Official Report
Aithisg Oifigeil

DRAFT

Economy, Tourism and Energy Committee

Comataidh na h-Eaconamaidh, Turasachd agus Cumhachd

Tuesday 10 November 2026

Session 7

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ECONOMY, TOURISM AND ENERGY COMMITTEE
10th Meeting 2026, Session 7

CONVENER

*Duncan Massey (North East Scotland) (Reform)

DEPUTY CONVENER

Daniel Johnson (Edinburgh Southern) (Lab)

COMMITTEE MEMBERS

*Gary Bouse (Falkirk West) (SNP)
*Kate Campbell (Edinburgh Eastern, Musselburgh and Tranent) (SNP)
*Martyn Day (Falkirk East and Linlithgow) (SNP)
*Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con)
*Kristopher Leask (Highlands and Islands) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Richard Dennis (Accountant in Bankruptcy)
Hannah Mary Goodlad (Minister for Public Finance)

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Economy, Tourism and Energy Committee

Tuesday 10 November 2026

[The Convener opened the meeting at 09:30]

Decisions on Taking Business in Private

The Convener (Duncan Massey): Good morning, and welcome to the 10th meeting in 2026 of the Economy, Tourism and Energy Committee. We have apologies from Daniel Johnson.

Our first item of business is decisions on taking business in private. Do we agree to take item 4, as well as any further consideration of our pre-budget report at future meetings, in private?

Members *indicated agreement*.

The Convener: Thank you, colleagues. Do we agree to take consideration of our approach to work on non-domestic rates in private at our next meeting?

Members *indicated agreement*.

Subordinate Legislation

Bankruptcy and Attachment (Miscellaneous Amendment) (Scotland) Regulations 2026 [Draft]

09:30

The Convener: Our second item of business is consideration of an affirmative statutory instrument: the draft Bankruptcy and Attachment (Miscellaneous Amendment) (Scotland) Regulations 2026. I refer members to papers 1 and 2.

I welcome to the meeting Hannah Mary Goodlad, Minister for Public Finance. I also welcome her officials: James Clelland, lawyer for the Scottish Government, and Richard Dennis, chief executive, Accountant in Bankruptcy. I remind everyone that the Scottish Government officials can participate during the evidence session, but only MSPs can participate in the formal debate on the item.

I invite the minister to make a short opening statement.

The Minister for Public Finance (Hannah Mary Goodlad): Good morning. Thanks for inviting me along and for taking the time to consider the draft regulations that are in front of you today.

Interestingly, it was a previous incarnation of this committee that pressed my predecessors to conduct the overarching review of Scotland's statutory debt solutions, so it feels quite appropriate that I lay before it the regulations that will take forward some of the recommendations that were worked on in the review under Ms MacDermid. They include the recommendations to increase the upper debt limit allowed in minimal asset process bankruptcy to £50,000 and to place it beyond doubt that mobility scooters are excluded from bankruptcy or attachment.

The main purpose of the regulations is to help individuals with substantial debt, who are often some of the most vulnerable people in our society, to access statutory debt solutions that are most appropriate for them. At the same time, we need to strike the right balance between the individuals and the creditors.

The proposed changes that you see in front of you today aim to allow individuals who do not have income or assets to repay their debts but are restricted from accessing minimal asset process bankruptcy under current rules to get access to that process. Forcing those people into the more

complex procedure of a full administration bankruptcy is inappropriate, and we know that it provides negligible benefit to their creditors.

At the same time, the individuals will be able to retain a greater value of their essential possessions needed for employment, mobility and day-to-day living and if they have to enter any bankruptcy process, or if the debt enforcement process of attachment is executed against them.

There has been significant and ongoing deep stakeholder involvement and engagement throughout the process and the development of the regulations, which were pressed for and supported by previous incarnations of this committee, as I previously mentioned. We have worked with a wide body of sector specialists with expertise in debt advice and the operation of statutory debt solutions to ensure that regulations meet their desired aims.

The regulations also make some amendments that are administrative in nature. That includes updating the Bankruptcy (Scotland) Regulations 2016 to reflect that the Accountant in Bankruptcy will maintain the common financial tool. The regulations also modernise the communication process in bankruptcy cases, with email being the default unless the individual requires a different communication method.

In conclusion, I believe that although the regulations are small, they are meaningful and worth while. They will ensure that Scotland's statutory debt solutions remain fit for purpose, enabling people to have a fresh start and to protect their essential assets while they address their debt issues.

