outside school and their own environment. The question, then, is how we better provide services for children in, say, community centres and so on. The fact is that those services have been stopped—we just do not have them anymore.

The Convener: We have seen some best practice involving home link workers and financial inclusion in schools, which has helped drive down the stigma that we know exists. As you have said, children live in the space where their parents live, too, and experience the same things.

Paul McLennan: The question that I was going to ask on stigma has just been answered, but I also want to ask about community link workers. As you know, they originated in the deep-end GP practices in Glasgow, but how do you see their role developing in the months and years ahead? I ask Zahra Hussain to start with that, and then I will open it up to the rest of the panel.

Zahra Hussain: Unfortunately, it is not easy to get a community link worker. It is great when you can get one, but there are limitations to what they can do. Sometimes they just do not have enough time; with someone who has mental health issues, you need more time to, for example, follow up and get tailored information. You also need to put a bit more money into services. Even if someone can get a community link worker, what they do needs to feed through to mental health services.

Unfortunately for people with mental health issues of all ages—from children to pensioners—a lot of the free counselling services are for people who fit into certain criteria. For example, people who take drugs might get some free services, but there are limited services for people with mental health issues. At Support in Mind Scotland, we have our Stafford Centre and we provide counselling, but there are such long waiting lists.

You need to put a little bit more money into those services to help people with poor mental health.

The Convener: Thank you for that. Can we also hear from Hannah?

Hannah Brisbane: SAMH provides a link worker service in Aberdeen city, and Aberdeen is one of the few places in Scotland where a community link worker is embedded in every GP surgery.

The link worker programme varies across health boards so I can only speak to our experience as a service provider. Our link workers are regularly in contact with people who present with mental health problems. Once the link workers take the time to delve into those issues, they find that they have actually been caused by financial difficulties or burdens as well. In 2021, about half of the referrals that were made to that service included a mental health component, and a further third involved finances and benefits.

Our link workers really take time with an individual to identify their personal goals and overcome barriers that are affecting their mental health, such as financial issues. GPs often do not have the luxury of time to be able to do that, so link workers will be key in taking that time with people, as more and more people become affected by those issues during the cost of living crisis. The link workers can then support people to achieve those goals. That might be through supporting or referring them to housing, management or benefit support services, as well as employment support. It is fairly common for our link workers to find that people are not in receipt of all the benefits to which they are entitled, so that will also be a key role for them to play.

With regard to the picture across Scotland, it is really varied in different health boards. There is not a standard community link worker role, and we believe that that is affecting consistency of delivery across Scotland. In some health boards, there are not currently any link workers. In other health boards, because of the banding of the link worker role that the health and social care partnership has opted for, the link workers might not have access to medical records and things like that. That is also something to be considered in the role of link workers.

Natalie Don: I thank the witnesses for their evidence so far this morning.

Some of the earlier comments touched on the breathing space scheme. Do the witnesses have any further suggestions for reforms or improvements to the processes and procedures that could help people who are experiencing debt and mental health problems? That question goes first to Rebecca Stacey.

Rebecca Stacey: In addition to some of the other stuff that I talked about, the debt and mental health evidence form, if it is accepted by the creditor, is a really important mechanism by which people with mental health problems can get better support from their creditor. For example, that can be creditors helping them with a better repayment plan, cancelling interest on charges or, in some instances, even writing off certain debts. It is a really important tool, but there is a big barrier to it because, in Scotland, GPs are still able to charge for that form to be completed. In England and Wales, we campaigned for that charge to be stopped because, prior to that, we were finding that around one in three people with a mental health problem were being charged for it. The charge was up to about £150 in some instances, so that was a really huge barrier. We say that it is completely unfair for that cost to be borne by people who have mental health problems and need that support. Therefore, we are really looking for the stopping of that charge to be extended to Scotland.

A couple of things that happened in England and Wales helped to facilitate the change in that form. Essentially, the form was shortened and simplified in an attempt to reduce the burden on GPs of completing it. Later this year, we will do some evaluation on the new mental health evidence form that we have in England and Wales, because there is always room for improvement. Simplifying and shortening it and stopping that charge are really important ways for people with mental health problems to get greater support from their creditors—we hope—in managing some of their debts.

Natalie Don: Thank you, Rebecca. Time is moving on so, unless any other witnesses want to come in, I will pass back to the convener.

The Convener: I have no indication that anybody wants to come in.

We have come to the end of our time, which was too short; we could probably ask a lot more questions. If the witnesses think that there is something that we need to hear or that you want to underline, please write to us. That would be interesting and helpful to our questioning next week on council tax and insolvency. It was important for us to hear what Zahra Hussain said about the debt and mental health form sometimes being ignored, as well as the cost barriers to it.

I thank everybody for their attendance.

11:11

Meeting continued in private until 11:28.

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