

Universal Credit Deductions for Households with Children Report Briefing

November 2022



Key Findings

- More than half (55%)* of low income families in Scotland in receipt of Universal Credit have at least one deduction by DWP from their monthly income to cover debts to public bodies.
- More than a quarter (27%) of low income families in Scotland in receipt of UC have multiple deductions by DWP from their monthly income to cover debts to public bodies.
- Low income families in Scotland in receipt of UC with debts to public bodies are seeing their monthly income reduced on average by 10% to cover those debts.
- Low income families in Scotland in receipt of UC with debts to public bodies are seeing their monthly income reduced on average by £80 to cover those debts.
- Scotland has a higher proportion of families with multiple deductions from their monthly income by DWP to cover debts to public bodies compared to England and Wales.

The research was conducted by Professor Morag Treanor from the Institute of Social Policy, Housing, Equalities Research (I-SPHERE) at Heriot-Watt University.

[**Click here to read the full report**](#)

*This equates to nearly 80,000 families (approx. 140,000 households with children in receipt of UC in total in Scotland at time of FoI release)

Aberlour has published a report looking at the level of public debt owed by households with children in Scotland in receipt of Universal Credit. Aberlour's research reveals that low-income families are facing high levels of debt to public bodies. The report shows that more than half of families with children in Scotland receiving Universal Credit are having their incomes reduced by the DWP to pay

off these debts. The report highlights a worrying proportion of the poorest families' monthly income is being deducted to cover debts to public bodies. This includes paying back Universal Credit advance payments, as well as 'third party deductions' on behalf of local authorities and other public bodies for rent arrears, service charges and council tax payments.

The research shows that tens of thousands of families eligible for the Scottish Child Payment are not feeling the full benefit of that financial help as the majority of the increase in income it provides is being cancelled out by deductions to cover the costs of debt to public bodies.

Aberlour is calling for a moratorium on deductions by the DWP for at least six months to provide struggling families burdened with debt to public bodies some relief during the worst of the cost of living crisis this winter. We are also calling for the Scottish Government and local authorities to pause public debt recovery for all those in receipt of Universal Credit or legacy benefits.

Aberlour wants to see legislation introduced in Scotland to further protect those on the lowest incomes who have debts to public bodies. A Debt Management Bill should be introduced by Scottish Government to ensure public debt

recovery practices in Scotland are rights based, consistent and do not adversely impact children's wellbeing or push families into poverty. In addition, Scottish Government, COSLA and local authorities should work together ahead of any bill to develop guidelines for local authority debt management and recovery which is rights based and helps to prevent against the build up of unsustainable debts.

Government at all levels can and must act differently in response to families with public debt, by responding with compassion and empathy, rather than adding to the anxiety and pressure families are already under. Taking a rights based approach in response to families with debt to public bodies to help and support children and families' wellbeing and to prevent pushing struggling families deeper into poverty is urgently required – it is the right thing to do.

Our Calls

Moratorium on debt recovery by DWP, Social Security Scotland and local authorities

We are calling for a pause on all deductions from Universal Credit claimants, and those on legacy benefits, for a minimum of 6 months to provide relief to struggling households with public debt and to help families through the worst of the cost of living crisis this winter. This should include all debt recovery by Social Security Scotland and local authorities for those in receipt of Universal Credit or legacy benefits.

Scottish Government to introduce a Debt Management Bill

We are calling for legislation to bring public debt recovery in line with private sector regulation, so that public debt recovery practices are rights based, consistent and do not adversely impact children's wellbeing or push families into poverty.

COSLA to develop local authority debt management and recovery guidelines

We are calling on COSLA to work with its members, and Scottish Government, to act now (in advance of any bill). To agree guidelines for local authority debt management and recovery practices beyond the term of any moratorium, which are rights based, consistent, that do not adversely impact children's wellbeing or push families into poverty and prevent against the build-up of unsustainable debt.

Write off all existing school meal debt and increase thresholds for free school meals

We are calling on Scottish Government and local authorities to work together to write off all existing school meal debt for struggling families, and to increase thresholds for free school meals and extend eligibility to all families in receipt of Universal Credit to prevent against school meal debt and make sure no child goes hungry at school.