

CELCIS response to the Scottish Parliament's Social Justice and Social Security Committee's call for views to inform their inquiry into low income and debt problems

March 2022

CELCIS, the Centre for Excellence for Children's Care and Protection, is based at the University of Strathclyde. CELCIS is a leading improvement and innovation centre. We improve children's lives by supporting people and organisations to drive long lasting change in the services they need, and the practices used by people responsible for their care. We welcome the opportunity to provide our views to inform the Committee's inquiry into low income and debt problems. Our submission focuses on the experience and impact of low income, debt and poverty for children, young people and families in need of care and protection, and highlights particular considerations for care leavers. Our response is based on research evidence, practice and policy experience and expertise offered through our long-standing, cross-organisational networks, including communities with lived experience.

Child poverty in Scotland

The number of children living in poverty in Scotland is high and increasing. 260,000 children (26%) were living in relative poverty in 2019-20, an increase from 210,000 (18%) in 2014-15.¹ Children's economic rights are a fundamental part of the United Nations Convention on the Rights of the Child (UNCRC)². The UNCRC enshrines children's rights not simply to survive, but to develop to their full potential. This requires an adequate standard of living that ensures children can develop physically, mentally and socially. When children live in poverty, all of these rights are eroded. As the cost-of-living crisis escalates in Scotland now, so too will the scale and experience of poverty. This is in the wake of the COVID-19 pandemic, the pressures of which are being compounded for many families by decisions which mean low-income households, both in and out of work, will experience a real-terms cut to their social security payments. Less than six months after cutting Universal Credit by £20 per week, the UK Government plans to increase social security payments by only 3.1% from April, and inflation is forecast at around 8%.³ A recent Joseph Rowntree Foundation analysis found this decision will mean millions of low-income households will experience a further cut of £500 to their annual income, at a time where we are seeing a

¹ Scottish Government (2021) *Poverty and Income Inequality in Scotland*. Table 3 at Tab '1 Rel AHC' <https://data.gov.scot/poverty/xls/All%20single%20year.xlsx>

² General Assembly of the United Nations (1989) *Convention on the Rights of the Child*. Geneva: General Assembly of the United Nations

³ <https://www.jrf.org.uk/press/new-analysis-shows-chancellor-must-act-avoid-devastating-damage-living-standards-poorest>

steep increase in costs of essentials (particularly energy costs).⁴ Research by the Trussell Trust this month found Universal Credit in its current form is insufficient to meet essential needs and is driving people into debt. The research found that two in five people on Universal Credit have already fallen into debt following the cut in autumn 2021.⁵ In this context, actions set out in the Scottish Government's [Tackling Child Poverty Delivery Plan 2022-26](#), including further increasing the Scottish Child Payment from £20 to £25, are welcome measures to support families with the cost of living crisis.

Poverty and children in need of care and protection

Over 13,000 children are 'looked after' by Scottish local authorities, and over 7,000 young people are eligible for 'aftercare'.⁶ This includes young people who are care leavers, and children who are currently being cared for in foster care, residential care, kinship care, or living at home with one or both birth parents whilst receiving support from social work; all of these young people are care experienced. All children and young people in need of care and protection have encountered difficulties in their lives, often experiencing trauma, abuse, and neglect. The main concerns leading to registration on a Child Protection Register in Scotland in 2021 were 'parental substance misuse' (44%), 'domestic abuse' (47%), 'neglect' (46%), and 'parental mental health problems' (45%).⁷ These are factors which are often intertwined with, and exacerbated by, poverty, yet research indicates in social work practice, poverty is rarely identified or described as a risk factor for children.⁸

Poverty does not cause child abuse and neglect: abuse and neglect are present across all spectrums of society, and the vast majority of families living in poverty love and care for their children. However, there is a complex link between poverty, child abuse and neglect, and the cumulative effect of stresses and difficulties of living with poverty may be the tipping point for some families.⁹ A 2016 Joseph Rowntree Foundation evidence review led by Professor Paul Bywaters on the relationship between poverty, child abuse and neglect found a strong association between families' socio-economic circumstances and the chances that children will experience child abuse and neglect.¹⁰ There is a very strong association between the level of neighbourhood deprivation and the proportion of children who are 'looked after' or on a children protection

