

Aberlour Evidence to Scottish Parliament's Social Justice and Social Security Committee Inquiry on Low Income and Debt

March 2022

Prepared by Martin Canavan, Head of Policy & Participation

Key Messages

- 1. Aberlour's Urgent Assistance Fund has evidenced significant levels of debt owed to public bodies, such as local authorities, housing associations, DWP – and even schools, amongst families Aberlour works with**
- 2. Many families are trapped in a cycle of problem 'public debt' that they owe to public bodies**
- 3. There are concerning levels of school meal debt in schools across Scotland that indicates many families with children not eligible for free school meals are struggling to afford to feed their children**
- 4. There is an inconsistent approach across Scotland as to how individual local authorities respond to school meal debt and help and support families in such circumstances who may be experiencing financial hardship**
- 5. Fewer families are eligible for free school meals than twenty years ago as a result of income thresholds for eligibility failing to keep pace with inflation, and there is real concern of hidden school hunger particularly amongst secondary school pupils who do not receive free school meals**
- 6. The practice of debt collection by local authorities in Scotland is outdated and often there is a lack of understanding and awareness where multiple debts have been incurred by individuals across different local authority departments, often resulting in quickly escalating and increasingly punitive demands for repayment from those already in deep financial crisis**

Introduction

Aberlour is Scotland's largest, solely Scottish children's charity. We work with disadvantaged and marginalised children, young people and families throughout Scotland, providing services and support in communities around the country. We help to overcome significant challenges, including the impact of drugs and alcohol on family life, growing up in and leaving care, poor mental health, childhood adversity and trauma, living with a disability, and the impact of poverty and disadvantage. We aim to provide help and support at the earliest opportunity to prevent problems becoming intractable or spiralling out of control. We are committed to **#KeepThePromise** and to the incorporation of the UNCRRC.

Aberlour is a member of the End Child Poverty coalition and is committed to combatting the impact of poverty and disadvantage on the children and families we work with, as well actively campaigning to see a Scotland where no child grows up in poverty. We deliver the [Aberlour Urgent Assistance Fund](#) which provides financial support via small grants to families and young people aged 21 and under living anywhere in Scotland and experiencing extreme financial hardship.

Aberlour Urgent Assistance Fund

Over the last two years demand on Aberlour's Urgent Assistance Fund has surged as a result of the financial impact of the pandemic on low income and struggling families. At the peak of the pandemic applications to the fund by families needing emergency financial support increased by more than 1000%. For most this was directly due to the financial impact of Covid-19.

The cash grants the fund provides help and assist with a range of basic needs, with the most common requests for help to pay for children's clothing, food, utilities and bedding. Over the course of the pandemic we have distributed nearly £1.5m supporting more than 3000 families with emergency financial assistance. This equates to more than 11000 individuals. The fund has supported families from all over Scotland across 31 local authorities.

Research on the use of the fund during the pandemic highlighted that for many families accessing the fund their circumstances are "***indicative of levels of poverty we would consider more absolute than relative***"¹.

Single parents account for more than 65% of those families who receive support. In addition, families living with a disability or illness, families affected by domestic abuse, families affected by parental mental health issues, as well as asylum seeking families and families with No Recourse to Public Funds, are those most commonly receiving assistance. Many families have never needed financial help before and have only sought help for the first time due to financial hardship directly as a result of the impact of the pandemic on their family circumstances.

From applications received through the fund we are also seeing an increasingly worrying picture of families trapped in toxic cycles of debt to public bodies ('public debt'), such as local authorities, housing associations, DWP – and even schools. We anticipate the issue of public debt will only worsen and urge that there must be better support for families locked in persistent problem debt to public bodies. To date, Aberlour has provided financial support to more than 450 families experiencing problem debt to public bodies and who are trapped in financial hardship as a result.

