# Scotland in the Red

A look at personal debt statistics in Scotland in 2023

StepChange Debt Charity Scotland

January – December 2023

# Summary

**Cost of living pressures were at the forefront of minds in recent years, and the pressures on household finances continued into 2023 and beyond.**

The increasing cost of living and inflationary pressures continues to impact households, and a growing proportion of StepChange clients find themselves in difficulty as a result. This report identifies how clients in Scotland have continued to be affected by problem debt and looks at the different ways in which these pressures have exhibited themselves for different client groups in 2023.

Priority bills, mainly utilities like gas, electricity and dual fuel have continued to place a heavy burden on clients. An increasing proportion of clients fall into categories of vulnerability, 56% of clients in 2023 had an additional vulnerability on top of their financial vulnerability, a further increase of 2% on 2022. Vulnerable situations may include physical health conditions, mental health conditions, learning disabilities, sight or hearing difficulties and other situations such as being a victim of economic or domestic abuse which can make dealing with finances particularly difficult for a client. Vulnerable clients can face additional barriers and complexities in addressing problem debt, which can complicate the options advisers have to help.

# Methodology

**StepChange Scotland helped over 29,500 new Scottish clients in 2023, on the telephone and online.**

Statistics in this document, unless otherwise stated, are based on a sample of 9,285 new Scottish clients who completed a full debt advice session for the first time between January and December 2023. 5,215 of these clients, or 56%, were identified as having additional vulnerabilities on top of their financial difficulty. Comparisons are therefore between this 2023 sample and the data from the 2022 edition of Scotland in the Red.

Advice sessions are completed through a telephone or online session, or through a combination of both channels. In 2023 there has been a change to the methodology used to calculate the total number of clients completing a debt advice session in the year. The figures in this report therefore differ from figures used in previous editions of Scotland in the Red.

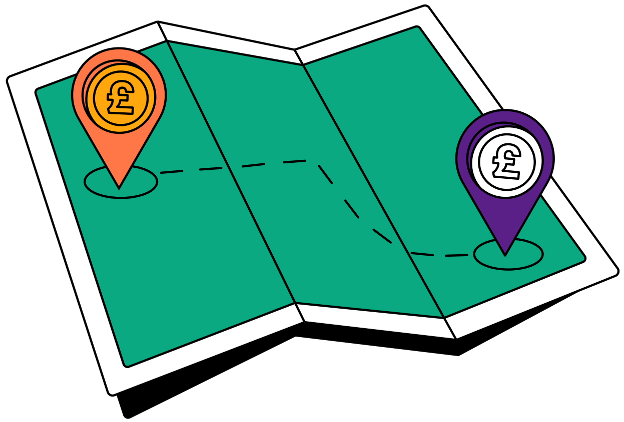
Previously, the data included in Scotland in the Red included any clients who had completed a debt advice session in a calendar year, including re-advised clients. Therefore, the data in previous editions would be from a client's most recent debt advice session. Whereas the figures in this report now use data provided by clients during their very first fully completed debt advice session. A full debt advice session is defined as a client completing the StepChange advice process, by providing details about their budgeting, debts, and arrears, and receiving a recommended debt solution at the end.

Note that figures are presented as rounded whole numbers throughout this report. As a result of rounding, some figures may not correspond with the sum of their individual figures or add up to 100%.

Where available we have included data for vulnerable clients which is presented in an appendix as a separate download, with tables that show values adjacent to all client statistics to illustrate differences between these groups. Previous editions of Scotland in the Red have been restricted to telephone advice clients only. Historically the demography of online clients has been younger, with more debt and higher earnings than telephone clients.

**Why has the methodology changed?**

This change in methodology provides a more accurate reflection of the experiences of all new clients at the same point in their debt advice journey. It also allows for a more accurate understanding of client circumstances, at the very beginning of their debt journey, before they take steps towards becoming debt free. This will help us learn more about what happens to clients before they proceed further through the debt advice process.



# Key findings

**25%** of clients say their main reason for problem debt is due to cost of living pressures

**31%** of clients are in a deficit budget, meaning that their spending on essentials is higher than their income can cover

The proportion of clients claiming universal credit increased **6%** to **32%** in 2023

**55%** of clients are in full or part time work, despite this they still face difficulty with problem debt

**43%** of clients have children, **22%** are single parents, **50%** of families with children are vulnerable clients

**47%** of clients under 25 are in council tax arrears*

Clients have an average of **£3,147** arrears on household bills and average unsecured debts of **£16,337**