⁴ <https://www.jrf.org.uk/press/new-analysis-shows-chancellor-must-act-avoid-devastating-damage-living-standards-poorest>

⁵ The Trussell Trust (2022) *The True Cost of Living: The action needed to stem the rising tide of destitution*. The Trussell Trust, online at <https://www.trusselltrust.org/wp-content/uploads/sites/2/2022/03/The-true-cost-of-living.pdf>

⁶ Scottish Government (2022) [Children's social work statistics 2020-2021](#). Edinburgh: Scottish Government

⁷ Scottish Government (2022) [Children's social work statistics 2020-2021](#). Edinburgh: Scottish Government

⁸ Morris, K., Mason, W., Bywaters, P., Featherstone, B., Daniel, B., Brady, G. & Webb, C. (2018). 'Social work, poverty, and child welfare interventions'. *Child & Family Social Work*, 23(3), 364–372

⁹ Scullin, K & Galloway, S (2014) [Challenges from the frontline: Supporting families with multiple adversity at time of austerity](#), Barnardo's & NSPCC.

¹⁰ Bywaters, P, et al., (2016) [The relationship between poverty, child abuse and neglect: an evidence review](#), York: Joseph Rowntree Foundation. Pg.3

register.¹¹ In Scotland, children in the most deprived 10% of small neighbourhoods were found to be around 20 times more likely to be 'looked after' or on the child protection register than children in the least deprived 10%.¹² Despite this, poverty is often overlooked as a factor contributing to children experiencing formal interventions in their care and protection.

As the Committee is aware through its recent thematic session on kinship care, financial precariousness and low income have a significant impact on kinship carers. We welcome the Scottish Government's commitment set out in [Keeping The Promise: Scottish Government Implementation Plan](#) published yesterday (30 March 2022) to set a Recommended National Allowance rate for foster and kinship allowances, which is a necessary and urgent step towards equity for kinship carers whose financial allowance currently can vary significantly depending on local authority area. Evidence based on 2001 census data showed that children in kinship care families are disproportionately living in the poorest households across Scotland.¹³ More recent research highlights a general upward trend between deprivation and higher rates of kinship care in Scotland.¹⁴ To avoid repetition here of evidence recently submitted to the Committee on this matter, members may prefer to refer to our original [written evidence to inform the thematic session on kinship care](#).

Care leavers

Research informs that the single most influential factor in improving life chances and outcomes for care leavers is the age at which they transition from care. Whilst Scottish legislation and policy aims to positively delay the age and manner in which young people transition from care to adulthood, research carried out by [CELCIS](#) identified a number of bureaucratic barriers alongside a range of cultural and practice factors which work against this¹⁵.

In addition to the disproportionate impact of poverty on children in need of care and protection, evidence indicates poverty and financial precariousness continue to have a significant and detrimental impact on the lives of many care experienced people into adulthood.¹⁶ Leaving home at an earlier age than many young people and often lacking the safety net of financial support from family, care leavers are much more likely to be encounter the effects of debt and

¹¹ Bywaters, P. et al. (2020) 'Child welfare inequalities in the four nations of the UK', *Journal of Social Work*, 20(2), pp. 193-215

¹² Bywaters, P. et al. (2017) [Identifying and Understanding Inequalities in Child Welfare Intervention Rates: comparative studies in four UK countries. Briefing Paper 4: Scotland](#)

¹³ Nandy, S., Selwyn, J., Farmer, E., & Vaisey, P. (2011). *Spotlight on Kinship Care: Using Census Microdata to Examine the Extent and Nature of Kinship Care in the UK at the Turn of the Twentieth Century*, Bristol: University of Bristol.

