

EMERGENCY COST OF LIVING ACT



Scottish Labour
Build the Future Together

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WHAT THE UK GOVERNMENT MUST DO

Britain's cost of living crisis is getting worse. People are scared about how they'll get through the winter.

This is a national economic emergency, but the Conservative government is putting the profits of oil and gas giants before the interests of the public. Labour has a £29bn plan to stop bills going up this winter and typically saving households £1,000, paid for by taxing oil and gas producers who are making record profits.

This will bring inflation down by 4%, making interest rate rises less likely and easing the burden on households and businesses.

LABOUR'S PROPOSALS:

Labour has called for the UK Tory Government to wake up to the crisis facing households and act to help people by:

- Freezing energy prices for six months, saving a typical household £1,000.
- Ending the premium paid for energy by around 425,000 customers in Scotland who use prepayment meters.
- Extending energy bills support to all off-grid households – offering help to up to 217,000 Scottish households.
- Supporting businesses in energy intensive industries with a £1 billion fund.

WHAT THE SCOTTISH GOVERNMENT MUST DO

The SNP rightly demand more from the UK Tory Government but there is much more they could be doing in Scotland to help people through the winter. At the very least Scottish Government action should start with:

- Housing support
- Help with transport costs
- Tackling debt
- Reducing bills for households and business

To ensure support is available for households as soon as possible, Scottish Labour is calling for emergency cost of living legislation to be brought forward in the first week of the Parliamentary term. Addressing the cost of living crisis must be the first priority of both the Scottish Government and the Scottish Parliament.

Last week the Scottish Government announced that they are carrying out an emergency budget review in light of the cost of living crisis. This review cannot simply become an exercise in spin. If the Government is serious about helping households, they must transparently assess where money can be reallocated and government waste reduced so that all public money is used to alleviate the crisis in Scotland.

As was the case with the Covid-19 pandemic, we expect further action will be needed as the situation develops over the winter. There will also be steps for the Government to take to help reduce bills for households over the medium and long term but this is no reason to delay taking urgent action now.

SCOTTISH LABOUR'S PROPOSALS:

HOUSING SUPPORT

With household finances under pressure, Scottish Labour is calling for measures to prevent people losing their homes. We want to see emergency legislation implemented to deliver:

1. A temporary rent freeze to protect tenants from huge rent increases.

Legislation should impose a freeze on rents, initially for at least nine months and with an option for it to be reviewed and extended up to two years. Exceptions could be included to prevent severe financial hardship for landlords. Such a provision could have already been in place had the SNP-Green Government not rejected proposals from Scottish Labour MSP Mercedes Villalba earlier this year.¹

2. A renewed Tenant Grant Fund - £10 million

The Tenant Grant Fund was created in 2021 to help tenants with arrears accrued as a result of the Covid-19 pandemic. To help those struggling with rising costs, Scottish Labour proposes that this fund should be renewed and the 9 August 2021² end date for applications removed.

3. A winter eviction ban

Prior to the Covid-19 pandemic there were regular calls for winter ban on evictions. Bans were implemented during the pandemic lockdowns and Scottish Labour want to see a winter ban implemented for 2022/23 so that no one risks being made homeless during colder, winter months.

1 https://www.parliament.scot/chamber-and-committees/official-report/what-was-said-in-parliament/meeting-of-parliament-28-06-2022?meeting=13851&iob=125587#orscontributions_M16209E342P831C2418970

2 <https://www.gov.scot/publications/coronavirus-covid-19-tenant-grant-fund-guidance-for-local-authorities/#:~:text=The%20grant%20is%20to%20help,2020%20and%209%20August%202021>



HELP WITH TRANSPORT COSTS

Fuel costs have been soaring, making it more expensive for people to travel. To help people get to education and work, as well as see friends and family. Scottish Labour believe the government should help lower travel costs by:

1. Delivering affordable public transport - £66 million

Around the world many governments are helping people with travel costs by reducing the costs of public transport or implementing flat fares.¹ Now that ScotRail is under public ownership, Scottish Labour has called on the Scottish Government to tackle the cost of commuting by implementing half price rail fares and providing resource to local authorities so that the cost of bus journeys can be capped.

2. Creating an online fuel price checker

Spiralling fuel costs have hit motorists hard but retailers also take advantage of a lack of competition in rural and remote areas to impose rip-off prices. Scottish Labour believe that the Scottish Government should follow the example of the Consumer Council in Northern Ireland who have created an online fuel tracker for motorists to find the best prices for petrol and diesel. A similar resource in Scotland would expose the exploitative tactics of fuel companies and help to drive down prices.

3. Freezing rail fares for next year

With inflation already sitting at 11.8 per cent this year there are concerns about the scale of the rail fare increase that could be imposed in January 2023. Scottish Labour believe the Scottish Government should rule out inflation based fare rises next year and commit to a rail fare freeze for 2023.