I am happy to take any questions you have, and for James Clelland and Richard Dennis to come in where appropriate.

The Convener: Thank you, minister. The first question will come from Gary Bouse.

Gary Bouse (Falkirk West) (SNP): Good morning. My question is about the re-application period being reduced from 10 years to six. What were local government's concerns about that? I draw members' attention to my entry in the register of members' interests: I am a sitting councillor.

Hannah Mary Goodlad: The reduction from 10 years to six is in line with the recommendations of the independent MacDermid review. It was a recommendation from the review that we agreed to and that we support.

Gary Bouse: Local government has voiced concerns, possibly through the Convention of Scottish Local Authorities, as you might have mentioned. What were those local government concerns?

Hannah Mary Goodlad: I will defer to Richard Dennis on that, because he probably knows more about the context.

Richard Dennis (Accountant in Bankruptcy): The issue is about how long someone needs to wait before they can go through a second MAP bankruptcy. Even today, you could have a MAP bankruptcy and then, after a five-year period, have a full administration bankruptcy, and at the end of that five-year period, have another MAP bankruptcy, so we are not actually shortening the period that someone has to wait between bankruptcies.

There is a difference between the two processes. In MAP, there is no ongoing scrutiny of the individual. Although there is a detailed application process, and the individual's income, expenditure and assets are checked at that point, there is, in reality, no subsequent engagement with the trustee unless someone comes to us to raise a concern. However, in full administration, the individual is required to update their income and expenditure a number of times as the process runs.

The potential concern is that, if bankruptcy is too easy, there might be a temptation to, say, avoid paying council tax for five years and then have it written off, then avoid paying it for five more years and have it written off again. I can see the potential, but there is no actual evidence of that happening. What I would say to councils is—and the best councils are doing something about this already—if you let somebody not pay for five years without taking any action, it is too late.

Gary Bouse: That is a good explanation. I have a certain amount of experience in that because I hold the resources portfolio at Falkirk Council. I know about the written-offs, and your explanation is absolutely spot-on.

Kate Campbell (Edinburgh Eastern, Musselburgh and Tranent) (SNP): Thank you for being here, minister. My question is about tools of the trade. Our papers do not include much explanation of the consultation response on that. I can see that the value excluded is changing from £1,000 to £2,000, but that still feels quite low compared to what the usual tools for an electrician or a joiner would cost. There is nothing specific in our papers about the consultation response on that. Was it specifically consulted on, and why was that £2,000 figure chosen?

Hannah Mary Goodlad: The total value of assets that someone can retain its £5,000, and vehicles are not included in that. The aim is to ensure that people can keep the tools of their trade and items of sentimental value, to enable them to make a fresh start.

I will bring Richard Dennis in to talk about the specifics of the consultation because he can say which tools and trades were looked at, but the consultation has been extensive and there was also an independent review, so there will be a full response.

Richard Dennis: We considered raising the figure further, but sheriff officers were concerned that that would limit their inability to take enforcement action. We are not talking about the value of tools of a trade when someone has to go out and buy them; we are talking about the value of those tools if they have to be sold in a distressed auction, which is a significantly lower figure.

Kate Campbell: My question was about the consultation responses. Were there specific responses on that? Did you speak to people who work in those professions, or was there any representation?

Richard Dennis: There were representations not from individuals but from their advisers. I could give this answer on practically every threshold: there are those who are concerned with the enforcement of debt who thought that it might be a little too high, and, as a result, we have come in with a number that is lower than the one on which we originally consulted. Some percentage of individuals always think that it is a bit low. It is always a question of striking a balance. Because of the way in which the regulations are set, I can guarantee that we will be back before you in three, four or five years to change the thresholds again, because that is how we have to do it to keep up to date.

It is a significant step up. As to whether it is high enough, we will see as we go.

Kate Campbell: My concern is about people being able to continue their trade and about whether there is a cut-off point at which people who have a skilled trade are forced into perpetual debt if they are made unable to continue working. I would like to understand that there was a bit more detail behind that, rather than hear general responses.

Richard Dennis: Most of the individuals who go into MAP will not have a profitable trade. What you have described is the exception rather than the rule. In full administration bankruptcy, there is a process of discussion with the trustee. If someone were to say, "If you take this away, I'll be unable to offer a contribution," there would be scope for discretion.

Kate Campbell: Okay.