¹⁴ McCartan, C., Bunting, L., Bywaters, P., Davidson, G., Elliot, M. & Hooper, J. (2018) 'A Four-Nation Comparison of Kinship Care in the UK: The Relationship between Formal Kinship Care and Deprivation' *Social Policy and Society*, 17(4), 619-635.

¹⁵ Lough Dennell, B., McGhee, K. & Porter, R. (2022) [Continuing Care: An exploration of implementation](#). Glasgow: CELCIS

¹⁶ Ayre, D. et al (2016) [The Cost Being Care Free](#). London: The Children's Society

poverty.¹⁷ At a time in history where young people in general have to depend on their families for emotional, financial and practical support for longer, young people leaving care are expected to cope with the financial demands and complexities of independent living at a much younger age.¹⁸

The 2020 report of Scotland's Independent Care Review, *The Promise*, highlighted that many care experienced adults felt abandoned and ill-prepared moving from childhood to adulthood, not least due to a lack of, or barriers accessing, financial support.¹⁹ Care experienced people highlighted the lack of financial support as a significant stressor after leaving care, particularly experiences of high levels of debt.²⁰ Living independently without familial or other support requires higher levels of income, yet many care leavers are faced only with lower paid or precarious work, which further undermines their employment stability and financial position.²¹ We welcome commitments set out in the [Keeping The Promise: Scottish Government Implementation Plan](#) to treat care leavers as a priority group in relation to the Young Person's Guarantee, connecting every young person with the opportunity of a job, apprenticeship, training or education in order that they are fully supported to secure stable and high quality employment opportunities. To avoid experiences of debt and ensure stability whilst working towards paid employment, care leavers also require access to sufficient financial resources throughout their training.

Scotland's recognition of the significant barriers faced by care leavers is reflected in the legal duties incumbent upon corporate parents.²² All agencies of the state have specific duties and responsibilities to safeguard the rights and promote the wellbeing of care experienced children and young people, as set out in [Part 9: Corporate Parenting](#) of the Children and Young People (Scotland) Act 2014. Scottish Ministers, Social Security Scotland, local authorities and a range of other public sector bodies must promote the interests of care experienced children and young people, and take targeted steps to enable them to make use of supports and services they provide. The financial precariousness impacting upon care leavers, and the responsibility of the state to act upon this is recognised by the Scottish Government through a number of policies designed to enhance financial support for them, such as exempting care leavers (up to the age of 26) from paying council tax²³; introducing the Care Experienced Student Bursary;²⁴ and providing the Care Experience Grant (yet to commence, but

¹⁷ Eisenstadt, N. (2017) *The Life Chances of Young People in Scotland*. Edinburgh: Scottish Government; McGhee, K. (2017) [Care leavers and council tax exemption](#). Glasgow: CELCIS

¹⁸ Mann-Feder, V. and Goyette, M. (eds) (2019), *Leaving Care And The Transition To Adulthood*, Oxford University Press and Stein, M. (2012) *Young People Leaving Care*, London: Jessica Kingsley.

¹⁹ The Independent Care Review (2020) *The Promise*. Independent Care Review.

²⁰ The Independent Care Review (2020) *Evidence Framework: Feb 2017 - Feb 2020*. Independent Care Review.

²¹ The Children's Society (2016) [Improving financial support for care leavers](#), London: The Children's Society

²² Scottish Government (2015) [Children and Young People \(Scotland\) Act 2014: Statutory Guidance on Part 9: Corporate Parenting](#). Edinburgh: Scottish Government

²³ McGhee, K. (2018) *Inform: Care leavers and council tax exemption*. CELCIS: Glasgow.

