

Poverty and Inequality Commission Cost of Living Briefing July 2023

Summary

The Poverty and Inequality Commission and members of our [Experts by Experience Panel](#) carried out visits to 11 advice organisations in 10 local authority areas across Scotland between August 2022 and March 2023. We wanted to hear directly from advice services supporting their clients through the cost of living crisis.

What we heard builds on [the themes the Commission reported](#) from other types of organisations in our previous series of visits carried out earlier in 2022. It also aligns with the evidence heard by the [Scottish Fuel Poverty Advisory Panel](#) about advice services, which informed its [advice to the Scottish Government](#) on immediate actions which could be taken to alleviate the impact of escalating energy prices on those suffering fuel poverty. Speaking to advice services, the Commission and Panel members heard about the particular pressures they were facing in terms of rising demand and case complexity, and the toll this was taking on the staff and volunteers. Advisers told us about the main issues client are presenting with, how they support particular groups, the policy barriers they face, and what they feel would help them.

Advice organisations told us that the main messages they wanted the Scottish Government to hear were:

- Advice services are experiencing twin challenges of both a surging number of cases, but also increasing complexity of the average case – both of these add to pressure on services and a backlog of cases.
- Episodes of acute crisis being experienced by clients of advice services is taking its toll on advisers, who, for some clients, are running out of support options to offer. As a consequence the negative impact on staff wellbeing is a huge issue for services.
- In common with what the Commission has heard from other organisations, the rising costs of food and fuel are the main drivers for seeking advice, along with transport costs.
- Debt management, including of public debt like council tax debt, is a particular issue – the pursuance of public debt is extremely punitive and requires reform.
- Advice services told us of a range of **policy challenges and barriers** they face, including:
 - Delays and difficulties in their clients accessing the Scottish Welfare Fund.
 - Different interpretations and practices with regards to “cash first” approaches across areas, and even within services.

- Data sharing issues, particularly with Social Security Scotland.
 - The inability to sustain and properly plan a service on short-term funding and the administrative overheads that this entails, all of which detract from frontline support.
 - The lack of support for some clients over the weekend when advice services can be closed.
- They also told us **what actions they have seen help them, and their clients:**
 - “One stop shops” where support and advice is coordinated at a place where people are and the multitude of different grants, schemes and other forms of support are stitched together.
 - Networks of sharing practice between advisers that allow them to share ideas, peer support, and workarounds to systemic barriers, in order to get the support needed to clients.
 - Wellbeing support, development and progression opportunities for staff and volunteers of advice services as they continue to offer essential support to their clients in the most challenging circumstances.

We are very grateful to all the organisations and individuals who generously shared their time and experience with us, particularly at a time when services are under pressure.

Introduction

This is the second cost of living briefing prepared by the Poverty and Inequality Commission. It is based on visits carried out by the Commission and [Experts by Experience Panel](#) members between August 2022 and March 2023 across a range of Local Authorities in Scotland. These visits had a particular focus on speaking to advice services that are directly supporting their clients through the cost of living crisis.

The Commission wanted to hear directly from groups, organisations and practitioners working to provide money advice and other forms of support in communities across Scotland. We wanted to understand the challenges organisations are facing, how the cost of living crisis is affecting different people they support, identify examples of effective approaches organisations and groups are taking in responding to the crisis, and to take the messages from what we hear back to the Scottish Government and others working at the national level.

Between August 2022 and March 2023, Commissioners and Experts by Experience Panel members visited 11 individual organisations in 10 local authority areas. Most of these organisations had a focus on providing direct advice to clients to help them through the severe challenges they are facing as a result of the cost of living crisis. Commissioners and Experts by Experience Panel members also participated in an online discussion session organised by [Money Advice Scotland](#) attended by 22 money advisers to hear from them about their [own work](#) on the impacts of cost of living on advice services, what issues they were concerned about, and what they were saying would help them and their clients.

It is important to acknowledge that, while this briefing is focused particularly on the impact of the cost of living crisis, many of the people that these organisations are supporting have been experiencing poverty in the longer term and the cost of living crisis has just exacerbated the difficulties they face.

