



Public debt research

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24 March 2023

Background

- Public 'debts' - Universal Credit (UC) advances, Department for Work and Pension (DWP) loans and overpayments, rent and council tax arrears, third party deductions (e.g. energy companies), sanctions, housing cost top-ups (e.g. private rentals), and arrears to the local authority.
- This research aims to establish the extent of public debt experienced by low-income families in Scotland and also to explore how such debt is experienced.

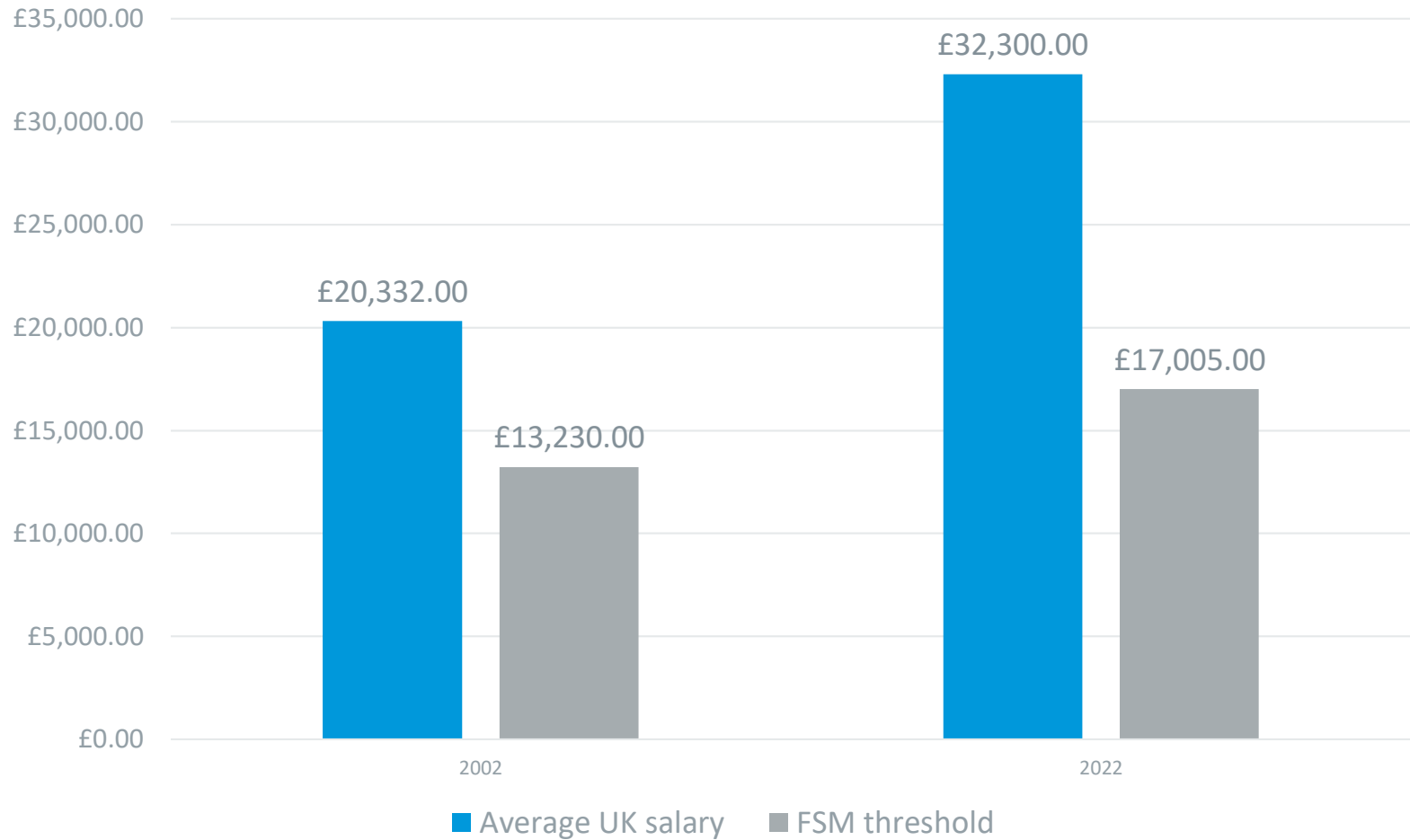
How are we doing the research?