¹ Germany has introduced €9tickets offering unlimited travel on public transport for one month. Ireland have reduced fares by 20% until the end of the year. Spain have commuter and medium rail travel free and Italy has introduced a travel voucher for those earning under €35,000



TACKLING DEBT

Prior to the pandemic it was estimated as many as 600,000 people were indebted in Scotland and recent polling from Citizens Advice Scotland suggest as many as 1 in 5 people in Scotland regularly run out of money before payday.¹ The Scottish Parliament's Social Security and Social Justice (SSSJ) Committee recently completed an inquiry into low income and debt in Scotland,² raising concerns that public sector debt can be pursued more aggressively than debt to private creditors. The Committee made a series of recommendations, many of which should be implemented to stave off a spiralling personal debt crisis across Scotland:

1. Emergency legislation to improve debt solutions

Labour believe emergency cost of living legislation should implement measures to support those with problem debt, at least while inflation and prices remain high. Changes could include (but are not limited to) placing legal duties on councils to provide clear information on advice services and council tax reduction schemes; amendments to bank and earnings arrestments to take account of inflation and individuals' circumstances; and the removal of bankruptcy fees where a person has no surplus income.

2. Writing off school meal arrears - £1 million

Aberlour Children's Charity has revealed that over £1 million is owed by thousands of families across Scotland who unable to pay for their children's school meals.³ In some situations this debt can be pursued aggressively as public sector debt and can follow children from primary to secondary school. To allow for this debt to be written off the Scottish Government should provide the necessary funding to local authorities.

3. Increased funding for money advice services - £6.5 million

The SSSJ Committee raised concerns about the lack of funding for debt advice services. The debt advice levy provides £6.5 million in funding for free advice services, but as of July 2022 this is still to be fully allocated.⁴ Delivering this funding should be a priority and Scottish Labour believe the government should match funding, providing up to a further £6.5 million over this financial year and next so advice services have stability to support those in need.

¹ <https://www.cas.org.uk/news/cost-living-starting-bite-1-5-people-regularly-run-out-money-payday> and https://www.cas.org.uk/system/files/publications/data_dashboard_may_22.pdf

² <https://www.parliament.scot/chamber-and-committees/committees/current-and-previous-committees/session-6-social-justice-and-social-security-committee>

³ <https://www.aberlour.org.uk/wp-content/uploads/2022/06/Aberlour-School-Meal-Debt-Press-Release.pdf>

⁴ <https://www.gov.scot/publications/levy-funding-allocated-by-scottish-government-for-2022-23/>



REDUCING BILLS FOR HOUSEHOLDS & BUSINESSES

Since the cost of living crisis started to bite in 2021, Scottish Labour have called for additional support for those struggling to keep up with bills. There is a need to help push down inflation and, as winter increases the need for energy consumption, Scottish Labour believe the Government should ensure those most in need in Scotland have access to targeted financial aid through:

- 1. Doubling the Scottish Child Payment bridging payments - £39 million**

Although the Scottish Child Payment has been doubled to £20 per week, the value of the bridging payments being made to older children has remained at £130 per quarter. This week anti-poverty campaigners wrote to the First Minister calling for the bridging payment between October and December to be doubled, a call which Scottish Labour supports.

- 2. Topping up the Welfare Fund - £20 million**

Monthly data on the Scottish Welfare Fund show that as of June 2022, applications for and expenditure on crisis grants are already higher than the same point last year. However, the funding allocated by the Scottish Government has not been increased year-on-year. Scottish Labour believes that the fund should be topped up so resources are available to meet demand. An increase of around 50 per cent would ensure that local authorities have the resources to support individuals and households most in need of assistance over the winter.

3. Providing a £100 water bills rebate

Water bills increased by 4.2 per cent this year despite the Scottish Water's accounts revealing that at the end of 2021/22 the organisation had built up a cash surplus of £515.9 million. Scottish Labour has called for charges to be frozen and this surplus to be used to give every household a £100 water bills rebate.

4. Establishing a Business Hardship Fund - £75 million

Government cost of living support has been mainly focused on supporting families and households. Yet, businesses are also being hit hard, with recent ONS data suggesting that energy costs, inflation and rising prices are the main concerns for 58 per cent of businesses in Scotland. Helping businesses through is necessary to protect jobs and Scotland's wider pandemic recovery so Scottish Labour is calling for a £75 million Business Hardship Fund which can offer grants over autumn and winter to businesses struggling to cope with rising prices.



HOW COULD THIS BE PAID FOR?

The expansion to the Household Support Fund by the UK Government in May 2022 resulted in £41 million in consequential for the Scottish Government which remains unallocated.

Income tax outturn data¹ from HMRC for 2020/21 has confirmed that the Scottish Budget in 2023/24 will receive a positive reconciliation, as opposed to the negative reconciliation that had been forecast. The net result will be an additional £161 million revenue available compared to what had been expected. Although this funding will not be available until 2023/24, the Scottish Government was planning to carry forward more than this amount in the Scottish Reserve to support next year's spending.² This level of carry forward and drawdown will therefore no longer be required, making at least £161 million of spending available in 2022/23.

At the 2021/22 provisional outturn, the Scottish Reserve contained £421 million in revenue, against a planned £400 million. This £21 million is therefore also potential funding that could be drawn down in this financial year to support spending plans.

While this funding could be allocated to funding the proposals outlined in this plan, the Government must also commit to carrying out their emergency budget review in a fully transparent manner. Given the scale of the crisis it is crucial that every spending decision can be fully scrutinised and genuine efforts are made by Ministers to identify resource that can be reallocated to supporting households and business.

1 <https://fraserofallander.org/outturn-scottish-income-tax-revenues-2020-21/>

2 <https://www.fiscalcommission.scot/wp-content/uploads/2022/05/Scotlands-Economic-and-Fiscal-Forecasts-May-2022.pdf> Fig. 8