*Council tax includes water and sewerage charges

# Location

### Client location by local authority

| | Local authority | Client % | Average unsecured balance | Average arrears balance |
|---|---|---|---|---|
| | Unassigned[1] | 21.7% | £18,489 | £2,783 |
| 1 | Glasgow City | 11.9% | £13,259 | £3,138 |
| 2 | Fife | 5.8% | £14,181 | £2,661 |
| 3 | North Lanarkshire | 5.8% | £15,625 | £3,172 |
| 4 | City of Edinburgh | 5.3% | £14,942 | £3,050 |
| 5 | South Lanarkshire | 5.0% | £19,003 | £2,923 |
| 6 | Aberdeen City | 3.4% | £17,400 | £3,462 |
| 7 | Aberdeenshire | 3.4% | £21,980 | £5,551 |
| 8 | Highland | 2.9% | £14,740 | £8,412 |
| 9 | West Lothian | 2.8% | £17,375 | £2,372 |
| 10 | North Ayrshire | 2.6% | £15,778 | £2,756 |
| 11 | Renfrewshire | 2.6% | £18,851 | £3,311 |
| 12 | Falkirk | 2.4% | £16,036 | £3,324 |
| 13 | Dundee City | 2.4% | £12,349 | £6,272 |
| 14 | Dumfries and Galloway | 2.0% | £15,817 | £3,684 |
| 15 | East Ayrshire | 2.0% | £20,688 | £6,437 |
| 16 | Perth and Kinross | 1.7% | £15,451 | £3,283 |
| 17 | South Ayrshire | 1.6% | £17,909 | £4,040 |
| 18 | West Dunbartonshire | 1.6% | £13,764 | £2,558 |
| 19 | Angus | 1.5% | £20,107 | £2,030 |
| 20 | East Lothian | 1.5% | £14,702 | £5,069 |
| 21 | Inverclyde | 1.4% | £17,824 | £3,306 |
| 22 | Scottish Borders | 1.4% | £16,088 | £3,414 |
| 23 | Midlothian | 1.3% | £16,806 | £3,789 |
| 24 | Moray | 1.1% | £12,939 | £3,435 |
| 25 | Stirling | 0.9% | £17,098 | £2,366 |
| 26 | Argyll and Bute | 0.9% | £19,163 | £3,941 |
| 27 | East Dunbartonshire | 0.9% | £15,202 | £3,317 |
| 28 | Clackmannanshire | 0.8% | £15,119 | £3,461 |
| 29 | East Renfrewshire | 0.7% | £19,477 | £2,917 |
| 30 | Shetland Islands | 0.2% | £13,247 | £3,389 |
| 31 | Na h-Eileanan Siar | 0.2% | £14,792 | £3,126 |
| 32 | Orkney Islands | 0.2% | £22,125 | £1,510 |

[1] Clients who do not disclose their postcode, but that they are resident in Scotland during their first advice session.

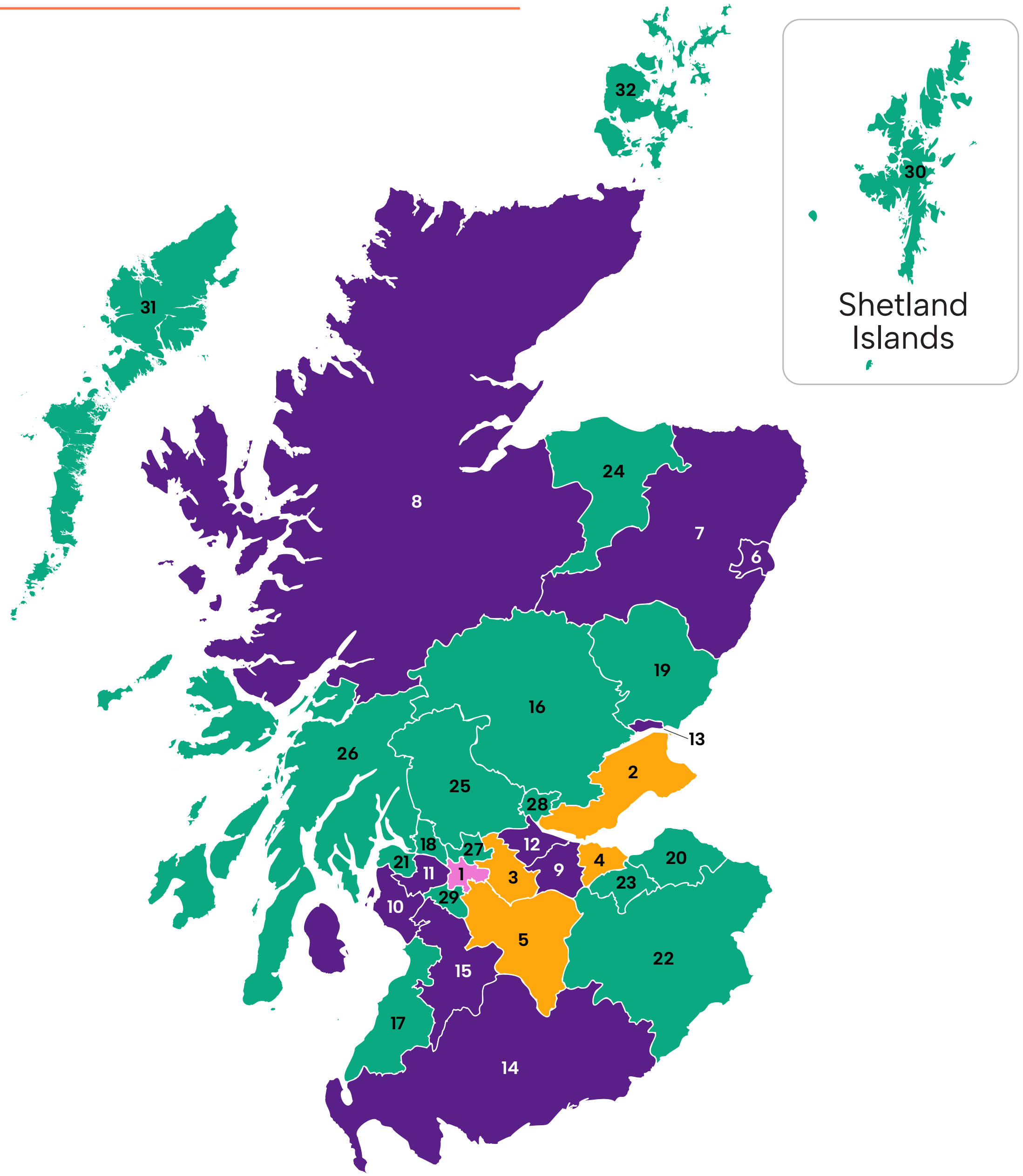
**StepChange clients came from across Scotland, with residents in every local authority and every parliamentary constituency.**