Richard Dennis: However, we did not sit down and say, "For plumbers it should be this, for carpenters it should be this, and for roofers it should be that."

Kate Campbell: Was there any investigation into what average tools are worth? I understand that there is depreciation and that it is not about buying new tools. However, that investigation feels important to me when such thresholds are being set.

Richard Dennis: We relied on our consultees to report difficult cases, and we set the thresholds to avoid the difficult cases of which we are aware. It was not a general approach of "this is what you need to run a plumbing business," although that is an approach that we could have taken.

Kate Campbell: Okay. Thank you.

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): Good morning. I have a few questions that I want to have cleared up before we go to the next stage. Gary Bouse asked about the reapplication period, which will change from 10 to six years. There is a debt arrangement scheme, and the average period for payback is around six years. Has any consideration been made of the possibility that a reapplication might be made before a debt has been repaid?

Hannah Mary Goodlad: As Richard Dennis explained, a person is able to go through MAP unless they reach the threshold, in which case they go through the full bankruptcy process. Someone who goes through MAP is not able to do so again within six years of being assessed and then cleared at six months. It is at six months that they are cleared of their debt, and they then cannot re-enter the MAP for another six years. That does not preclude them from entering full administration bankruptcy.

There are situations in which somebody is perpetually in a cycle of debt. We have tried to minimise that by taking down the threshold from 10 years to six, but there are individuals in our society who are in that perpetual debt cycle.

Rachael Hamilton: The question that I am asking is the opposite of that. If somebody is still in debt at six years, they have the ability to reapply. However, the average payback period for the debt arrangement scheme is six years. Nothing is set out in the draft regulations that protects either those who are owed money or that individual.

09:45

Richard Dennis: There is nothing in these draft regs about the debt arrangement scheme, because that will be governed by a separate set of regs.

For the benefit of the rest of the committee, I should say that the debt arrangement scheme is for people who can afford to repay their debts but who need a longer period of time to do so. You will

all be used to debt consolidation, in which you agree with your creditors to pay £50 a month for the next six or seven years, but the value of the debt arrangement scheme is that it freezes interest and charges while you are in the process of making your payments. If at any point the payments become unsustainable—if you lose your job, say, or life happens—and you need to go bankrupt, you can fail your debt arrangement scheme and go bankrupt straight away. There is no requirement to wait.

Rachael Hamilton: Okay. What about interest payments under these regulations?

Richard Dennis: For MAP bankruptcy, your debts are written off at the point of award once you have been discharged. In other words, all of the interest, the charges and the principal are written off.

Rachael Hamilton: The original consultation on the regulations was carried out in 2022, but the independent review was done only this year. How are the regulations—to use the minister's words—fit for purpose with regard to the uprating of values and debt thresholds, given that inflationary pressures have changed considerably from the time of the original consultation?

Hannah Mary Goodlad: We had not looked at that issue—or increased the thresholds on the total asset, the single asset, tools of trade, sentimental items or, indeed, vehicles—since 2010. With regard to vehicles, for example, we increased the threshold from £3,000 to £7,000. In doing so, we did consider the inflationary aspect, but we also tried to future proof the threshold to ensure that it could stand the test of time.

As Richard Dennis mentioned, some might have wanted to go further, and others might have wanted them to be lower, but I believe that the thresholds that we have reached are fit for purpose.

Rachael Hamilton: What was your inflationary consideration based on?

Richard Dennis: If it helps, I would point out that the independent review reported only in March. It took its time.

Rachael Hamilton: Could you repeat that, please?

Richard Dennis: The independent review only reported in March.

Rachael Hamilton: Yes, and my point, then, is that the original consultation was not really relevant any more, and you relied on the independent review in coming up with these regulations. Is that correct?

Richard Dennis: I do not want to put words in the minister's mouth, but I do not think that we have gone against the recommendations of the independent review.

Rachael Hamilton: Okay. That does not leave me with any answers as to how you came up with these thresholds and values. I just do not know.

Hannah Mary Goodlad: When it comes to, say, the value of a car, Ms Hamilton, I would challenge anybody here to manage to secure a car valued at £7,000. It is very dependent on the type of car, the financing option and the ownership, whether we are talking about a rural area, whether it is a larger vehicle, what type of fuel the car uses, its age, its mileage and so on. Given that, these thresholds give me confidence that we have safeguarded against future inflationary pressures.