School Meal Debt

School meal debt is increasingly a problem for many struggling families who are not eligible for free school meals. Research commissioned by Aberlour and undertaken by Heriot-Watt University has highlighted a concerning and inconsistent picture of how individual schools and local authorities respond to school meal debt. This research indicates that there is currently more than £1m in total

¹ https://www.aberlour.org.uk/wp-content/uploads/2021/10/Evaluation-of-Aberlours-Urgent-Assistance-Fund_Professor-Morag-Treanor_November-2020.pdf

school meal debt owed by families across Scotland, however this is a conservative figure due to incomplete data.²

This research has also highlighted that school meal debt recovery policies and practices are inconsistent across local authorities, and often are at the discretion of individual schools. In some local authorities the recovery of school meal debt is initiated by a member of school personnel contacting parents directly to request payment of outstanding debts. In others, parents will first be alerted via an automated system asking for outstanding payment. Some local authorities then escalate to their formal corporate debt recovery processes if payment is still due, which formalises the debt. These debts are often referred to external debt collection agencies and sheriff's officers. Some local authorities report that the debt may eventually be written off once these processes have been exhausted, if still outstanding. However, this process can take years and there are some local authorities who have never written off any debt. It is concerning that for some local authorities there is seemingly little attempt to explore or understand families' individual circumstances and why they are unable to pay for their children's school meals and to offer any help or support.

Some local authorities do take steps to write off any outstanding school meal debt at the end of each school or financial year. In other local authorities, individual head teachers have the discretion to write off an individual family's school meal debt in certain circumstances, such as where a family has experienced a sudden loss of income.

Many local authorities now use automated cashless payment systems which require online only prepayment systems for purchasing school meals in advance, such as ParentPay and IPayimpact. These systems have become popular with local authorities who have identified rising levels of school meal debt, as it allows them to effectively record when debts are accrued. These systems can work well and can be useful for parents who have good digital access and connectivity, and who have money to top up their child's school meal account. The way these systems are managed can vary between local authorities and even between individual schools creating inconsistency. Depending on how they are operated these systems can allow debt to accrue where a child in primary school who is not eligible for free school meals is given a school meal and the debt is added to their cashless account; or can result in children with no money in their school meal account being unable to access a meal at school, which is most likely for children in secondary school.

In some local authorities the automated systems they have in place prevent debt from accruing at all. However, others acknowledge that it is possible for a secondary school child to accrue school meal debt when a child without any money in their school meal account has received a school meal. Most commonly this requires a pupil to let a member of staff know they have no money in their account for a school meal and who are then provided with a school meal voucher. Such an approach to providing school meals can be stigmatising for any pupil who can be identified as having no money to pay for their school meal and who instead visibly requires a voucher. One local authority seems to deliberately use this as a tool to prevent against school meal debt, saying: "***Within the secondary sector pupils have to attend the school office to receive a meal voucher to encourage them to have funds on their account.***" In some local authorities the provision of a school meal is acknowledged as discretionary, suggesting some pupils may be refused a meal. This is a breach of children's human rights and is a particular concern if this is indicative of existing practice in schools

² <https://www.aberlour.org.uk/wp-content/uploads/2022/03/Summary-of-School-Meal-Debt-March-22.pdf>

in Scotland as we look towards UNCRC incorporation. However, of most concern is the strong likelihood that secondary school pupils without any money in their school meal account are avoiding stigma, shame and debt, and instead are going hungry.

There are inconsistent approaches by local authorities to eligible families who register late for free school meals they are entitled to. In some circumstances, families will have built up school meal debt before their free school meal entitlement is confirmed. Some local authorities choose to write this debt off, however others do not. It is unfair and inconsistent that depending on where a family lives a school meal debt in these circumstances may or may not be accrued. There are also examples of local authorities who transfer any school meal debt accrued by a pupil as they move from primary to secondary school, or even as they move between schools in different local authorities.

We are concerned that the issue of school meal debt is largely hidden and that local practice in Scotland in responding to families experiencing school meal debt is inconsistent and potentially is failing to protect children's human rights. We believe steps that should be taken to address issues around school meal debt must include:

- A single school meal debt policy for all schools across Scotland to ensure a consistent, rights-based and non-stigmatising approach to respond to families accruing school meal debt with a guarantee that no child will go hungry
- Late registration for free school meals should automatically result in any accrued school meal debt by an individual family be written off
- Scottish Government and local authorities must work together to agree a debt amnesty for all outstanding school meal debt as children move from primary to secondary school and as universal free school meal provision in primary schools is rolled out by the end of this parliament