Our team in Scotland is based in Glasgow, with over 60 advisers and specialists, including advocacy, welfare benefits and mortgage advisers, who provide support with a range of advice and solutions, including the Scottish statutory debt solutions; the Debt Arrangement Scheme, Minimal Asset Process and Sequestration. The charity continues to advise most clients in the Glasgow area, closely followed by Fife and North Lanarkshire. In 2023, Fife overtook North Lanarkshire to be the second most common area of residence for our clients.

Cost of living pressures are affecting households in every part of the country, in rural, suburban, and urban areas of Scotland. StepChange client data across individual constituencies reflects the scale and diversity of this challenge. All data contained within Scotland in the Red can be generated by individual parliamentary constituencies or local authorities.

**% StepChange clients in each local authority area**
(region number references in table on page 5)

0–1% 2–3% 4–5% 6+%



# Reasons for debt

**Reason for problem debt with proportion of clients, 2019–2023**

| Year | Cost of living | COVID | Employment change/ unemployment/ redundancy | Reduced income/ reduced benefits | Lack of budgeting | Separation/ divorce | Illness/ disability | Other |
|---|---|---|---|---|---|---|---|---|
| **2023** | **25%** | **1%** | **11%** | **9%** | **17%** | **5%** | **10%** | **22%** |
| **2022** | 23% | 6% | 12% | 10% | 20% | 5% | 9% | 15% |
| **2021** | 11% | 9% | 14% | 13% | 21% | 6% | 10% | 16% |
| **2020** | – | 9% | 17% | 16% | 18% | 7% | 11% | 22% |
| **2019** | – | – | 14% | 24% | 10% | 7% | 14% | 31% |

25% of clients cite cost of living pressures as a major reason for their debt difficulties, an increase of 2% since 2022. The other reason cited by a growing proportion of clients is illness or disability. 15% of vulnerable clients also identify that illness or disability has placed them in difficulty, and a marginally lower proportion cite cost of living than all clients (22%).


**11%** of those in a negative budget identify reduced income or benefits as a reason for problem debt.

Single parents were more likely to cite cost of living, with **29%** reporting that this was their main reason for debt.

Clients in full time employment were also more likely to mention cost of living as their main reason for debt than all clients, with **27%** citing the crisis as behind their financial problems.

Part-time workers were even more likely to cite the cost of living as their main cause of debt than those in full time employment, at **28%**.

# Client income, budget surplus

**Client average net monthly incomes increased by £136 in 2023 to £1,679. However, this slight increase is outweighed by increasing client expenditure, which has gone up £147 to £1,558.**

The average budget surplus figure has also decreased marginally from £139 to £126, and for clients struggling with spiralling arrears, every pound counts. The proportion of clients in a negative budget has gone up sharply from 27% in 2022 to 31% in 2023.

Although just 14% of clients in full-time work have a negative budget, and higher than average net monthly incomes of £2,191, it is of continuing concern that households in full-time work are falling into marginality and experiencing debt problems.

Single parents are more likely to be in a negative budget versus all clients, with **37%** unable to make ends meet, although their average net monthly income is higher at £1,771 than for all clients.

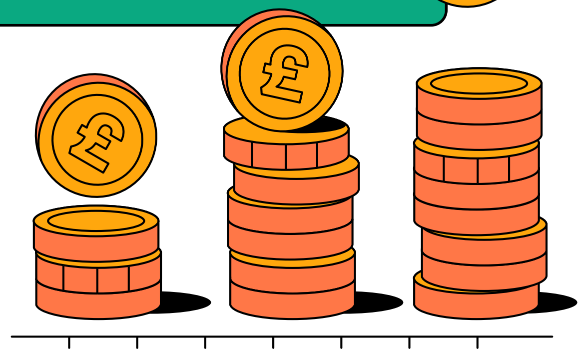
Average net monthly expenditure for single parent households is also higher, at **£1,743**.