1. Analysing publicly available data.
2. Analysing large-scale surveys.
3. Freedom of Information requests.
4. Speaking to families.

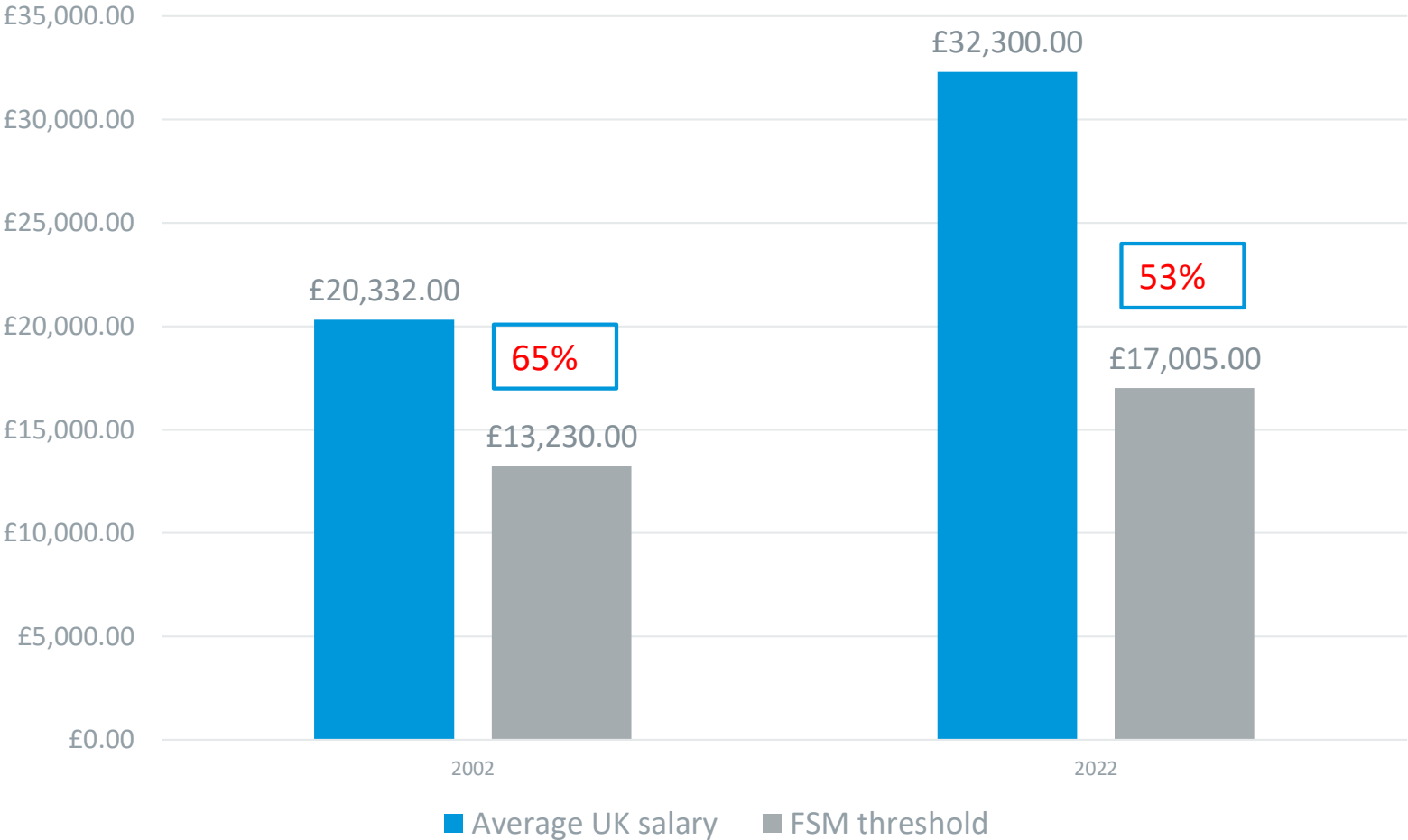
Part 1 – school meal debt

- Free school meal income thresholds:
 - In 2002
 - CTC only - £13,230; CTC/WTC - £5,060
 - In 2022
 - CTC only - £16,105; CTC/WTC/UC - £7,500;
 - In 2023
 - CTC only - £17,005; CTC/WTC/UC - £7,920;
- What this means for families and children...

Average UK income and FSM thresholds



Average UK income and FSM thresholds



Part 1 – school meal debt

- £1,032,500 in total
- 24,367 pupils
- Average amount owed per pupil £42.37.

Hidden hunger in secondary schools

“In my friend group, I’d say about half of them can’t eat food when we go out, so you see people buying food for their friends. They come to lunch with me even though they’re not getting anything. We go to Greggs and, because I’ve got like £3 or £3.50 to spend, I’ll get two Yum Yums and a sausage roll and I’ll give them the Yum Yums, just because they don’t get any food anyway.”

“I know a good few people who don’t actually get lunch because they feel like they’re using the money their parents could be using for something better... They feel responsible.”

Media and Impact

<https://www.theguardian.com/uk-news/2022/jun/06/families-scotland-school-meal-debt-aberlour>

- Thresholds have been changed
- 9 councils have written off school meal debt
- CoSLA has produced guidance for councils
- Large donations have helped to write off other school meal debt
- Practice is changing in some councils
- The campaigning and influencing is ongoing

Part 3 – Council Tax arrears

1. An FOI was sent to all local authorities asking about council tax arrears.
2. Councils answered in different ways so no easy way to show the data, but
3. There are a lot of problems paying council tax in Scotland.
4. Collection practices are too fast and too punitive.

Council tax good practice

- Our council tax arrears pilot helped 75% of people live better lives



Gateshead Council used arrears to identify residents who needed help, writes Mark Smith, its director of public service reform.