Free School Meal Eligibility

Free school meal eligibility currently does not appear to benefit enough low-income families or to adequately prevent the likelihood of school hunger for pupils in secondary schools. Income thresholds for free school meal eligibility (along with other benefits) for families in receipt of child tax credits is currently £16,105³. It is £7,500 for those in receipt of child tax credits and working tax credits. It is also £7,500 for those in receipt of Universal Credit. When these thresholds were first introduced in 2002 the income thresholds were £13,230 and £5,060 respectively. Those income thresholds have changed very little over the last twenty years in monetary terms, failing to keep pace with inflation in that time. Bank of England inflation calculations show that £13,230 in 2002 is equivalent to £22,900.79 in 2021⁴.

Therefore, it is clear that eligibility for free school meal entitlement (and other benefits) has not kept up with inflation and far fewer low-income working families are now eligible for free school meals than twenty years ago. Child poverty levels have steadily risen in that time. Expanding eligibility for

³ <https://www.mygov.scot/school-meals>

⁴ <https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator>

free school meals beyond the current income threshold would help many more low-income working families across Scotland struggling to feed their children.

We believe there is clear action that must be taken to maximise eligibility for free school meals for low income working families:

- The Scottish Government must raise the eligibility criteria for free school meals in line with historic inflation to ensure more low-income working families receive this entitlement and reduce the likelihood of school hunger in secondary schools

Local Authority Debt Management and Recovery

Issues around local authority debt management and recovery have been highlighted at length by Citizens Advice Scotland and JRF, as well as the Social Renewal Advisory Group in their report and recommendations to the Scottish Government, “If not now, when?”⁵. At Aberlour we are increasingly seeing a picture of families with escalating and unmanageable debts, such as council tax and rent arrears. The toxic stress that this creates for struggling families can significantly and adversely affect wider family wellbeing.

Local authority debt collection practices in Scotland have failed to be updated and reformed in line with regulations that govern debt collection practices by private consumer credit and lending agencies⁶. Local authority debt recovery can be unnecessarily and increasingly punitive and hostile, and where there are multiple debts being chased by different departments within individual local authorities this can create further stress for families in debt and often already in deep financial crisis. It is clear that when families fail to pay their bills this is usually an indication that there is a significant financial concern. The pace at which debt recovery for council tax and water and sewage charges can occur can be overwhelming for families in debt.

Steps have been taken to introduce legislation on government debt management that will bring public bodies in England in line with how private consumer credit and lending agencies are regulated⁷. Scotland is falling behind with regard to protections and regulations for how public debt is recovered by public bodies in Scotland.

We agree with Citizens Advice Scotland who have said: ***“In Scotland, councils’ debt collection practices have remained static for decades, however local authorities outside of Scotland and UK government departments have been making changes to balance debt recovery with fairness to the individual. Meanwhile in the world of consumer credit “treating customers fairly” has become a mantra. Councils in Scotland are being left behind in their approach to debt recovery and their methods can cause financial harm to people in debt.”***⁸

⁵ <https://www.gov.scot/publications/not-now-social-renewal-advisory-board-report-january-2021/>

⁶ <https://www.aberlour.org.uk/wp-content/uploads/2022/03/Public-debt-literature-review-002.pdf>

⁷ <https://moneyadvicetrust.org/latest-news/government-urged-bring-forward-debt-management-bill/>

⁸ https://www.cas.org.uk/system/files/publications/council_debt_collection_10.06_002.pdf

We believe there are actions that the Scottish Government and local authorities can take to ensure local authority debt management and recovery does not create further financial insecurity or harm for families, including:

- Local authorities must have a debt recovery policy, including for multiple debts, that is clear, easy to access and read on their websites
- The Scottish Government and CoSLA must work together to agree guidelines for local authority debt management and recovery practice, which are rights-based, consistent and aim to prevent the build-up of unsustainable debts
- The Scottish Government must look to introduce legislation to the Scottish Parliament, such as a Public Debt Management Bill, that will update and reform public debt management and recovery by all public bodies in Scotland in line with regulations that for private sector lenders.

For further information contact Martin Canavan (Head of Policy & Participation)

Martin.Canavan@aberlour.org.uk