**35%** of vulnerable clients are in deficit with an average monthly income below that of all clients (£1,544) and a lower budget surplus of £58.

| Year | Average monthly income | Average budget | Average expenditure | Negative budget |
|---|---|---|---|---|
| **2023** | **£1,679** | **£126.00** | **£1,558** | **31%** |
| **2022** | £1,543 | £139.00 | £1,411 | 27% |
| **2021** | £1,397 | £153.00 | £1,280 | 27% |
| **2020** | £1,355 | £152.00 | £1,232 | 28% |

**What is a negative budget?**

A negative budget describes a situation where a client's monthly expenditure is greater than their monthly income after proceeding through StepChange's advice and budgeting process.



# Social security

**Proportion of clients in receipt of social security benefits**

| | Proportion of clients with benefits type | | | |
|---|---|---|---|---|
| | **2023** | **2022** | **2021** | **2020** |
| Child Benefit | **27%** | 28% | 26% | 25% |
| Child Tax Credit | **4%** | 6% | 6% | 7% |
| ADP (Adult Disability Payment) or DLA (Disability Living Allowance) or PIP (Personal Independence Payment) | **17%** | 17% | 15% | 13% |
| ESA (Employment and Support Allowance) | **8%** | 9% | 8% | 8% |
| Housing | **8%** | 8% | 8% | 6% |
| Income Support | **1%** | 1% | 1% | 2% |
| JSA (Job Seekers Allowance) | **<1%** | <1% | 1% | 1% |
| Universal Credit | **32%** | 26% | 28% | 27% |
| Working Tax Credit | **1%** | 2% | 2% | 2% |

**For clients in receipt of social security support (excluding child benefit), the average budget deficit was −£43 and 44% were in negative budgets.**

The proportion of those claiming ADP (Adult Disability Payment)/DLA/PIP has remained at 17%, a high proportion which was first reached in 2022. As the data shows the proportion of clients in receipt of universal credit (UC) increased substantially from 2022, increasing by 6% to 32%. 38% of vulnerable clients were UC claimants in 2023 compared to 32% in 2022.

The increase in the proportion of clients claiming universal credit illustrates the continuing pressures and hardship faced by those households through 2023, with an inadequate safety net leaving those in receipt of UC more likely to experience damaging effects of problem debt and financial harm.

- **43%** of clients on UC were in a deficit budget with an average net monthly income of £1,405.
- The average budget for clients claiming UC was a deficit of **£37**, compared to £202 for other clients.
- **41%** of UC claimants were single parents.
- **72%** of clients claiming UC were women.

# Employment

**Percentage of clients by employment status**

| Year | Full-time | Part-time | Full-time carer | Zero hours | Retired | Student | Unemployed | Other |
|---|---|---|---|---|---|---|---|---|
| **2023** | **41%** | **14%** | **3%** | **2%** | **4%** | **3%** | **33%** | – |
| **2022** | 40% | 14% | 3% | 2% | 4% | 3% | 35% | – |
| **2021** | 39% | 14% | 2% | 2% | 4% | 3% | 35% | 1% |
| **2020** | 38% | 13% | 2% | 2% | 5% | 3% | 36% | 1% |
| **2019** | 34% | 18% | 2% | N/A | 7% | 2% | 32% | 4% |

2023 saw an increased proportion of clients in full or part-time work, with this figure now a cumulative 55% for all clients, a slight increase on 2022's 54%. This increase is primarily clients in full-time work. The proportion of clients in full time work is at a five-year high of 41%, compared to 34% in 2019 (although sample methodology differences between 2019 and 2023 apply). It is concerning that despite full time employment a high proportion of people are still struggling to make ends meet.

**30%** of vulnerable clients were in full-time work, the same as in 2022, but **12%** were in part-time work, again a 1% increase on 2022 when 11% of vulnerable clients were working part time.

Most clients aged 25 – 59 were in full-time work (**45%**) and **39%** of those aged 24 and under were also in full-time work.

Men (**53%**) were more likely to be working full-time than women (**35%**).

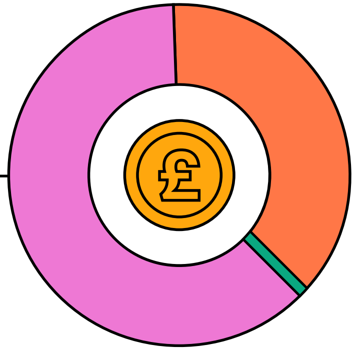
**Work is no guarantee of protection from problem debt. The five-year trend shows the proportion of clients coming to StepChange who are in full time work has increased and this trend has continued into 2024.**

# Demographics

## Gender

**Percentage of clients by gender**

| Year | Male | Female | Other |
|---|---|---|---|
| **2023** | **37%** | **63%** | **>1%** |
| **2022** | 39% | 61% | >1% |
| **2021** | 39% | 60% | >1% |
| **2020** | 41% | 58% | >1% |
| **2019** | 43% | 57% | – |



**The charity has always supported a higher proportion of women than men as discussed in 2023's report, 'Bearing the Burden.'[2] In 2023 63% of clients were women, the highest proportion yet and further evidence that the cost of living crisis is having a particularly detrimental effect on women.**

Women were more likely to have arrears on their energy bills than men (52% with arrears on dual fuel, 30% electricity and 28% gas, compared to 41%, 25% and 20% of men in arrears, respectively. 31% of women were behind on council tax and 29% of men also had arrears with this bill).