Part 4 – DWP deductions

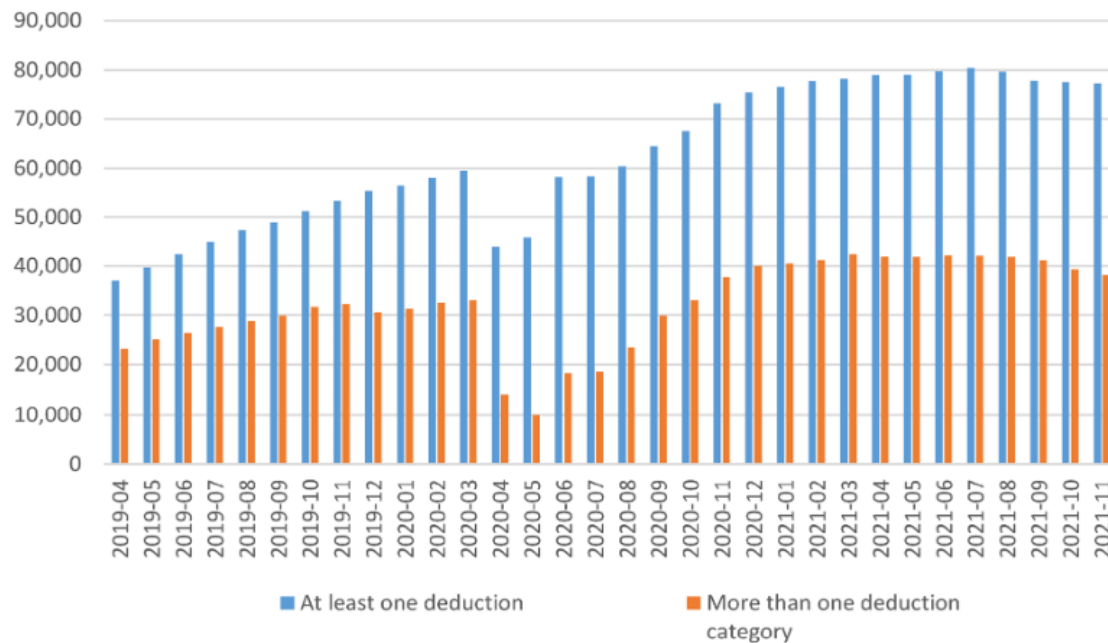


Total deductions in Scotland

Figure 1.1 shows the number of households with children in Scotland who have one deduction, and the number who have multiple deductions, taken from their UC entitlement.

