

Annex J: Changes to the Insolvency Rules

Role of HM Treasury in Changes to the Insolvency Rules¹

1. The government department responsible for Insolvency Rules, including leading on changes to the rules as part of the government's response to the Covid-19 pandemic, was the then Department for Business, Energy and Industrial Strategy ("BEIS"). BEIS did ask HM Treasury to sign off some aspects of the changes and HM Treasury officials obtained decisions from the Chancellor of the Exchequer ("the Chancellor") or other HM Treasury ministers as required.
2. HM Treasury was not, however, involved in every or indeed many aspects of the changes to the Insolvency Rules. HM Treasury was concerned to ensure that viable businesses were able to remain trading or recover quickly once restrictions were lifted but had no substantive role in policy development, engagement with other stakeholders, implementation or ongoing monitoring and delivery.
3. The information provided in this Annex reflects the limited role that HM Treasury played in the changes made to the Insolvency Rules. I had no personal involvement in the development or design of the changes. This Annex is accordingly structured differently to those preceding it, reflecting that HM Treasury is unable to answer most of the questions posed by the Inquiry regarding changes to the Insolvency Rules, namely questions 88 to 134 of the Inquiry's letter of 31 October 2024.
4. The information presented in this Annex is derived from emails and other records in the possession of HM Treasury. This Annex is provided to the best of HM Treasury's knowledge, and we trust this will be of assistance to the Inquiry. It is anticipated that a fuller response and a more comprehensive evidence base may be available from those representing BEIS, given the leading role it played in the changes made to the Insolvency Rules during the Covid-19 pandemic.

¹ This Annex adopts the nomenclature used within the Rule 9 request but at the relevant time it would have been described within HM Treasury as the Insolvency Package and was effectively part of a regulatory easements package which included changes to the insolvency framework.

Interventions Covered by this Annex

5. Most of the changes to the Insolvency Rules introduced as part of the government's response to the Covid-19 pandemic were introduced by the Corporate Governance and Insolvency Act 2020 ("**CIGA 2020**"). The legislative changes concerned:
 - a) Establishing a new company moratorium ("**Moratoria**").²
 - b) Arrangements and reconstructions for companies in financial difficulty ("**Restructuring Plans**").³
 - c) Changes to the regulation of pre-packaged administration sales ("**Pre-Packaged Administration Sales**").⁴
 - d) Restriction on winding-up petitions ("**Winding-Up Petitions**").⁵
 - e) A temporary voiding of the service of all statutory demands ("**Statutory Demands**").⁶
 - f) Suspension of liability for wrongful trading ("**Wrongful Trading**").⁷
 - g) Exclusion of termination clauses in supply contracts ("**Termination Clauses**").⁸
6. The CIGA 2020 also made provision for the Secretary of State (BEIS) to amend or modify the effect of corporate insolvency or governance legislation to expediently manage the impact of coronavirus on businesses ("**Power to Amend Legislation**").⁹
7. The Rating (Coronavirus) And Directors Disqualification (Dissolved Companies) Act 2021 ("**RDDA 2021**") introduced a power for the Secretary of State to investigate directors of dissolved companies ("**Investigation of Directors**").¹⁰
8. For the avoidance of doubt, this Annex discusses the changes to the Insolvency Rules detailed in paragraphs 5 to 7 above.
9. Although not discussed in this Annex, for completeness, other changes to the Insolvency Rules included:

² Sections 1-6 and Schedules 1-8 CIGA 2020

³ Section 7 and Schedule 9 CIGA 2020

⁴ Sections 8-9 CIGA 2020

⁵ Sections 10-11 and Schedules 10-11 CIGA 2020

⁶ Sections 10-11 and Schedules 10-11 CIGA 2020

⁷ Sections 12-13 CIGA 2020

⁸ Sections 14-19 and Schedules 12-13 CIGA 2020

⁹ Sections 20-36 CIGA 2020

¹⁰ Sections 2-3 RDDA 2021

- a) Changes to requirements for company meetings and filings, including:
 - i. Providing for companies to hold virtual Annual General Meetings.
 - ii. Extending filing deadlines.
- b) Extension to the deadline for filing going concern statements.
- c) Non-fiscal measures to assist businesses regarding Sunday trading laws and consumer protection.
- d) Extension to the terms of Business Improvement Districts.
- e) Changes related to commercial rents, including:
 - i. Moratorium on evictions/debt recovery for commercial properties.
 - ii. Guidance encouraging forbearance by lenders over commercial landlords.
 - iii. A Code of Practice encouraging better relationships between landlords and tenants.
 - iv. Measures to taper payment of rent as moratoriums on evictions are lifted.
 - v. A requirement to undergo rent arbitration for Covid-related rent arrears.
 - vi. Changes to HMRC's status as a preferential creditor.

Summary of Changes to the Insolvency Rules

- 10. The following paragraphs provide a brief description of the key changes made to the Insolvency Rules, as prefaced at paragraphs 5 to 7 above.

Moratoria

- 11. Provision was made for firms to obtain a moratorium to provide breathing space to pursue a rescue or restructure where they would otherwise be facing insolvency. This moratorium allows the firm to remain in the day-to-day control of its directors but with oversight from an insolvency practitioner.
- 12. Whilst a moratorium is in place no legal action can be taken against a firm by its creditors without the permission of the Court. Moratoria can be obtained for an initial period of 20 days with the possibility of extension. Extension beyond 40 days requires the permission of both the firm's creditors and the Court.
- 13. This change was introduced as a permanent change to the Insolvency Rules by CIGA 2020 and came into force on 26 June 2020.

14. A temporary modification to the Moratoria change was made to relax the entry requirements for the moratorium. Firms that had entered into an insolvency in the previous 12 months and those that had been subject to a winding-up petition were not precluded from obtaining a moratorium under this modification. This temporary modification was in place from 26 June 2020 until 30 September 2021.

Restructuring Plans

15. A new restructuring plan was introduced for firms that had or were likely to encounter financial difficulties that may affect their ability to carry on trading. This restructuring plan can be approved by either 75% in value of each class of a firm's creditors or, where they do not agree, the Court.
16. A Court can grant final approval for a restructure where it considers it to be "fair and equitable" to do so and where it is in the interests of the creditors. The Court can only approve a restructure where no members of any dissenting class of creditors would be worse off than they would be under the next best alternative for the firm (typically insolvency) and where at least 75% by value of at least one class of creditor did agree to the restructure.
17. This change was introduced as a permanent change to the Insolvency Rules by the CIGA 2020 and came into force on 26 June 2020.

Pre-Packaged Administration Sales

18. A "pre-packaged" administration sale is where the sale of a firm in distress is negotiated prior to appointment of an administrator and takes place immediately on their appointment. Pre-packaged administration sales are often used where a sale is made to a "connected person", typically a director or shareholder of the firm in distress.
19. The Small Business, Enterprise and Employment Act 2015 introduced a number of voluntary measures related to pre-packaged administration sales to "connected persons" intended to increase transparency and creditor confidence. The Act also included a power to legislate to ban or restrict sales to "connected persons" if the voluntary measures were not having the desired effect. That power to legislate was reserved for 5 years and lapsed in May 2020.

20. The Pre-Packaged Administration Sales change was a temporary change to the Insolvency Rules. The CIGA 2020 reinstated the lapsed power to legislate from the 2015 Act, reviving it until 30 June 2021.

Winding-Up Petitions

21. A Winding-Up Petition can be issued by a firm's creditors, petitioning the Court for a firm to be wound up when facing insolvency.
22. The Winding-Up Petition change prevented the Court from issuing a winding up order against a firm where the non-payment of its debts was due to the Covid-19 pandemic.
23. The Winding-Up Petitions change was introduced by the CIGA 2020 and came into force on 26 June 2020. The change had retrospective effect in that winding-up orders made on or after 27 April 2020, which under the temporary rules would now not have been made, were void.
24. The Winding-Up Petitions change was in force until 30 September 2021 after which time it remained in force in modified form until 31 March 2022. The modified form of the change reduced the circumstances in which the Courts were precluded from issuing a winding up order. Under this modification a winding-up order could only be made where a firm had debts of over £10,000, the firm had been given 21 days to respond with a proposal for repayment and (in the case of commercial rent debts only) the debt was not related to the Covid-19 pandemic.