²⁴ https://www.celcis.org/application/files/7415/8376/8320/care-experienced-bursary-faqs_.pdf

announced in the 2021-22 Programme for Government)²⁵. These are positive and welcome policies, yet continued efforts are required across a range of agencies in order to continue to improve the experiences and outcomes of care leavers experiencing low income, debt and poverty. Starting this June, the Welsh Government are piloting a basic income scheme for care leavers, under which every young person leaving care who turns 18 during a 12-month period is able to participate and receive an unconditional monthly payment of £1,600 (before tax) for 24 months.²⁶ There is significant potential for the development of a similar scheme in Scotland, which is further discussed in our response to Questions 7 and 12 below.

Digital exclusion

1. How does digital exclusion affect people's experience of debt and seeking money advice?

The digital divide often centres on poverty and social exclusion.²⁷ The internet and digital technology are integral to all aspects of personal, professional and public life, and increasingly central to how public, economic and social life functions. They have transformed how we work, communicate, consume, learn, entertain and access information and public services which was sharply brought into focus during the COVID-19 pandemic. However, the spread of access and use is uneven. Those who are excluded face a range of disadvantages and can be unable to participate fully in society.²⁸ For the many care leavers living in poverty, their financial situation means that they lack funds for hardware such as laptops, tablets and smartphones. Many young people living alone cannot afford or access broadband contracts due directly to high costs, or inability to commit to contract arrangements due to precariousness of income or accommodation. Having no or poor credit is an issue for care leavers who do not have parents or relatives to counter-sign loans or agreements, further preventing the development of positive credit histories.²⁹

Digital connection is a basic right, which corporate parents have a responsibility to uphold for care leavers.³⁰ Some care leavers do not have the skills, knowledge and digital literacy to make use of online information or navigate complicated platforms, websites or online forms without additional help and support. As for all young people, there is clear evidence that digital connection is critical and essential for care leavers in all areas of their lives, including in relation to seeking money advice, and no young person leaving care should do so to live in

²⁵ Scottish Government (2021) [A fairer, greener Scotland: Programme for Government 2021-22](#). Edinburgh: Scottish Government

²⁶ <https://gov.wales/written-statement-basic-income-pilot-care-leavers-wales>

²⁷ Roesch-Marsh, A., McGhee, K. & Gillon, F. (2021) The digital divide: The impact on the rights of care leavers in Scotland. Glasgow: CELCIS

²⁸ Sanders, R (2020) ESSS Outline: [Digital inclusion, exclusion and participation](#), Glasgow: IRISS

²⁹ Roesch-Marsh, A., McGhee, K. & Gillon, F. (2021) The digital divide: The impact on the rights of care leavers in Scotland. Glasgow: CELCIS

³⁰ Roesch-Marsh, A., McGhee, K. & Gillon, F. (2021) The digital divide: The impact on the rights of care leavers in Scotland. Glasgow: CELCIS

accommodation without online access and without additional support to improve digital competence and confidence.³¹

2. Are there examples of good practice which reduce barriers created by digital exclusion?

The provision of equipment and low cost and sustainable broadband is to be welcomed through local and national activity, for example through the [Connecting Scotland](#) project set up to provide tablets and digital literacy support for low-income households with children, and care leavers. However, at a more fundamental level, addressing the underlying causes of poverty would enable care leavers the dignity to maintain their own social and digital inclusion.³²

Accessing money advice

3. What are the barriers to accessing money advice for people with low incomes and debt problems?

A weight of evidence points to supportive and enduring relationships with those who care for (and about) care experienced children and young people being the 'golden thread' (2013: 2) in their lives.³³ The Promise of Scotland's Independent Care Review emphasises the fundamental importance of developing and sustaining relationships for children and young people in and beyond care.³⁴ In overcoming barriers to care leavers access to advice about low income and debt, relationships with supportive and trusted adults are key. Concerns about stigma and shame associated with poverty and debt have real and significant implications. Alongside the direct experience of poverty and the stress of managing without enough money, shame leaves individuals with feelings of low self-worth, powerlessness and feeling blamed for their situation.³⁵ Behavioural responses to shame can include withdrawal and social isolation, as well as avoidance of feelings of shame through coping mechanisms such as substance use and self-harm.³⁶ Such feelings and behaviours can act as a barrier to seeking or engaging with support, for fear of being further shamed, judged, or of failing. Where young people in this situation have existing supportive relationships with trusted adults, such as former carers or throughcare and aftercare practitioners, it is possible to discuss the problem and consider solutions together, rather than feeling alone and without anywhere trusted to turn for support.

