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Colin Smyth MSP
Convener
Economy and Fair Work Committee

By email:
economyandfairwork.committee@parliament.scot

6th May 2025

Dear Convenor,

Committee evidence session on the Diligence against Earnings (Variation)(Scotland) Regulations 2024 held on 27 November 2024

During the above evidence session, I made a commitment to launch a public consultation in early 2025 to engage stakeholder views on the protected minimum amount and the bandings in earnings arrestments. This was to allow for any future regulations on diligence against earnings to be laid before Parliament before the end of 2025 with changes implemented in 2026.

In the interest of ensuring we meet the core aim of providing fairness to the system for both those experiencing problem debt and those trying to recover debts owed, I believe that we should take the opportunity to extend our work here and do more than seek opinions on the protected minimum amount and bandings in earnings arrestments.

It is my view that the consultation should look to gather evidence on what improvements can be made to both bank and earnings arrestments as a whole so we can ensure the processes are fair and just to all parties who use these diligence measures. This will include seeking views on raising the protected minimum amount in earnings arrestments to £1000, as recommended by the Committee, and the protection of social security benefits in bank arrestments. It will also include delving into the requirement for Information Disclosure Orders, a process that was provided for in the Bankruptcy and Diligence etc (Scotland) Act 2007 but has yet to be commenced. This was a topic of discussion at the Committee evidence sessions during the stage 1 debate on the passage of the Bankruptcy and Diligence Scotland Act 2024.

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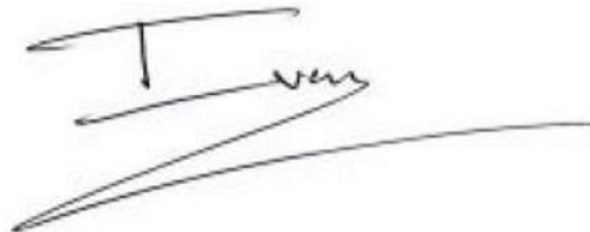
To support the consultation, it is essential that we work with stakeholders to gather the appropriate evidence. Officials at Accountant in Bankruptcy have been working closely with organisations such as The Society of Messengers-at-Arms and Sheriff Officers and banks to do this. However, unfortunately, it has not been possible to collate all the required data in time to meet my original commitment to launch the consultation in early 2025 so I have had to make the decision to postpone this until later in the year.

I think it is crucial to get a full suite of the necessary data to support a consultation which will ensure that we are able to gather robust evidence for policy making in this area. Many of those who are subject to earnings and bank arrestment are the most vulnerable in our society and many more who are struggling with debts due to the cost crisis and high inflation and could end up being party to these diligences. Therefore, it is essential that we work with stakeholders to gather the appropriate evidence to ensure we do what we can to provide a fair and just diligence system for the people of Scotland.

I will notify the Committee when the consultation is ready to launch.

In the meantime, as you are aware, the Diligence against Earnings Regulations 2024 came into force on 6 April 2025. These Regulations not only increase the protected minimum amount an individual keeps before a deduction can be made from their wages. They take the further step of making minor adjustments to the earnings arrestment bandings. This action increases protection further for the lowest earners, while offsetting the impact on main creditors, such as local authorities, using earnings arrestments by placing a higher percentage for payments in bands for higher earnings. In real terms this means that those who earn less than £3,418 per month will have a smaller deduction from their earnings.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Ivan McKee', with a long horizontal flourish extending to the right.

IVAN MCKEE

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