**MEASURES TO IMPROVE CONFIDENCE IN THE INSOLVENCY REGIME**

16 June 2014

Everyone who is affected by insolvency should be able to have confidence that insolvency procedures are used fairly and that insolvency practitioners deliver the best possible outcome in what are often difficult and challenging circumstances. I am today announcing measures that will deal with abuse and misconduct and improve confidence in the insolvency regime and profession.

These measures include the publication of the report the Secretary of State for Business, Innovation and Skills commissioned from Teresa Graham into pre-pack administration (‘the Graham Review’), together with associated research, as well as the Government’s response to the consultation, ‘Strengthening the regulatory regime and fee structure for insolvency practitioners.’

Pre-pack sales are when arrangements are made to sell the viable parts of a failing business before it is announced that it has become insolvent, to make sure the best price is obtained.

I am grateful for Ms Graham’s diligent work on the review and her well thought-out report and recommendations. The Review finds that pre-pack administrations have an important place in the UK insolvency landscape, but that reforms should be brought forward to increase transparency, boost the survival rates of the purchaser business and reform practices that are correlated with lower distributions to creditors. The report proposes a package of reforms that I think will improve business confidence in the pre-pack process and improve returns to creditors.

I welcome the report and I agree with all of the Graham Review’s recommendations. It will now be the responsibility of industry and business to adopt the various voluntary measures proposed. The report also makes recommendations for how regulatory guidance might be strengthened and the Joint Insolvency Committee, which has responsibility for current guidance, will be looking at these recommendations.

The report recommends, in addition, that the Government should take a backstop power to legislate if necessary. I very much hope that the voluntary package, together with strengthened guidance, will work effectively to address the concerns raised, however I agree that it would be sensible to provide the recommended power and the Government plans to do so. Such a power would only be used if the voluntary reforms are not successfully implemented, as I hope they will be, by the market.

I will be placing copies of the report and research in the libraries of both Houses. Alternatively this can be found at [www.gov.uk/government/publications/graham-review-into-pre-pack-administration](http://www.gov.uk/government/publications/graham-review-into-pre-pack-administration)

I am also pleased to announce that following consultation, the Government will bring forward measures to strengthen the regulatory regime for insolvency practitioners by introducing regulatory objectives for the industry and appropriate powers for the Insolvency Service, as oversight regulator, to deal with poor performance or misconduct.

That consultation also covered proposals relating to insolvency practitioner fees. A number of responses on the proposals to restrict the use of time and rate charging have been received, which we will be discussing further with interested parties before finalising the way forward. Our aim remains to ensure that insolvency practitioners receive fair remuneration for work properly carried out but also that creditors are getting the greatest return possible in the circumstances.

A copy of the responses to the consultation can be found at [www.gov.uk/government/consultations/insolvency-practitioner-regulation-and-fee-structure](http://www.gov.uk/government/consultations/insolvency-practitioner-regulation-and-fee-structure).