³¹ McGhee, K. & Roesch-Marsh, A. (2020) [Bridging the digital divide for Care Leavers in Scotland: If not now, when?](#) Glasgow: CELCIS, Scottish Care Leavers Covenant

³² Includem (2020) [Staying Connected: Assessing digital inclusion during the coronavirus pandemic](#). Glasgow: Includem

³³ The Care Inquiry (2013) *Making not Breaking: Building relationships for our most vulnerable children*. Online at <https://www.adoptionuk.org/Handlers/Download.ashx?IDMF=85fe35ed-2c73-4ba8-83e5-5396d34969a7>

³⁴ Independent Care Review (2020) *The Promise*. Online at <https://www.carereview.scot/wp-content/uploads/2020/02/The-Promise.pdf>

³⁵ Lister, R. (2013) 'Power, not pity: poverty and human rights', *Ethics and Social Welfare* 7(2) 109-23.

³⁶ Gupta, A. (2015) Poverty and shame: messages for social work. *Critical & Radical Social Work* (3)1 131-39.

Care leavers are entitled to aftercare support in the form of advice, guidance and assistance from their local authority until they are aged 26. This support should be relationship based, and throughcare and aftercare services in Scotland acknowledge the need for and importance of financial assistance and support. However, young people's experience of the quality and consistency of support nationally is not clear.³⁷ It is important that practitioners in throughcare and aftercare roles have an awareness of issues associated with poverty and debt (including associated stigma and shame), and knowledge of where to seek help and specialist advice locally.

Care leavers can be at particular risk of financial difficulties if they are expected to cope with the financial demands and the complexities of adult living without the appropriate support.³⁸ Despite the enabling policy landscape in Scotland, such as provisions under Part 11: Continuing Care of the Children and Young People (Scotland) Act 2014, designed to ensure gradual transitions from care to interdependent living, evidence indicates that the implementation of such policies is inconsistent.³⁹ Young people leaving care can experience sudden and stark transitions, from having little financial responsibility, to navigating a range of complex systems and requirements (including rent, utilities, food, clothing, household supplies, and transport costs) in a matter of days. Whilst this type of poorly planned transition should be avoided, it is nevertheless the reality for some. Managing and navigating this is very challenging and requires confidence, experience, preparation and skill, all of which must be in place before a young person leaves care. Developing young people's financial literacy is not the responsibility of throughcare and after practitioners alone. The development of positive financial habits from as early in life as possible is important for all children. Consistent and developmentally appropriate exposure, in a normalised way, to the skills, conversations, and experiences necessary to build an understanding of money, budgets, and savings, and develop confidence in managing the associated risks and responsibilities, should be a part of each child and young person's ongoing care. To provide this, caregivers such as kinship carers, foster carers and residential care practitioners themselves require the necessary knowledge and skills, and access to support where this is required.

4. Are free money advice services able to meet demand?

Many care leavers only receive financial advice once the situation has reached crisis point. This could be prevented though earlier and effective financial advice and education.⁴⁰ A project run by the University of Edinburgh to understand the experiences and support available to care leavers regarding financial difficulties

³⁷ Stein, M., & Dixon, J. (2006) Young people leaving care in Scotland. *European Journal of Social Work*, 9(4), 407-423; McGhee, K. et al (2014) [Throughcare and Aftercare Services in Scotland's Local Authorities: A National Study](#). Glasgow: CELCIS

³⁸ Centre for Social Justice (2015) *Finding Their Feet: Equipping care leavers to reach their potential*. London: Centre for Social Justice