Statutory Demands

25. A creditor owed £750 or more can make a written demand for payment of a debtor, requiring payment within 21 days. This is known as a statutory demand. Failure to make payment in response to a statutory demand is grounds for a creditor to petition the court for a firm to be wound up.
26. The Statutory Demands change to the Insolvency Rules prevented creditors from petitioning a firm to be wound up based on statutory demands served between a specified period, known as the "relevant period". This in effect voided statutory demands served during the "relevant period". The "relevant period" was 1 March 2020 to 30 September 2021 (inclusive).

27. The Statutory Demands change was introduced by the CIGA 2020 and came into force on 26 June 2020. It was a temporary change that had retrospective effect to 1 March 2020. This change was in place until 30 September 2021.

Wrongful Trading

28. Wrongful trading is where a company director knew or ought to have known that their firm was insolvent and had no reasonable prospect of avoiding administration or liquidation yet continued to trade. Wrongful trading provisions mean that a director can be held personally liable for a firm's debts from the point at which insolvency should have been known about to the firm's eventual formal entry into insolvency.
29. Wrongful trading provisions were temporarily suspended during the Covid-19 pandemic, removing the threat of personal liability for directors of firms in distress during this period.
30. This temporary change to the Insolvency Rules was introduced by the CIGA 2020 and came into force on 26 June 2020. The temporary change initially lapsed on 30 September 2020 but was reinstated for the period 26 November 2020 to 30 June 2021.

Termination Clauses

31. Also known as "ipso facto" clauses, termination clauses in supply contracts typically allow suppliers and creditors to terminate an agreement where a firm enters an insolvency process. This can typically frustrate the insolvency process further, reducing the prospects of the firm successfully recovering or restructuring.
32. The Termination Clauses change introduced a prohibition on such clauses, preventing suppliers from ceasing to supply a firm going through an insolvency rescue process.
33. This change was introduced as a permanent change to the Insolvency Rules by the Corporate Governance and Insolvency Act 2020 and came into force on 26 June 2020.
34. A temporary modification to the Termination Clauses change was made in the case of small suppliers, who were exempt from the obligation to continue to supply where necessary to protect their own business. This temporary modification was in place until 30 June 2021.

Power to Amend Legislation

35. The CIGA 2020 contained a power for the Secretary of State to temporarily amend or modify the effect of corporate governance or insolvency legislation. This power covered both primary and secondary legislation. This power could only be used where expedient to deal with the effect of the Covid-19 pandemic on corporate insolvency. The use of the power was further restricted by a number of conditions, including that it could only be used where the proposed provision could not be made using existing provisions and no new criminal offences or civil penalties could be created.
36. The Power to Amend Legislation was temporary but could be extended by a maximum of one year. The power was originally due to expire on 30 April 2021 but following the exercise of the extension provisions expired on 29 April 2022.
37. Amendments made using the Power to Amend Legislation were subject to the made affirmative procedure. In circumstances where the impact of the Covid-19 pandemic had eased sufficiently, temporary amendments made using the Power to Amend Legislation could be reversed or eased by using the same Power. Such changes needed only be subject to the negative resolution procedure.

Investigation of Directors

38. The RDDA 2021 created the power for the Secretary of State to investigate former directors of a dissolved company without first having to restore the company to the Companies House register. It also provided for the Secretary of State to commence disqualification proceedings against directors and former directors (where public interest criteria are met), in addition to seeking compensation from them where their conduct caused a loss to creditors.
39. The Investigation of Directors change was a permanent change to the Insolvency Rules which came into effect in part on 15 December 2021 and in full on 14 February 2022.
40. The Investigation of Directors change had retrospective effect, meaning that the conduct of directors and former directors that took place prior to the commencement of the RDDA 2021 could also be investigated and could form the basis of disqualification proceedings and compensation.