## Debts

- 68% of men compared to 65% of women had credit card debts.
- Men were also more likely to have personal loans than women (52% of men compared to 44% of women).
- 38% of women had catalogue debts, often particularly targeted at women, compared to 19% of men.

## Housing

- Men were less likely to rent from a housing association or their council, with 31% in social housing, compared to 43% of women.
- 21% of women rented from private landlords, whereas men were slightly more likely to have a private tenancy at 25%.
- 9% of women were living with family, while 15% of men lived with family.

## Work

- 53% of men were in full-time work, compared to just 35% of women.
- 19% of women worked part-time compared to 6% of men.

[2] Unravelling Women's Debt Dilemma. StepChange

## Age

| Year | Under 25 | 25-39 | 40-59 | 60 plus |
|---|---|---|---|---|
| **2023** | **11%** | **44%** | **36%** | **9%** |
| **2022** | 10% | 45% | 36% | 9% |
| **2021** | 11% | 44% | 36% | 9% |
| **2020** | 13% | 43% | 36% | 9% |
| **2019** | 11% | 35% | 40% | 14% |

**The proportion of clients in each of the age groups has remained relatively static over recent years**.

There has been an increase of 1% in the proportion of clients aged under 25 in 2023, bringing this to 11%, but still lower than in 2020 when 13% of clients were part of this age group. The 25-39 age group continues to have the highest proportion of all our clients, although it dropped by 1% in 2023 to 44%.

**Under 25:**

- The average monthly income of under 25's is £1,200 with an average budget surplus of £142.
- 47% are behind with their council tax.
- 73% are behind with their dual fuel bill, 31% with their electricity and 31% with their gas bills.

**25-39:**

- The average monthly income of those aged 25-39 is £1,800 with an average budget surplus of £184.
- 51% of 25-39s are classed as vulnerable clients.
- 50% are in full-time employment.
- 30% behind with council tax.

**40-59:**

- Those aged 40-59 have a higher average monthly income at £1,785 with an average budget surplus of £65.
- 64% of those aged 40-59 are women.
- 28% are not working due to illness or disability.

**60 and over:**

- Those aged 60 and over have an average budget surplus of just £47 and an average monthly income of £1,339.
- 71% of those aged 60 and over are vulnerable clients.
- 35% are behind on their electricity bill, 34% with their gas bill, 46% with their dual fuel bills.
- 59% of those aged 60 and over are women.

# Housing

2023 saw a slight decrease of 3% in the proportion of clients renting privately. Clients renting from their council increased by 2% and housing association tenants made up 16% of clients, an increase of 1%. The proportion of clients who owned their homes with a mortgage also increased from 17% in 2022 to 18% in 2023, and a 1% increase in the proportion of clients who own their property outright, to 4%.

- **59%** of those in receipt of universal credit were in socially rented accommodation.
- A high proportion of those with caring responsibilities (**66%**) were renting a council house or from a housing association.
- **79%** of single parents were renting, 57% from their council or a housing association, and 22% from a private landlord.
- Clients with a negative budget were most likely (**49%**) to be living in social housing.

**Percentage of clients in each housing type**

| Year | Mortgage | Own outright | Rent – Housing association | Rent– Local authority | Rent – private | Board/ living with family |
|---|---|---|---|---|---|---|
| **2023** | **18%** | **4%** | **16%** | **23%** | **23%** | **13%** |
| **2022** | 17% | 3% | 15% | 21% | 26% | 14% |
| **2021** | 17% | 3% | 15% | 21% | 26% | 14% |
| **2020** | 19% | 3% | 14% | 21% | 24% | 16% |
| **2019** | 18% | 4% | 16% | 24% | 26% | 12% |



# Family composition

### Percentage client family composition

| Year | Couple with children | Single with children | Couple without children | Single without children |
|---|---|---|---|---|
| **2023** | **21%** | **22%** | **14%** | **43%** |
| **2022** | 20% | 22% | 14% | 44% |
| **2021** | 20% | 19% | 16% | 45% |
| **2020** | 20% | 18% | 16% | 47% |
| **2019** | 18% | 18% | 15% | 49% |

The proportion of clients who are single parents has remained at 22% after a concerning jump of 3% in 2022. The proportion of couples with children has increased to 21%, meaning households with children now account for 43% of client households. Many single adult households fall outside measures that the Scottish Government is taking to reduce child poverty, and this group still faces significant difficulty with less help available to them.