³⁹ Lough Dennell, B., McGhee, K. & Porter, R. (2022) [Continuing Care: An exploration of implementation](#). Glasgow: CELCIS

⁴⁰ Ayre, D. et al (2016) [The Cost Being Care Free](#). London: The Children's Society

found that many care experienced young people felt they were 'set up to fail' (2020: 2) because of a lack of advice.⁴¹ This was felt to indicate a lack of connection between specialist money advice services and care experienced people and those who support them. To be successful, services must feel and be experienced as welcoming and accessible to care leavers. Many care leavers have experienced trauma in their early lives, and understanding the impact of trauma on child development is essential in order to understand and appreciate adaptive behaviours which have been developed in response.⁴² Scotland's approach to implementing a trauma informed workforce nationally is an important step in ensuring everyone who works alongside people who may have been affected by trauma is able to respond to their needs in a helpful and supportive way.

Debt and mental health

5. How does having a debt problem impact on people's mental health?

It is widely recognised that debt and mental health difficulties are associated. The Royal College of Psychiatrists reports that one in two adults with debts has a mental health problem, and one in four people with a mental health problem are also in debt.⁴³

Between 2017-2020, Scotland's Independent Care Review listened to the experiences of over 5,500 care experienced infants, children, young people, adults and members of the paid and unpaid workforce. The Participation and Engagement Report of this review highlights that several individuals underscored the lack of financial support as a significant stressor after leaving care, recognising the link between debt, exploitation and poor mental health.⁴⁴ The stress and constant struggle of managing finances and debts is also reflected in other reviews of care leavers views and experience.⁴⁵ CELCIS research into care experienced students in Scotland's colleges and universities found that 73% of students considering leaving their course of study (which was 55% of all care experienced students surveyed) reported not coping financially as amongst their reason for leaving.⁴⁶ Some respondents described being in precarious financial situations, borrowing money from additional sources and dealing with threats when they have been unable to pay this back, with clear implications for their experience of worry and stress.

⁴¹ University of Edinburgh (2020) *Briefing Paper: Fostering financially healthy care leavers*. Online at https://www.ed.ac.uk/files/atoms/files/final_briefing_paper.pdf

⁴² CELCIS (2021) *Safe Places, Thriving Children: Embedding Trauma-Informed Practices into Alternative Care Settings*. Online at <https://www.sos-childrensvillages.org/getmedia/086d2528-40fc-4043-8171-847336cfde8c/Why-Children-and-Young-Adults-Need-TIP.pdf>

⁴³ <https://www.rcpsych.ac.uk/mental-health/problems-disorders/debt-and-mental-health?searchTerms=debt>

⁴⁴ The Independent Care Review (2020) *Evidence Framework: Feb 2017 - Feb 2020*. Independent Care Review.

⁴⁵ Baker, C. (2017) *Care leavers' views on their transition to adulthood: A rapid review of the evidence*. Coram Voice

⁴⁶ O'Neill, L., Harrison, N., Fowler, N. & Connelly, G. (2019). '*Being a student with care experience is very daunting*': *Findings from a survey of care experienced students in Scottish colleges and universities*: Glasgow: CELCIS.

6. Are there examples of specific research looking at the relationship between debt and mental health issues?

There is evidence that many young people leaving care are living on limited financial resources, and that this could have an impact on their general health and mental health.⁴⁷

There are a range of factors associated with leaving care too soon or without individualised, relationship-based support that pose a risk to young people's mental health and wellbeing. For example, housing instability, isolation and loneliness, and feeling overwhelmed by an abrupt transition to independent living. This highlights the critical importance of young people being encouraged, enabled and empowered to remain in positive care settings until they have developed the practical skills, readiness and networks of supportive relationships which are crucial underpinnings for all adults throughout life, rather than be expected to abruptly make this transition simply due to reaching an arbitrary age. Whilst the legislative and policy context in Scotland are enabling in this regard, evidence indicates that further concerted attention is required to their implementation, particularly that of Continuing Care under Part 11 of the Children and Young People (Scotland) Act 2014.⁴⁸

7. Are you able to provide "good practice" examples of projects which work to reduce the mental health impact of debt?

Aside from the day-to-day work of practitioners providing aftercare support, specific localised money advice projects for care leavers can make a positive difference to wellbeing. For example, the [Moneywise project](#) in Falkirk, which utilised individualised planning with care leavers and a collaborative approach with the Department for Work and Pensions to prevent care leavers from experiencing sanctions and high arrears repayments from their social security payments.