Key messages from our previous Cost of Living visits

In the Commission's [first briefing](#) we published in October 2022 some of the main messages we heard from organisations we visited were:

- **Demand for services is rising:** Organisations we spoke to described an increase in demand for their services, in response to the cost of living crisis and the ongoing impact of the pandemic.
- **Household Daily Costs:** Household costs for energy, food, transport and household debt were a huge concern for organisations, with households they support struggling to pay energy bills and buy food.

- **Debt:** Public debt and particularly Council Tax debt, was an issue highlighted by some organisations. They spoke of a need to reform council tax debt recovery and to begin treating people with dignity and respect when pursuing arrears.
- **Transport costs** Rising petrol costs were highlighted by many organisations, particularly those based in rural areas. This was impacting on the ability of some people to stay in work where they needed to commute to get employment or even to travel to pick up supplies from food banks. Transport costs were also having an impact on the ability of people to volunteer in community-based organisations and services.
- **Mental Health:** We saw that the cost of living crisis was clearly becoming a mental health crisis. A number of organisations highlighted the impact of first the pandemic, and now the cost of living crisis, on mental health.

What Commissioners have heard from advice and support services they have visited

1. The pressure that clients accessing services are under and the toll it is taking

Increasing case numbers and complexity

Advice organisations and advisers the Commission spoke to told us they are dealing with the dual issues of rapidly rising numbers of clients and also increasing numbers with complex and difficult issues. Some services told us this is leading to an ever-increasing waiting list of people looking for help. We heard from advisers this has gathered pace in the last six months.

A frontline service coordinator told us how recently they have had a high number of callers who were suicidal and that they had been forced to breach protocol and call 999 on several occasions.

“Never before have we had this volume of people who have felt that there is no way out.”

Frontline advice coordinator

A member of a local authority anti-poverty team told us how the ongoing grinding nature of poverty can make engagement with advice services difficult. They described how clients tend to engage when at crisis point, but they very quickly disengage afterwards due to limits on their capacity caused by poverty:

“People are overwhelmed and are just... really, really weary, is the word that springs to mind.”

Local authority anti-poverty officer

The impact of this caseload on advisers

Money advisers told us they feel they are on the verge of suffering burn-out due to the increased demand on staff and organisations. Advisers said there are now more clients where the staff are unable to help because they have already got all that they can receive, and advisers feel as if they have run out of options to offer. An adviser said they are going to bed worrying about their client’s situation. Another adviser said their caseloads are so high they feel they are carrying the weight of everyone’s problems. They told us that support mechanisms are being put in place to help their staff, but staff wellbeing is still a big issue. Limited job security has meant that staff working for advice services have had to apply for the very same grants and support that they would previously have been telling their clients about. They felt that, while staff coped with the pandemic and services remained open to support clients throughout COVID-19, the impact of the current cost of living crisis is unprecedented.

2. The main issues clients are bringing to advice and support services

Cost of food and fuel

In common with what the Commission heard in its previous series of visits, advice organisations and advisers the Commission spoke to said the most common issue raised by clients is the cost of food, followed by fuel. A foodbank told us that the growing demand for food is consistently increasing. The continual rise in food demand on a weekly basis is putting increasing pressure on people that use their services and their own ability to restock and supply. In terms of energy, advisers told us about clients who are just not putting their heating on and that they were being asked for blankets, winter coats and hot water bottles. Another reported that donations are down as people in their community have cut back on all spending, and as a result voluntary services are having to work harder to fundraise at a time when there seems to be less available from funders.

Advisers told us that for their clients energy debt is now a major debt. The costs for energy are exceeding incomes, benefit entitlements and support and people are having to choose between fuel or food. An organisation said they have particular concerns about the Warm Homes Discount scheme – telling us that suppliers don't necessarily inform customers that they can apply (reporting that one supplier was open for applications for only one week) and there isn't enough funding for everyone who advisers feel should be eligible.

