

The Pre Pack Pool Steering Group

The Rt Hon Dr Vince Cable MP
Secretary of State, Department for Business, Innovation & Skills
1 Victoria Street
London SW1H 0ET

6 March 2015

Dear Secretary of State

Pre Pack Pool

We represent a cross-section of professional organisations, creditor bodies, and the insolvency profession, and are pleased to update you on the progress that has been made in implementing the recommendations made by the Graham Review into pre-pack administrations. Our role has been focused on setting up the Pre Pack Pool and providing continued support to ensure that the pool is a success.

Last summer, when the Graham Review was published, we welcomed its findings and recommendations. The Review identified that pre-packaged administrations (“pre-packs”) are an important part of the insolvency landscape, as they can save jobs and preserve value for distressed businesses, but that the transparency of the process must be improved so that creditors can be satisfied that they are getting the best deal. One of the Review’s recommendations was to establish a Pre Pack Pool; a group of experienced business people able to independently scrutinise pre-pack transactions to connected parties, where the concern was focused.

We have worked collaboratively over the last six months transforming this recommendation into a reality. We are pleased to announce that we have received many applications for the position of pool member, from highly experienced business people, and our recruitment process is well advanced. We welcome the news that the strengthened SIP16, the professional standard which sets out the information an insolvency practitioner has to disclose to creditors about the pre-pack deal, should be ready in draft later this month for implementation coinciding with the commencement of the operation of the pool.

We have encountered a number of important issues that need to be resolved before the pool can commence operation, for example in sourcing a host for its administrative functions, and we are now taking positive steps towards resolving these. Our aim is to see an independent organisation set up to run the pool, overseen by a steering group made up of a broad range of professional bodies, insolvency regulators and creditor representative groups. We are committed to continuing to work together to ensure the effective operation of the pool and we envisage that it will be accepting its first cases later this spring.

We remain fully supportive of this initiative that will increase transparency and address the lack of stakeholder confidence in such deals that have been expressed in recent years. We hope that once formed, the pool will be of lasting benefit to creditors, the insolvency profession and business more broadly.

Yours sincerely,

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

Philip J King FCICM
Chief Executive Officer, CICM

For The Pre Pack Pool Steering Group:

Association of Business Recovery Professionals (R3)

Association of Chartered Certified Accountants

British Property Federation

Chartered Accountants Ireland

Chartered Institute of Credit Management

Insolvency Practitioners Association

Institute of Chartered Accountants in England & Wales

Institute of Chartered Accountants of Scotland

Institute of Directors