Note the numbers were increasing before the pandemic. During the first lockdown of the pandemic, the numbers jumped and have remained stable since.

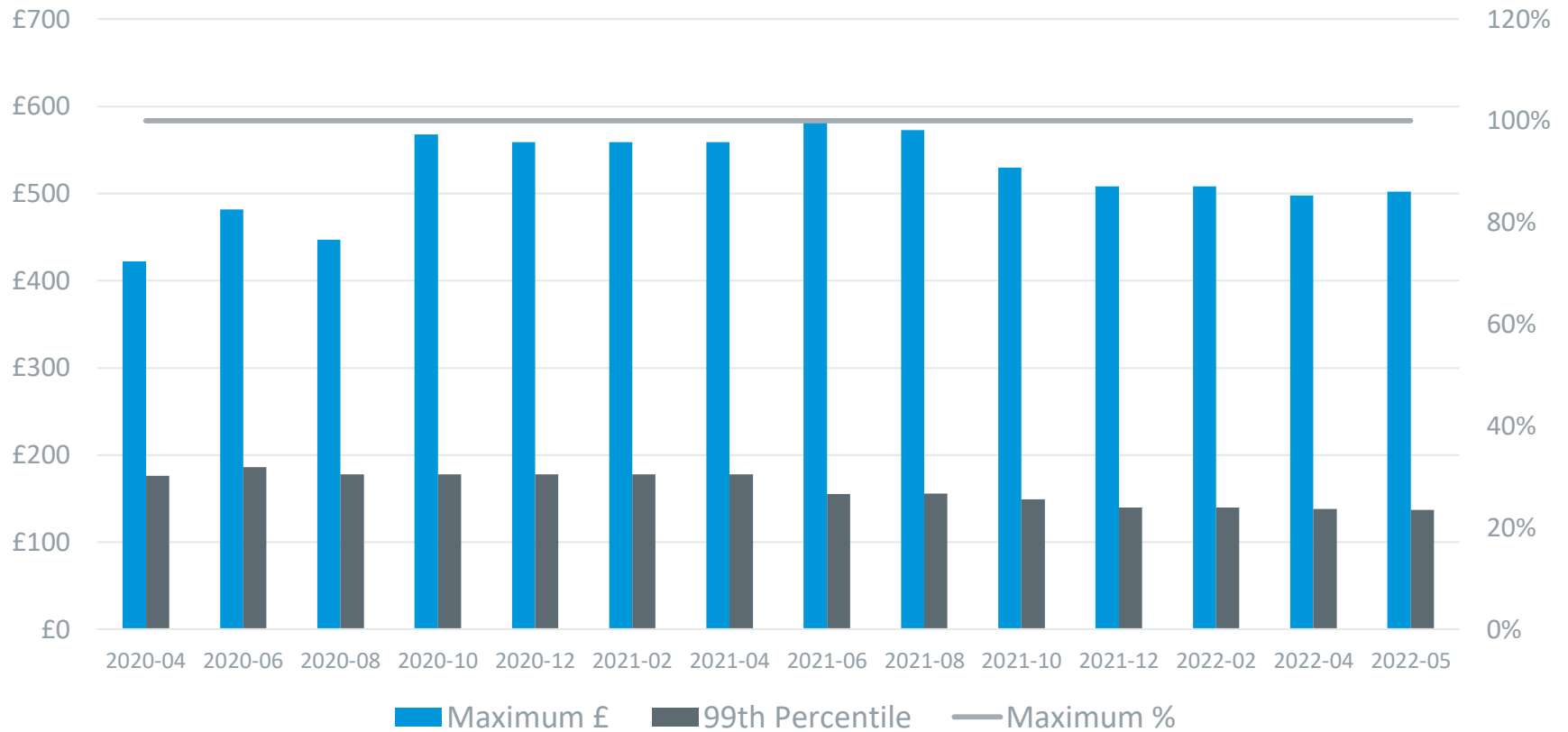
Figure 1.1 - Volume of UC claimants with children in Scotland with single and multiple deductions