Different types of clients seeking support

Some services noted that over the cost of living crisis clients who have not previously sought out money advice and support have found it both more necessary, and more acceptable, to seek out help and support.

Money advisers said they are seeing new socioeconomic groups in difficulty: people with higher incomes that advisers would not have expected to see in the past. Advisers told us that “every age and stage” are looking for help with a bigger variety of issues that are much more complex. This contributes to the increasing waiting list of people looking for help.

Advisers told us about the deep sense of need that underpinned people coming to them for assistance:

“People don’t want advice, they want help”

Money adviser

We heard repeatedly from advice services that people are approaching them for assistance who have never done so in the past. This could often be because they were in work and had been just about managing – or even never in the position where they had to worry about their finances – but were now not managing and scared about their ability to get through the period of rising energy costs and sustained high prices. Organisations have also reported seeing an increase in the proportion of clients who have poor mental health.

Debt

Advisers told us that council tax debt is a particular issue. They explained how some of their clients aren't told that they can get council tax reduction and that their clients can be in thousands of pounds of council tax debt because of this. As council tax reduction can only be backdated for a set number of months, people are going bankrupt for a debt for something that they should not have had to pay in the first place.

An adviser described how clients they worked with had become engaged with illegal moneylenders in order to try and cover their costs. They told us how their clients and families had been subject to threats to their person, including a threat to have their children “taken away in a van” if they did not repay. The adviser did not know how to effectively support their clients in this situation.

3. Supporting particular groups

An advice service told us one of the groups they find hardest to reach is older people. They said that older adults are often socially isolated, and there's often a need to establish trust before they will seek and accept assistance. They were also worried that many older people were reporting just turning off their heating to save money.

An organisation that supports families said they are also experiencing additional demand for assistance from care experienced young people. They told us of their frustration resulting from the rules for different types of care experience (foster, residential, kinship carers and so on) not being aligned. For them, this means some care experienced young people are entitled to financial or housing assistance whilst others of same age are not. Money advisers told the Commission that they don't know how to properly help families who have no recourse to public funds and who may not speak English – many of whom are seeking help from foodbanks.

A further issue Commissioners heard was the need to support people who were less able to engage with digital service such as the Scottish Government's [own cost of living support website](#). One of the projects the Commission met with keeps a record of vulnerable clients who need 'Digital Support'. In order to support these clients they send reminders – including one lady who turns up weekly for help with her smart phone. They felt that a lot of people don't understand their fuel bills or what tariff they are on and digital service access and literacy is important to being able to effectively assist them. Getting data and access to internet allows clients to access things that everyone else takes for granted like paying bills, filling in benefit applications, job applications, and managing debt/housing issues.

The costs for energy are exceeding incomes, benefit entitlements and support and people are having to choose between fuel or food. We heard that young people under 25 are particularly impacted by this. We heard from organisations that homelessness is an increasing issue, particularly among single men, and they have clients at risk of losing their homes.

4. The policy challenges and barriers that services are reporting

Advisers told us that a key pressure point was the waiting time and process for issuing crisis grants, including from the Scottish Welfare Fund. They reported waiting times for crisis grants measured by days – which compared to some other forms of support is a quick response – but that even this was too long for many of their clients. Advisers also reported that for them, the Scottish Welfare Fund was seen as not meeting and keeping to its intended target times.

“The problem is that these clients are presenting with no food, no fuel, and no access to money today.”

Money adviser

They also reported that, for some clients, there were no further points of support that advisers could refer to:

“We have reached the limit of where they can go.”

Money adviser

Differing definitions of what a “cash first” approach is by different agencies was also highlighted as a problem. This can cause issues where there is a coordinated attempt by a local authority or other body to bring services together into a “one-stop-shop” type approach due to differing expectations of what a cash first approach should look like, as:

“What cash-first means to different agencies, or even different advisers within the same agencies, is different!”

Money adviser

Data sharing issues were also highlighted by advisers as a barrier. The nature of the data sharing arrangements, third party processes and escalation routes with Social Security Scotland was highlighted as a particular problem by multiple advisers. It was suggested that the Department for Work and Pensions offered a better experience for advisers in this regard, and that Social Security Scotland could learn from DWP’s approach.