**66%** of client households with children are renting.

**43%** of client households with children rent from their local authority or housing association.

**40%** of clients with children are in full-time work with **20%** in part-time employment.

# Client debts

### Unsecured debts and average arrears

| Year | Average unsecured debts & arrears | Average unsecured debts | Average arrears | Average number of debts |
|---|---|---|---|---|
| **2023** | **£17,633** | **£16,337** | **£3,147** | **6** |
| **2022** | £17,834 | £16,174 | £2,920 | 6 |
| **2021** | £14,469 | £12,730 | £2,961 | 5 |
| **2020** | £14,566 | £11,712 | £2,302 | 6 |

Client average unsecured debts have increased since 2022 from £16,174 to £16,337, with a significant rise occurring between 2021 and 2022 when average unsecured debt rose significantly from £12,730. Across the five-year trend, client average unsecured debts have increased £4,625 or 39%, representing the economic volatility and cost of living crisis of the past two years.

Client average arrears have also increased from £2,920 in 2022 to £3,147 in 2023, the highest they have been over the past five years. In 2019 average client arrears were £2,415 with an increase since then of £732 or 30%. Increasing interest rates, inflation, and likely reliance on credit to bridge the gap over the cost of living crisis are some of the issues which lie behind these trends.

# Types of debt

**The proportion of clients with consumer credit debt has fallen across all debt types – excluding the proportion of clients who owe money to friends and family which increased by 2% in 2023 from 14% to 16%.**

Increased interest rates may be forcing people to unregulated lenders or greater reliance on friends and family. The average debt owed to friends and family in 2023 was £3,332. This is indicative of the general erosion of community financial resilience, as friends and family are under increasing pressure to support their loved ones and may be increasingly financial vulnerable themselves.

The proportion of clients with overdraft debts has decreased 1% from 36% to 35%, but the proportion of clients with personal loans has decreased more significantly by 5%, from 49% to 44%. The proportion of clients with credit card debts has fallen sharply by 5% from 69% to 64%. The proportion of clients with catalogue debts also decreased similarly, from 34% to 30%, but the proportion of clients with store card debts and hire purchase debts decreased less steeply, from 13% with store cards to 12% and from 24% with hire purchase (HP) to 22%.

Whilst proportionally fewer clients have loan, credit cards and payday loans, the average balance owed on these debts has increased in several cases. Clients owe on average £9,580 on personal loans, an increase of £659, (and an increase of £2,339 since 2019). The average amount owed on payday loans has increased £202 to £1,494, and HP average debt has increased from £8,571 in 2022 to £9,408 in 2023.

**Proportion of clients with consumer credit debts**

| | Proportion of clients with debt type | | | | |
|---|---|---|---|---|---|
| | **2023** | **2022** | **2021** | **2020** | **2019** |
| **Personal loan** | **44%** | 49% | 51% | 53% | 51% |
| **Credit card** | **65%** | 69% | 69% | 70% | 65% |
| **Overdraft** | **35%** | 36% | 38% | 43% | 48% |
| **Catalogue** | **30%** | 34% | 37% | 36% | 39% |
| **Payday loan** | **8%** | 10% | 10% | 12% | 11% |
| **Store card** | **12%** | 13% | 13% | 14% | 10% |
| **Hire purchase** | **22%** | 24% | – | – | – |
| **Friend & family** | **16%** | 14% | – | – | – |

A lower proportion of clients with a negative budget had access to commercial credit but were slightly more likely to have debts with friends and family.

Vulnerable clients were less likely to owe commercial credit debts compared to all clients but were more likely to have catalogue debts (**31%** compared to **30%** for all clients).

**18%** of vulnerable clients owed money to family or friends compared to **16%** of all clients.

### Average debt balances by type

| | Average debt balances | | | | |
|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Personal loan | £9,580 | £8,921 | £8,349 | £8,574 | £7,241 |
| Credit card | £7,464 | £7,430 | £7,693 | £7,962 | £6,405 |
| Overdraft | £1,435 | £1,368 | £1,417 | £1,541 | £1,266 |
| Catalogue | £1,919 | £2,023 | £2,045 | £1,987 | £1,901 |
| Payday loan | £1,494 | £1,292 | £1,401 | £1,538 | £1,684 |
| Store card | £1,186 | £1,286 | £1,274 | £1,277 | £1,188 |
| Hire purchase | £9,408 | £8,571 | £7,693 | £6,253 | — |
| Friend & family | £3,332 | — | — | — | — |

### Other debt types

| | Average debt balances | | | | |
|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Social fund loans | £684 | £552 | £562 | £578 | — |
| Child maintenance loan | £3,623 | £3,292 | £3,833 | £4,170 | — |
| Universal credit advance | £447 | £503 | £454 | £520 | — |

Other debt types have also increased, particularly those related to welfare. The amount owed on Social Fund loans is higher than it was between 2020–22, now at £684. The amount owed on universal credit advances is down by £56 from £503 in 2022 to £447.