How Changes to the Insolvency Rules were made

Pre-2020 Consultation

41. In 2016 [BR/J/01 – INQ000625792] and 2018 [BR/J/02 – INQ000625791] BEIS consulted on proposed changes to the Insolvency Rules with the aim of improving standards of leadership in companies or approaching insolvency. The specific measures consulted on included:
- a) In the 2016 consultation:
 - i. Creating a company moratorium.
 - ii. Developing a flexible restructuring plan.
 - b) In the 2018 consultation:
 - i. Reducing risk of major company failures.
 - ii. Strengthening responsibility for directors where a firm is in or approaching insolvency.
 - iii. Ensuring a fair balance of interests in all stakeholders.
 - iv. Sale of businesses in distress.
 - v. Reversal of value extraction schemes.
 - vi. Investigations of the actions of directors of dissolved companies.
 - vii. Protection of company supply chains in insolvency.
 - viii. Strengthening pre-insolvency corporate governance.
42. In response to the consultations, the government announced in August 2018 its intention to introduce new insolvency restructuring procedures [BR/J/03 – INQ000625790]. These changes were due to be legislated for in the second session of the 2017 Parliament, however that plan was delayed by the 12 December 2019 general election.

The Corporate Governance and Insolvency Act (CIGA) 2020 - Pre-laying policy development

43. In March 2020, the Covid-19 Economic and Business Response Implementation Group (“EBRIG”) was established by the Prime Minister as one of four Ministerial Implementation Groups. EBRIG was established to ensure a coherent approach to business-facing communications, intelligence gathering and policy, to support business through the Covid-19 pandemic. The meetings were chaired by the Chancellor and were held weekly until 14 May 2020. Attendees included the Chancellor of the Duchy of Lancaster and the Secretaries of State for BEIS, Department for Digital, Culture, Media

& Sport ("DCMS"), Department for Transport ("DfT"), Ministry of Housing, Communities and Local Government ("MHCLG"), Department for International Trade ("DIT") and Department for Work and Pensions ("DWP"), as well as senior officials from across Whitehall.

44. An EBRIG meeting was held on 27 March 2020. On this occasion, the Economic Secretary to the Treasury ("EST") attended EBRIG on behalf of the Chancellor. EST was briefed by HM Treasury officials [BR/J/04 – INQ000609299] [BR/J/05 – INQ000609297] [BR/J/06 – INQ000475274] ahead of that meeting.
45. At the 27 March 2020 meeting, EBRIG considered a joint paper [BR/J/07 – INQ000083294] from BEIS and HM Treasury recommending changes to Insolvency Rules.¹¹ The paper recommended Moratoria, Termination Clauses, Restructuring Plans and Wrongful Trading.
46. A number of points were raised by EBRIG members in discussing the recommended changes [BR/J/08 – INQ000609302], including that:
 - a) The 28 days referred to in the proposed insolvency changes were calendar days, but consideration would be given to changing this to working days.
 - b) The insolvency regime for charities and other institutions such as banks was different and these groups would need to be either treated differently or exempted from the proposed changes.
 - c) The Devolved Administrations would be sighted.
 - d) The proposed Wrongful Trading change could have unintended long-term consequences and so would be time limited.
47. EBRIG accepted the recommendation, subject to the Chancellor's approval.
48. HM Treasury officials sent a submission to the Chancellor on 27 March 2020 [BR/J/09 – INQ000609810] seeking agreement to EBRIG's recommendation. That submission was put to the Chancellor urgently, on the understanding that the Secretary of State for BEIS wished to publicly announce the package of measures the following day.

¹¹ The paper also recommended changes to requirements for company meetings and filings which are beyond the scope of this Annex.