Continued...



Part 4 – DWP deductions



Part 5 – Speaking to families

- Issues arising:
 - Statute of limitations
 - Housing
 - Employment
 - Domestic abuse/financial abuse
 - Isolation, bereavement, no support
 - Mental health
 - Jointly and severally liable

Sheriff's Officers

“Every time we get a break, they start arresting my wages, and if you phone [the Sheriff's Officer] and say, 'This is what I can afford', they say, 'We don't care. You either pay us this or we're arresting your wages', because they have the authority to do so. They actually have the authority just to go to your company and say, 'We want money.' You don't get invited to court. You don't get anything. They just get a court order and do it.”

“I had about £21,000-worth of debt when I went bankrupt [in 2018], but that was mainly, you can probably count it as I had about £8,000-worth of debt, but by the time all the charges and sheriff's officers and all had been added on to it, it made it that high.”

Housing

“I've private rented for 11 years, paid somebody else's mortgages, and I've been in houses where you can't even turn the heating on. When your wife's getting a chill just because you cannae heat the house because the rent's too high, and the council just don't care... I can 100 per cent accredit my money troubles through having children towards not having a house.”

“I think they're just going to see about getting a home visit, to see if somebody will assess the house and see if they can help us, because it's just too cold. My son's had bronchitis twice now, and the house is just freezing. To think he's had it twice and he's only five months old.”

Housing

“The council have been quite good in that way to do with the arrears. They did send me an eviction notice! Which I said to them, 'Does that make much sense to you?' I says, 'You're going to make me homeless and you then have to rehome me.' That's like, the threat didn't need to be had, because all that does is make you panic... When you've [already] been through an eviction and not known where your kids are going to sleep...”

Employment

“I work for the school. I've worked in an admin job, in a staff base, I don't work with pupils, and they've just been really inflexible with me. So my concern is I can't stay at the job that I'm at, and then what job can I do?” [Gets upset]

“So I was paying all this stuff out and I literally was struggling. It was making my mental health worse. I ended up getting in debt with my housing benefit as well... I was to pay £498 rent off of [my universal credit], which I just physically couldn't do. So then I got in rent arrears because I didn't pay all of that to my rent, because I, I've got two children, so I physically couldn't do it.”

Employment

“When I stopped working, like when I went through the whole lockdown situation, I used a food bank quite a lot because I never had that much payment, I had to obviously - because I had a part wage as well, I was struggling.”

“[My employer] cares that much that they take £1.50 a month off me for the administration fee to pay [my wage arrestment]!”