Given the link between poverty and mental illness, rather than focussing on individual responsibility, the Peace of Mind project examined what can be done at a societal level to improve mental health.⁴⁹ Funded by the Scottish Universities Insight Institute, the project ran during 2021 to explore the potential of a Basic Income in Scotland to improve mental health. A Basic Income is defined as "a periodic cash payment unconditionally delivered to all on an individual basis, without means-test or work requirement" (2020: 19)⁵⁰. The Peace of Mind project explored a range of international research evidence into

⁴⁷ Dixon, J. (2008) "Young people leaving care: health, well-being and outcomes", *Child & Family Social Work*, vol 13, pp207-17

⁴⁸ Lough Dennell, B., McGhee, K. & Porter, R. (2022) [Continuing Care: An exploration of implementation](#). Glasgow: CELCIS

⁴⁹ Basic Income Conversation (2021) [Peace of Mind: Exploring Basic Income's Potential to Improve Mental Health](#). Scottish Universities Insight Institute/Basic Income Network Scotland/Basic Income Conversation.

⁵⁰ Basic Income Earth Network (2020) 'About basic income', Basic Income Earth Network Website. Available at: <https://basicincome.org/about-basic-income/>

the effects of Basic Income interventions and pilots on health, some of which were mixed, but some of which showed large positive effects on mental health, with underlying explanatory mechanisms ranging from reduced stress, improved parenting quality, improved parent/child relationships, and greater food security.⁵¹ In addition, subject matter experts and individuals with lived experience of poverty, receiving social security payments, and mental health difficulties, identified a range of other mechanisms through which mental health could be positively impacted by the provision of a Basic Income. These included reducing stigma associated with social security payments; peace of mind from the assurance of a guaranteed, regular income; and the removal of a disempowering claims process with assessments, conditionality, and the risk of 'sanctions' to payments.⁵²

Essential services

11. What are the main types of debt that people on low incomes with debt problems are likely to have?

The Children's Society highlight the significant issue of council tax debt in the UK for many families, and particularly for care leavers.⁵³ In Scotland, care leavers are exempt from paying council tax until the age of 26, however young people may not have knowledge of their exemption, or may receive a bill regardless due to failure to identify care leavers within administrative systems. This can be stressful and upsetting.

Evidence indicates that care leavers in the UK are three times more likely to have had a sanction to their social security payment compared to the general population, and often they do not understand the reasons for being sanctioned.⁵⁴ A high proportion of sanctions to care leaver's social security payments were overturned on appeal (62%), indicating these sanctions are incorrectly applied.⁵⁵ However, not all sanctions will be appealed, and even if they are, this leaves individuals struggling for money whilst awaiting a decision. Sanctions are then retrieved from future social security payments, which can further drive young people into debt.

In addition, evidence indicates many care leavers also struggle to manage debts in relation to a range of essentials, such as rent arrears, loan re-payments, outstanding purchases and energy costs.⁵⁶ The growing pressures of household bills and contracts from increases in the cost of living stand to worsen the impact on care leavers wellbeing and ability to cope.

⁵¹ Basic Income Conversation (2021) [Peace of Mind: Exploring Basic Income's Potential to Improve Mental Health](#). Scottish Universities Insight Institute/Basic Income Network Scotland/Basic Income Conversation.