49. On 28 March 2020, the Chancellor approved EBRIG's recommendation [**BR/J/10 – INQ000609304**] subject to the following points being considered during the process of drafting legislation:
- a) The Wrongful Trading change should be introduced for an initial period of three months with the possibility of extension, and not until August 2020 as proposed.
 - b) Officials would continue to look into:
 - i. Whether there was an equivalent to United States “debtor in possession” provisions that enabled any person funding a moratorium or restructuring to hold “super-priority” creditor status.
 - ii. What judgment a Court had to make to approve a restructuring plan and how strict this was, relative to existing judgments and the equivalent judgment under the United States system.
50. On 28 March 2020, the changes were publicly announced by the then Secretary of State for BEIS, Alok Sharma. The announcement set out that the government would seek to legislate, at the earliest opportunity, changes to permanently add Moratoria, Termination Clauses and Restructuring Plans to the Insolvency Rules and temporarily provide for Wrongful Trading.
51. Further measures to be included in what was then the Corporate Governance and Insolvency Bill (“**the Bill**”) were announced on 23 April 2020. These were the temporary changes for Statutory Demands and Winding-Up Petitions.
52. Pre-Packaged Administration Sales was introduced into the draft legislation by way of government amendment during the Bill's passage through Parliament.
53. On 3 April 2020, HM Treasury held a meeting with the Insolvency Service to explore further a number of areas that needed clarification before providing HM Treasury approval, including the two points raised by the Chancellor (see paragraph 49(b) above) [**BR/J/11 – INQ000609313**].
54. On 17 April 2020, a submission was put to EST recommending that financial services firms and financial market contracts be excluded from the proposed changes to the Insolvency Rules except in certain defined cases [**BR/J/12 – INQ000609343**] [**BR/J/13 – INQ000609345**] [**BR/J/14 – INQ000609344**]. EST agreed to these recommendations on 20 April 2020 [**BR/J/15 – INQ000609348**].

55. On 21 April 2020, HM Treasury officials submitted advice to the Chancellor recommending that government-backed loans not be excluded from the cramdown process available under Restructuring Plans and that provision to give super-priority status to debtors-in-possession under a Restructuring Plan not be included in the Bill if it would significantly delay it [BR/J/16 – INQ000609723].
56. On 27 April 2020 the Chancellor provided an initial steer in response to this advice. He was in agreement with the proposal around debtor-in-possession financing but was not persuaded by the recommendation regarding government-backed loans. On the latter point, the Chancellor requested further examples and international precedents [BR/J/17 – INQ000609366].
57. On 1 May 2020, HM Treasury officials provided a further submission to the Chancellor on debtor-in-possession financing and exclusion of government-backed loans from cramdown procedures. In response to the submission on the 5 May 2020, the Chancellor agreed not to exclude government-backed loans from cramdown procedures and that officials should continue to push for debtor-in-possession financing provisions to be included in the Bill, which officials fed back to BEIS [BR/J/18 – INQ000609378].
58. In early May 2020, officials at BEIS provided officials at HM Treasury with a draft proposal for how best to address HM Treasury's request for inclusion of the debtor-in-possession financing in the Bill [BR/J/19 – INQ000609387] [BR/J/20 – INQ000609388]. Discussions continued between HM Treasury and BEIS officials as to the inclusion of debtor-in-possession financing provisions in the Bill.
59. On 13 May 2020, following discussions with BEIS and the Office of Parliamentary Counsel¹² officials confirmed the decision had been taken to not continue to press for debtor-in-possession financing provisions to be included in the Bill. This decision was taken owing to the need for further policy development and the risk of the inclusion of a broad power to legislate at a later date being successfully challenged in the House of Lords [BR/J/21 – INQ000609392].

The Bill's Passage Through Parliament

¹² The Office of Parliamentary Counsel are responsible for drafting primary legislation.