Moreover, with the sentimental items, we looked at the consumer prices index for the price of gold, given that many, many sentimental value items—for example, wedding rings, or a necklace from a grandmother—are actually made of gold. Therefore, I have confidence that these thresholds have been set with a degree of care and fact behind them and that they put in place safeguards for the future.

Rachael Hamilton: Thank you for that, but I have not had that information myself. I should also say that I am not going to oppose the regulations.

Lastly, how will the regulations protect against the risk of fraud, given that the threshold has been reduced?

Hannah Mary Goodlad: The threshold has been increased.

Rachael Hamilton: Sorry—increased.

Hannah Mary Goodlad: Anybody going through MAP or full administration bankruptcy must engage with a financial adviser. The adviser will assess their income versus their assets and ability to fulfil the debt, taking into account both their financial history and their future ability to meet those commitments and payments. An individual does not simply enter the process; they must be assessed and signed off for it in order to determine that that is the most appropriate route for them. I have faith in the safeguards that we are putting in place to prevent misuse of the system.

Rachael Hamilton: Is a financial adviser someone whom the Scottish Government has recommended?

Hannah Mary Goodlad: It is a money adviser who carries out a full assessment. I will bring in Richard Dennis to answer the question of whether those advisers are employed by the Scottish Government.

In our budget, including the Barnett consequentials that we receive from the United Kingdom Government, we allocate about £9 million a year to money advice services. The Scottish Government allocates the funding to charities such as Christians Against Poverty and Citizens Advice Scotland.

I will defer to Richard on the specific question as to whether money advisers are employed by the Scottish Government.

Richard Dennis: They are not, actually. The largest source of the free money advice is still local authority-funded money advisers. They are all qualified insolvency practitioners, which would also be a route into the process.

We run credit checks. We check the property register to make sure that people are not failing to declare properties. If you speak to the debt advice charities, they will say that we require too much evidence to demonstrate people's income and expenditure rather than too little, and that can be very burdensome for that group.

At the point of award, we carry out a significant amount of checking so that claims about debts and expenditure on certain bills are double-checked.

Martyn Day (Falkirk East and Linlithgow) (SNP): I have one simple question. How many additional people would you expect to qualify for MAP following the changes?

Hannah Mary Goodlad: The current figures are around about 50,000 families a year. That is lower than the figures for 2020 and 2021, during Covid times, so the numbers have decreased. The cost to the state of taking people through the process and ensuring that debt is cleared is just under £20 million a year.

Martyn Day: Do we have any method of monitoring whether people who go through the process achieve lasting financial stability after discharge? How many go on to experience another cycle of debt?

Hannah Mary Goodlad: That is an excellent question, and one that I asked as well. We are talking about some of the most vulnerable in our society. My concern is exactly the same as yours, Mr Day: how often do we see people go through bankruptcy again and again? The answer is that there is very limited support to help people to avoid finding themselves in that situation again.

It would be remiss of me not to mention that the most extensive support is provided by Christians Against Poverty, which provides debt and budgeting advice for up to two years following such a process. The Scottish Government supports many of those charities through the £9 million that I mentioned to Ms Hamilton.

However, the support available for the 50,000 families that we are talking about to avoid such a situation in the future is nowhere near preventative enough. I have taken away that point from this work, especially as we are undertaking public service reform that places greater emphasis on prevention in how we support people across Scotland.

Richard Dennis: I want to make sure that the committee has understood this correctly: the figure of 50,000 refers to all those who are going through all of Scotland's statutory debt solutions, some of which take, as Ms Hamilton mentioned, up to six years.

From one year to another, perhaps half of those who currently enter full administration bankruptcy do so purely because of the maximum debt limit for MAP. On the basis of this year's figures, we are probably talking about an additional 400 to 500 people moving into MAP.

The Convener: As there are no further questions from members, we move to item 3, which is formal consideration of motion S7M-01587. I invite the minister to move the motion.

Motion moved,

That the Economy, Tourism and Energy Committee recommends that the Bankruptcy and Attachment (Miscellaneous Amendment) (Scotland) Regulations 2026 [draft] be approved.—[*Hannah Mary Goodlad*]

Motion agreed to.

The Convener: Do members agree to delegate authority to me, as convener, to approve a short factual report on the instrument?

Members *indicated agreement*.

The Convener: I thank the minister and her officials for their time this morning. That concludes our public business for today. Our next meeting will take place on Tuesday 17 November, when we will consider our approach to work on non-domestic rates.

09:56

Meeting continued in private until 11:39.

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