Domestic abuse

“It's quite overwhelming when you've got so many debts. There was a period in my life, just two years ago, when I had come out of a really bad, abusive relationship and I got made redundant, and obviously it was the start of lockdown as well. So I had been on to Universal Credit and I had got an advanced payment off them. Like it's bad enough when you leave a relationship, you're left with nothing – sorry, I suffer anxiety as well, so this is a bit all over the place. So like leaving that relationship, like losing my job, kind of made me feel a bit like depressed because I had no money and stuff like that. So I got an advanced payment and they took that off me and I wasn't finding my feet, it was very hard to adjust to.”

Isolation, bereavement, no support

“I feel really resentful towards it because, through everything that he's put myself and my little girl through, it's detrimental more to my little girl because she's the one that suffers more through all this. As an adult, you get on with it. If I didn't have my daughter, I would just cuddle up under a duvet, put three jumpers, whatever I had to do. I'm a grown woman, and it's one thing an adult facing poverty, but why should a little girl face that because her father doesn't want to take responsibility?”

Isolation, bereavement, no support

“It's me and my 14-year-old daughter. It's just the two of us. I can't work at the moment because of long-standing mental health issues. I haven't been able to work for quite a while. I'm actually just going through an appeal process for PIP at the moment to try and get that. I don't really have any family support.”

Mental Health

“I find it hard to leave the house most of the time. That's one of the problems I have is I don't really get out much because of panic attacks and anxiety and stuff like that.”

“I have got friends but I don't really go out. I don't socialise, just down to my anxiety and I've had lots going on health wise.”

Joint liability

“What's going to happen now is I went bankrupt, so I got rid of a lot of the Council Tax that we were owing, but because I lived with my wife at the time, although they can't chase me for it, they're still chasing her for it... For the exact same debt which was included in my bankruptcy, so they're not allowed to come for me, so they're going for her.”

Joint liability

“It took about a good six months for them to come to me. Rather than come to me right away, because had I known about them coming to me right away, I would have made arrangements with the council to pay it right away. Literally, your hands are tied. If you've got a joint claim with someone, then you are liable for paying half that debt. I ended up being left to pay the debt in full, and I says, 'Well, can you not chase up my ex-partner, and take half the money off his benefits?' They said, 'No, we've got a hold of you, so you can just pay it.' I was gobsmacked. He's got off, hook, line, and sinker. He's got no debt to pay, basically.”

Part 5 – Impacts on parents and children

“You get treated, you almost get treated as subhuman. It doesn't matter what your circumstances are. Some of the things that you read about why people are in the positions they're in and things like that, there's no understanding and no care whatsoever.”

“We struggle. We've had to borrow off family. We're constantly watching the gas and electric meters. Normally, I would be able to have even £50 to £100 left over from my benefits every month - before COVID - where I could get money saved. Literally, yesterday until I got my PIP, I was sitting with zero in my account. That's how bad it gets. It's just basically because of the rising costs of food, gas and electric and the debt I've had to pay back because of my ex-partner.”

Part 5 – Impacts on parents and children

I'm really grateful because the nursery give a free school meal to [my daughter] every lunchtime, so that's saving me extra money that way because I don't need to provide a packed lunch for her. There is times that I've skipped lunch because there's one packet of ham with only three slices in it, and [my daughter] needs a couple of slices of that ham on a sandwich [for dinner]."

"The debt puts a strain on us because, obviously, we're constantly arguing about money. That's the only thing we argue about, to be honest. If we didn't have any financial difficulties, I don't think we would ever argue."

Part 5 – Impacts on parents and children

“I'm dreading things like taking [my son] to go and get his feet measured. I know I need to do that soon, and I'm putting it off. He's growing every day. He's four-and-a-half.”

“I just don't seem to know what to do, to go to anywhere for advice, if there is anyone that can help. I don't know. I'm just almost burying my head in the sand about it.”

“Kids are pretty smart. They just tune in to all these things. If I'm having a hard day I try not to let him see that, but there's times where he might see it, and actually it's hard, because I'm not a robot. I do have emotions, and sometimes they'll come on at a time you might not want them to. I'd like to think it's not affecting him, but I don't know.”