60. On 13 May 2020, following a request from BEIS, it was confirmed that the Chancellor was content to act as a “bill backer” for the Bill. On 14 May 2020, it was confirmed that EST was content to do the same [**BR/J/22 – INQ000609393**].
61. The Bill’s passage through Parliament was managed by BEIS. The Bill was fast-tracked through Parliament because of the government’s view that the measures in the then-Bill were urgently needed to support struggling but viable companies during the Covid-19 pandemic. The Bill:
- a) Was introduced in the House of Commons on 20 May 2020.
 - b) Had its Second Reading, Committee Stage and Third Reading in the House of Commons on 3 June 2020.¹³
 - c) Passed through all stages in the House of Lords between 3 and 23 June 2020.
 - d) Received Royal Assent on 25 June 2020 after the House of Commons considered House of Lords amendments earlier the same day.
62. On 16 June 2020, HM Treasury officials were contacted by the office of Lord Callanan, the responsible BEIS minister, seeking agreement to a proposed amendment to the Bill. The amendment sought to extend the initial period for which temporary measures proposed in the Bill would be in force. It was proposed that temporary Moratoria and Termination Clauses changes be extended until 30 June 2021 and that the temporary Wrongful Trading, Statutory Demands and Winding-Up Petitions changes be extended until 30 September 2020. On 17 June 2020, an updated request was received from BEIS officials proposing that all the aforementioned measures be extended uniformly, to 30 September 2020. HM Treasury officials recommended to EST on the same day that a nil return was provided given that all other checks and balances remained on directors, the continued economic uncertainty and because the temporary extensions had been previously agreed in principle. EST confirmed he was content for HM Treasury to provide a nil return to BEIS [**BR/J/23 – INQ000609420**].
63. On 22 June 2020, HM Treasury officials were contacted by the office of Lord Callanan seeking agreement to a further proposed amendment to the Bill. The amendment was proposed in response to an amendment tabled at Committee Stage in the House of Lords which sought to require a firm to consult with employee representatives as a pre-requisite for being eligible for a moratorium. The amendment being proposed to HM

¹³ The Bill did not undergo Report Stage in the House of Commons.

Treasury by Lord Callanan in response was to require firms to notify employee representatives as soon as practicable after a moratorium has been entered into and to give notice to creditors and Companies House where a moratorium was extended beyond its initial period. HM Treasury officials recommended on the same day that EST provide a nil response, as the amendment met some of the House of Lords concerns and BEIS had agreed to review employee effects after implementation [**BR/J/24 – INQ000609422**]. EST agreed with the proposed amendment and a nil return to the request was sent to BEIS.

64. The CIGA was made on 25 June 2020. Its provisions came into force on 26 June 2020 with temporary Moratoria, Termination Clauses, Statutory Demands and Winding Up Petitions changes due to lapse on 30 September 2020.

The CIGA 2020 Extensions

Interaction with commercial rent policy

65. Alongside temporary measures introduced by CIGA, measures relating to the payment of commercial rents were introduced by MHCLG within the Commercial Tenancies and Covid 19 Coronavirus Act 2020 and Commercial Rent (Coronavirus) Act 2022. These measures initially provided for the suspension of rent payments due on 25 March 2020 and subsequently extended that provision. Owing to the connection between the suspension of commercial rent payments and the availability of statutory demands and winding up petitions, officials from HM Treasury, BEIS and MHCLG worked closely together when extensions to these respective measures were considered to ensure that they were coordinated and did not create any adverse consequences for businesses. It remained the case however that BEIS officials led on temporary changes to the Insolvency Rules and MHCLG officials led on temporary changes to commercial rents. HM Treasury's role remained focused on obtaining HM Treasury ministers' sign off for any proposed changes.

Extensions to 30 December 2020 and 31 March 2021

66. The temporary measures introduced by the CIGA 2020 were due to lapse on 30 September 2020. In late July and early August 2020 HM Treasury officials, in order to inform advice to HM Treasury ministers on extension, engaged with the Insolvency

Service about the forthcoming expiry of those temporary measures. The Insolvency Service provided its views as to the provisions that should and should not be extended.