# Arrears

## Household bills

### Proportion of clients with arrears

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Mortgage | 12% | 13% | 17% | 20% | 27% |
| Rent | 22% | 21% | 25% | 22% | 27% |
| Council tax | 30% | 32% | 39% | 43% | 42% |
| Electricity | 29% | 29% | 27% | 25% | 22% |
| Gas | 28% | 28% | 22% | 21% | 15% |
| Dual fuel | 50% | 46% | 36% | 33% | — |
| Mobile phone | 14% | 14% | 17% | — | — |

### Average arrears debt balance by arrears type

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Mortgage | £6,305 | £5,322 | £3,497 | £3,667 | £3,729 |
| Rent | £1,458 | £1,452 | £1,404 | £1,230 | £860 |
| Council tax | £2,045 | £2,086 | £2,344 | £1,975 | £2,046 |
| Electricity | £1,886 | £1,438 | £1,326 | £1,239 | £908 |
| Gas | £1,266 | £847 | £846 | £823 | £637 |
| Dual fuel | £1,960 | £1,637 | £1,305 | £1,100 | — |
| Mobile phone | £958 | £983 | £1,007 | £861 | — |

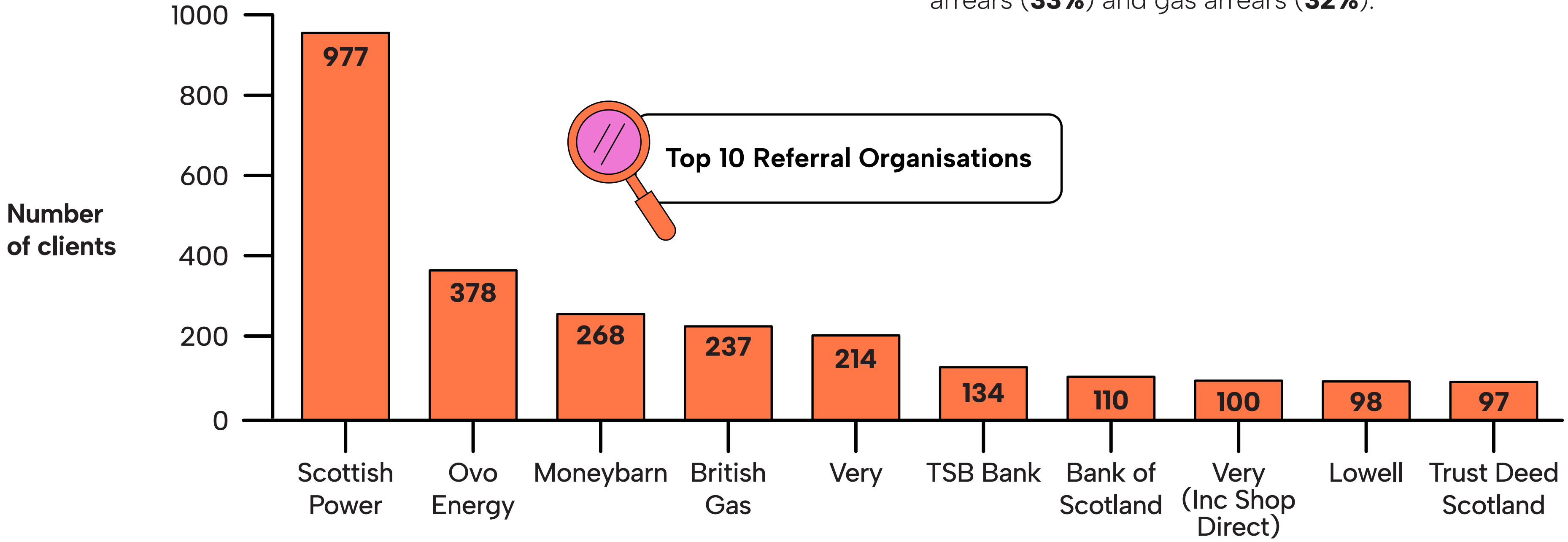
## Energy

**A total of 69% of clients are in arrears with at least one household bill, and 42% of all clients were behind on their energy bills. As a result, we have seen an increase in the number of utility firms referring clients to our services for help and advice.**

While the proportion of clients in arrears have remained broadly static from 2022 to 2023, with gas and electricity arrears both remaining at 29% and 28% respectively, the proportion of clients in difficulty with dual fuel energy arrears increased sharply from 46% to 50% of all clients. The average amount owed on utility bills has also increased from £1,623 to £1,960 for dual fuel arrears, gas from £847 to £1,266 and electricity from £1,438 to £1,886.

These are staggering increases for clients to absorb, particularly when incomes have increased at a significantly lower rate, if at all.