Advisers told us that a particular challenge was in the nature of public funding – with too many different “pots” of short-term funding coming from different places, each with their own reporting requirements and often slightly different but overlapping intended purposes. This was seen to cause friction in the provision of advice and support, as well as creating extra administrative burden.

"There is no sustainability and no planning. You've not got any sustainable funding [where you can] plan for 3,5, or 10 years, and every funding stream has different boxes to tick and different reporting mechanisms."

Money adviser

An adviser recognised that to “fix things” for some of their clients in the current crisis, it will be expensive in terms of resource, and will take time and the work of multiple services:

“We’ve all got the same goal [for the client], but we’re all coming from slightly different angles... the difficulty being that everything we go to is already tapped out, and we are running out of places to go.”

Money adviser

Advice organisations spoke to us about the challenges that they face around their perceptions of a lack of coverage and support outside of Monday to Friday office hours and

suggested there was a gap in accessible emergency support over the weekend. They told us how clients could be in crisis over the weekend, where advice services often end up signposting to third sector organisations and charities. They said that after 5pm on a Friday, people will seek out help from charities themselves, or that advice services will have to “pick up the pieces” later on when the services reopen after the weekend.

Advisers supporting rural areas told us of particular challenges they face with transport for vulnerable people in rural areas who are unable to engage with mainstream services. They said that their clients continue to face substantial barriers in accessing basic services such as food shopping and attending appointments due to them requiring multiple bus trips with separate companies, for which the minimum fare of £6 was cost prohibitive on their incomes. They suggested that, as most of their clients do not meet the criteria for National Entitlement Card transport, that the free travel eligibility should be looked at to make it easier for low income households to travel to essential appointments and services.

5. What is working well or helping?

Money advisers from several different local authority areas told us about the benefits they had seen from different types of “one-stop shops” that try to coordinate various support offers in one place, often trying to locate them where people are, or gather (e.g. local community hubs).

The benefits that advisers saw from this kind of approach included reducing fall-off rates in referrals and making the connections between different kinds of support easier for clients to navigate. It also reduced the burden on clients from having to “tell their story” multiple times to different agencies. They noted that clients get exhausted having to go over the same tale to every new service they encounter.

Advisers noted that there were some systems locally that were seen to work well for them, including local financial insecurity funds and home heating funds for paying off particular kinds of debt – though it was also noted that some of these did not help so much for the immediate crisis support that many of the clients they work with require.

Some advisers shared their approaches and work-arounds they had in place for system barriers. Advisers noted problems they had experienced in relation to securing debt and mental health evidence forms in order to get debt written off. Advisers said that these can be charged for by NHS GPs in Scotland to the order of between £50 and £90. They told us that this is in contrast to England and Wales that do not charge. An adviser shared their approach of using data subject access requests to the GP surgeries which do not carry the same cost. Another adviser linked in with their community mental health teams for assistance with completing the necessary paperwork.

It was clear to the Commission that it is the knowledge and dedication of advisers themselves that is helping to keep as many of their clients as possible above the rising tide of poverty caused by the crisis. Despite all of the challenges we heard repeatedly that there are advisers and volunteers who are doing an amazing job in the most challenging of circumstances. Some services reported offering development opportunities for clients to move to providing advice. An advice service told us that because of all the difficulties they face in resourcing - being short-handed with only one paid member of staff, the volunteers are vital.

“Our volunteers are great at talking to people and making them feel welcome.”

Money adviser

Because of this they offer a progression programme for clients to become volunteers if they are interested.

Messages for the Scottish Government

Advice organisations Commissioners spoke to gave us a set of main messages to share with the Scottish Government. It is clear that many of these messages are on similar themes as those from other organisations the [Commission has previously spoken to](#) about the cost of living crisis. But they also highlight some of the particular rising pressures that are being faced by money advice services as the cost of living crisis continues. As one adviser told us:

“The water’s up around everyone’s ankles, and now it is getting up to our knees.”

Money adviser

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