67. On 24 August 2020 HM Treasury officials received a Write Round Letter (“**WR540**”) addressed to the Chancellor, in his capacity as Chair of the Domestic and Economic Implementation Committee, from Lord Callanan. WR540 sought approval for Lord Callanan to use the Power to Amend Legislation to make regulations to extend a number of temporary changes to the Insolvency Rules. The specific extensions proposed were extending Statutory Demands and Winding Up Petitions changes until 31 December 2020 and extending temporary Moratoria and Termination Clause changes until 30 March 2021.
68. In late August and early September 2020 HM Treasury officials sought the views of HMRC officials as to any potential adverse impacts on the exchequer of future extensions to Statutory Demands and Winding-Up Petitions. The temporary pausing of Winding-up Petitions for Covid related debts protected businesses from aggressive debt recovery actions from creditors, however impacted HRMC as a creditor.
69. Advice as to how to respond to WR540 was submitted to the Chancellor and EST on 1 September 2020. That advice noted the potential revenue implications of a further extension on HMRC’s collections over the upcoming quarter. Specific numbers were highly uncertain, but HMRC estimated a further extension would delay collections over the upcoming quarter by up to £5 billion, which could increase the amount of high “at risk” debt from around £4-5 billion to approximately £7 billion. However, these numbers were speculative and there were mitigating measures like the easement of the Wrongful Trading legislation coming to an end on 30 September which would restore personal liability to company directors, disincentivising them to continue trading if the core business was not viable [**BR/J/25 – INQ00060712**]. The advice also recommended agreement to all of the proposed extensions, with the exception of the proposed extension to the relaxed entry criteria for the Moratoria. This recommendation was made in light of knowledge that the Covid-19 pandemic was not as short-term and temporary as initially anticipated when this measure was introduced. Further advice was then provided to the Chancellor on 2 September elaborating on the 1 September 2020 advice. Both the Chancellor and EST were content with the proposed response to WR540.

Extension to 30 June 2021

70. On 5 March 2021 HM Treasury officials received a Write Round Letter (“**WR612**”) addressed to the Chancellor, in his capacity as Chair of the Domestic and Economic Implementation Committee, from Lord Callanan the BEIS responsible minister [**BR/J/26 – INQ000609616**]. WR612 sought approval for Lord Callanan to use the Power to Amend Legislation to make regulations to extend a number of temporary changes to the Insolvency Rules. It was proposed that Winding Up Petitions, Wrongful Trading, Moratoria and Termination Clauses be extended until 30 June 2021.
71. A nil response to WR612 was sent following advice from officials [**BR/J/27 – INQ000609617**].

Extension to 30 September 2021

72. On 1 June 2021 HM Treasury officials received a Write Round Letter (“**WR638**”) addressed to the Chancellor, in his capacity as Chair of the Domestic and Economic Implementation, Committee, from Lord Callanan [**BR/J/28 – INQ000609775**]. WR638 sought approval for Lord Callanan to use the Power to Amend Legislation to make regulations to extend a number of temporary changes to the Insolvency Rules. It was proposed that Winding Up Petitions and Statutory Demands be extended until 30 September 2021.
73. WR638 also signalled Lord Callanan’s intention to introduce tapering measures from October 2021 to transition away from temporary Statutory Demands and Winding Up Petitions changes and towards the pre-Covid-19 pandemic winding up and statutory demand regimes, however a decision was not sought on this proposal at this time.
74. Anticipating this request, HM Treasury officials had in mid-May 2021 sought advice from the Chancellor on the extension proposed in WR638 and the Chancellor had confirmed he agreed with the proposal. EST subsequently agreed to a nil return in response to WR638 [**BR/J/29 – INQ000609637**].

Extension to 30 March 2022

75. On 29 July 2021 HM Treasury officials received a Write Round Letter (“**WR671**”) addressed to the Chancellor, in his capacity as Chair of the Domestic and Economic Implementation Committee, from Lord Callanan [**BR/J/30 – INQ000609776**]. WR671 sought permission to amend Schedule 10 of CIGA to introduce measures to taper the

Winding Up Petitions and Statutory Demands temporary changes, following their scheduled lapse on 30 September 2021. The proposal was to allow for a winding up petition to be brought only (a) following a 21-day grace period after written notice of intention to issue a petition is given, (b) for debts of more than £10,000 and (c) where the debt is for commercial rent, only where that debt is not related to the Covid-19 pandemic. It was proposed that these measures be in place until 31 March 2022.

76. Following agreement by the Chancellor, a nil return was sent to WR671.

Pre-Packaged Administration Sales

77. On 25 August 2020, HM Treasury officials received a Write Round Letter (“**WR541**”) addressed to the Chancellor, in his capacity as Chair of the Domestic and Economic Implementation Committee, from Lord Callanan [**BR/J/31 – INQ000609710**]. WR541 sought approval to publish a report into pre-packaged administration sales and to publish draft regulations alongside the report.

78. HM Treasury officials recommended a nil return to WR541 which was agreed by the Chancellor.