

ECONOMY AND FAIR WORK COMMITTEE

**22nd Meeting, 2023 (Session 6), Wednesday
13 September 2023**

Bankruptcy and Diligence (Scotland) Bill (Stage 1)

Note by the Clerk

Background

1. The [Bankruptcy and Diligence \(Scotland\) Bill](#) (“the Bill”) aims to make changes to the law around bankruptcy and diligence. The Economy and Fair Work Committee was designated as lead committee for consideration of the Bill on 16 May 2023.
2. The Bill is currently at [Stage 1](#) where the lead committee is responsible for examining the Bill. The Committee will hear from experts, organisations, and members of the public about what the Bill would do. The Committee will then report and recommend whether or not the Parliament should support the “general principles” (the main purpose) of the Bill.
3. The Bill aims to strengthen and update the law relating to bankruptcy and diligence by implementing various stakeholder-led recommendations. It proposes to achieve this by—
 - a. Providing an enabling power to establish a mental health moratorium on debt recovery action;
 - b. Making minor and technical modifications to the Bankruptcy (Scotland) Act 2016; and
 - c. Making technical modifications to the law of diligence (Scotland’s formal debt recovery mechanisms).

Call for Views

4. The Committee launched a call for views on 25 May which closed on 21 July and [received 14 written responses](#).

Witnesses

5. The Committee will take evidence from insolvency experts—
 - Dr Alisdair MacPherson, Committee Member of the Banking, Company and Insolvency Law Sub-Committee, The Law Society of Scotland;
 - Katie McLachlan, Licensed Insolvency Practitioner, R3;
 - David Menzies, Director of Practice, Institute of Chartered Accountants of Scotland; and
 - Barry Mochan, Board Member of Insolvency Practitioners Association, Insolvency Practitioners Association
6. Written responses to the Committee's call for views were received from [The Law Society of Scotland](#); [The Institute of Chartered Accountants of Scotland](#); [Insolvency Practitioners Association](#); and from [Dr Alisdair MacPherson and Professor Donna McKenzie Skene, University of Aberdeen](#).

**Economy and Fair Work Committee Clerks
8 September 2023**