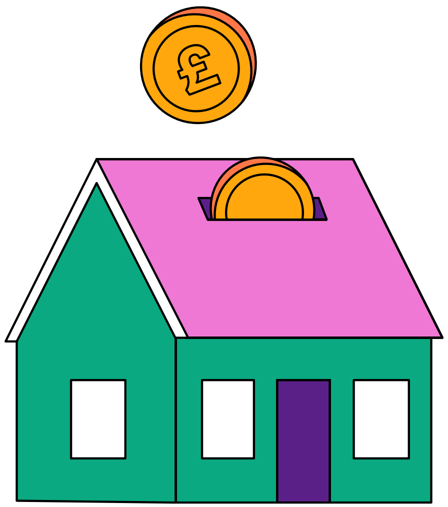
- **75%** of clients on universal credit are in arrears with their dual fuel bills, **38%** of this same group are in arrears with their gas and electricity bills.
- **70%** of women clients were in arrears compared to **66%** of men.
- **69%** of single parents were also behind on dual fuel, 35% were struggling with gas bills, and 33% with electricity.
- Single parents also owed more on energy than all clients, with **£2,211** on average owed for dual fuel arrears, £1,544 on gas and £1,960 on electricity.
- Vulnerable clients were also more likely than all clients to have dual fuel arrears (**57%**), electricity arrears (**33%**) and gas arrears (**32%**).



## Housing costs

The proportion of clients with rent arrears increased 1% since 2022 to 22% in 2023. This was 5% lower than the proportion of clients with rent arrears in 2019 when 27% were in rent arrears. Average rent arrears for all clients have largely plateaued since 2022, with an increase of only £6 to £1,458.

- Clients claiming universal credit had a greater propensity to be in rent arrears than all clients, with **25%** behind on their rent.
- **16%** of vulnerable clients were behind with their mortgage, and **26%** of vulnerable clients were also behind with their rent.
- Average rent arrears for men are higher at **£1,580**.
- **31%** of clients in a negative budget were in arrears with their rent and owed an average of £1,618.



## Council tax

Council tax arrears, which include charges for water and sewerage, are a significant problem debt issue and continue to be challenging for financially vulnerable households. The speed at which diligence action is undertaken and the penalties for households who fall behind has been documented by successive editions of Scotland in the Red and is a story well understood across the money advice sector. Significant effort has been made to create more positive and helpful interventions from local authorities and wider society in the pursuit of unpaid council tax. The figures for 2023 appear that on the surface these efforts have borne some fruit.

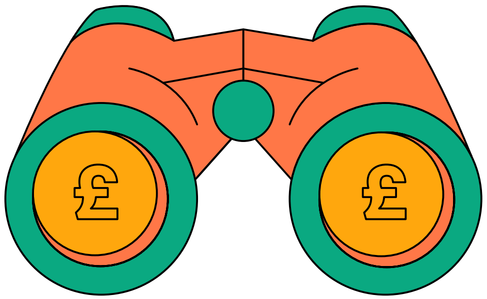
Yet the story of specific client groups shows what an entrenched problem with council tax remains:

- A higher proportion of vulnerable clients are in difficulty with their council tax, with just over **35%** of vulnerable clients in arrears.
- **42%** of clients in a negative budget are in arrears with council tax.
- **38%** of single parents are also in arrears.
- **47%** of clients under 25 had council tax arrears.

# Conclusion

**Scotland's households continue to be under ongoing financial pressure. It is no surprise that households headed by women, disabled, or young people are at the sharpest edge of the cost of living crisis. But there is a growing impact on in-work households, who are relying on credit and falling behind on essentials, still unable to weather the storm. Government intervention is needed to offer meaningful safety nets and routes out of financial difficulty that reduce the risks of further harm to these households.**

The Scottish Government has been responsive to the emerging and pre-existing financial challenges faced by households, by recognising the scale and breadth of crises and by making adjustments to Scotland's statutory debt legislation but it is vital that the government maintains focus on continuing to direct help and support to priority family groups. Household vulnerability continues to grow, and single adult households, who fall outside of the Scottish Government's 2030 child poverty targets, are facing growing hardship.



**Local Government, Westminster and Holyrood must therefore look in the years ahead to:**

- Combat inflationary pressures that are destroying financial resilience.
- Support efforts to grow fairly remunerated employment and guarantee adequacy of welfare, so that employment is a strong shield against financial difficulty and welfare support is an adequate safety net.
- Ensure that collection practices around Government debt, particularly council tax, are fair and allow for clients to recover financially rather than plunging them into greater difficulty. Develop partnership approaches with advice agencies and collection teams to ensure that clients behind with their bills have the support and advice they need before they are subject to enforcement action. To that end, the Scottish Government, (COSLA), Sheriff officers and advice agencies should develop a council tax charter, which codifies fair treatment of clients, fair collection practices, signposting and accessible routes to advice, and a streamlined referral pathway to cement trust and minimise harms to clients who have fallen into difficulty.
- The Scottish Government must continue its good work over this Parliament in reforming and refining Scottish statutory debt solutions, through the stage three review.

**Editor: Lawrie Morgan Klein**

For more information, visit the StepChange Debt Charity website.

For help and advice with problem debts call (Freephone)
0800 138 1111 Monday to Friday 8am to 8pm and Saturday
8am to 2pm, or use our online debt advice service'.

**Get in touch:**


**0800 138 1111 (Freephone)**

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