⁵² *ibid*

⁵³ Capron, L. & Ayre, D. (2015) *The Wolf at the Door: How council tax debt collection is harming children*. London: The Children's Society.

⁵⁴ Ayre, D. et al (2016) [The Cost Being Care Free](#). London: The Children's Society

⁵⁵ *ibid*

⁵⁶ Baker, C. (2017) [Care leavers' views on their transition to adulthood: A rapid review of the evidence](#). Coram Voice

12. Do you have any suggested changes to the law or practices in this area?

Drawing on a burgeoning evidence base, and the development of a Basic Income for care leavers pilot in Wales, Scotland has a unique and exciting opportunity to apply this existing learning to the planning and implementation of a Basic Income scheme for care leavers in Scotland. Charitable organisations [Staf](#) and [Aberlour](#) have been leading the exploration of the potential for such a scheme in Scotland, alongside young people with experience of care, and a range of expert stakeholders.⁵⁷ CELCIS fully supports their calls for the detailed, collaborative planning and implementation of such a scheme. Done well, the potential of a Basic Income to alleviate the poverty and financial pressures experienced by care leavers, and to support their mental health, wellbeing and feelings of security is enormous. As corporate parents, all agencies of the state, including Scottish Ministers, have a key role in upholding the rights and enhancing the wellbeing of care leavers, development of a Basic Income is a distinct opportunity to further this.

Scotland has a history of significant interest in a Universal Basic Income scheme, with the Scottish Government funding a feasibility study into geographical pilots in four local areas.⁵⁸ This study acknowledges the range of positions on Basic Income, from those who view it is a promotion of social justice and equality, removing work disincentives and addressing income inequality; to those who fear it encourages labour market withdrawal, diverts funds from those most in need, and promotes state dependency. Despite the (mixed) evidence from various international pilots, the feasibility study also recognises the evidence base is limited as there has been no testing of Basic Income in a form that meets the full definition (cash payments, paid regularly, unconditionally, to all individuals) in any developed countries.⁵⁹ The feasibility study reported recommendations for the design of a pilot model in 2020, however these have not been taken forward to date due to opposition from the UK Government to Basic Income as a policy, and the implications of this given social security powers are reserved.

Whilst there may be barriers to geographically based pilots which meet the full definition of a Basic Income, the Welsh pilot shows what is possible when a pilot is planned for care leavers as a particular group, the learning from which can be applied universally as and when these barriers are overcome. Because the DWP and HMRC have advised they will class the Welsh payments as income, the establishment of a generous level of payment (£1,600 per month) means the

⁵⁷ Further details can be found in the Staf and Aberlour briefing note: [Exploring a Care Leaver Income](#)

⁵⁸ Citizens' Basic Income Feasibility Study Steering Group (2020) Assessing the Feasibility of Citizens' Basic Income Pilots in Scotland: Final Report. Online at https://www.basicincome.scot/_data/assets/pdf_file/0024/175371/Draft-Final-CBI-Feasibility_Main-Report-June-2020.pdf

⁵⁹ *ibid*

payment will still provide a sufficient, liveable income post-tax, and ensures participants will be no worse off if any means tested benefits are to be lost. Additionally, because care leavers turning 18 will not have existing social security payments, there is no risk of their 'losing out' through giving up legacy social security payments, which some claimants receive if their claims pre-date the roll out of universal credit.⁶⁰ The pilot will provide useful information on the benefits of basic income, with evaluation planned of the impact on addressing poverty and unemployment and improving health and wellbeing. If we are serious about improving these issues for care leavers in Scotland too, establishing a similar, suitable, Basic Income scheme is an opportunity we must take.

Thank you for providing us with this opportunity to respond, we would be happy to provide further information in respect to any of the areas discussed here.

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⁶⁰ Goodman, C. (2022) *Basic Income Conversation blog: Details of the Welsh basic income pilot announced*. Online at <https://basicincomeconversation.medium.com/details-of-the-welsh-basic-income-pilot-announced-c8cd8b37064d>