

Update for Money Advice Liaison Group (MALG)

New Scottish Insolvency Rules

The corporate insolvency regime in both England and Wales and Scotland is underpinned by the Insolvency Act 1986 (“the Act”), with much of the detail set out in ‘Insolvency Rules’: for England and Wales, the Insolvency Rules 1986; and for Scotland, the Insolvency (Scotland) Rules 1986.

Progress is on-going to amend the Act as applying to Scotland in the devolved areas of corporate insolvency (receivership and the process of winding up), principally to bring it into line with changes already made in these areas in England and Wales. Scottish Government is currently drafting the rules on the mixed competence area of winding up (and the devolved area of receivership). The Insolvency Service (IS) is drafting of rules for the reserved areas of administration and company voluntary arrangements.

The modernisation project is supported by a working group of members from the insolvency profession with a working knowledge of the Scottish corporate insolvency processes.

Good progress is being made with the drafting of the new Scottish Rules. The working group last met in June 2017 and is scheduled to meet again later in July. It had been anticipated that the Insolvency Scotland Rules would come into effect in October 2017. However, due to the scale of work involved, this has been delayed and we now anticipate that the Rules will be ready for laying in the Scottish Parliament in early November 2017 with the new Scottish Rules commencing in April 2018.

Policy Reviews

Diligence

We are currently drafting a summary of responses to the Diligence consultation which closed earlier this year. The aim of the consultation was to review and determine the effectiveness of the changes brought into force by the Bankruptcy and Diligence etc. (Scotland) Act 2007 and to also consider those measure that have not been brought into force.

We aim to publish the summary of responses by the end of the month with our full response to the consultation to be published by the end of year. We will begin the process of implementing the recommendations in 2018/2019.

The Debt Arrangement Scheme and Protected Trust Deeds

We are currently finalising the our response to the Debt Arrangement Scheme (DAS) review consultation and expect to be able to release these in the coming weeks.

The report will be available to view on our website at www.aib.gov.uk.

DAS Statistics

Approved debt payment programmes under DAS rose very slightly from 529 in the previous quarter to 531.

A total of £9.2 million was repaid through DAS this quarter, which is down from £9.6 million during the previous quarter.

Over 400 debtors paid off their debts in full through DAS, with 423 DAS debt payment programmes completed, up from 408 in the previous quarter and significantly more than the 328 completed in the same quarter a year ago.

Across 2016-17 as a whole, there were 2,232 approved debt payment programmes under DAS, a similar level to the 2,041 approved in 2015-16. Approved DAS programmes increased year on- year between 2006-07 and 2012-13 likely due to changes in legislation and improvements to the DAS Administrator's IT system.

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