

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Second Delegated Legislation Committee

CORPORATE INSOLVENCY AND GOVERNANCE
ACT 2020 (CORONAVIRUS) (AMENDMENT OF
SCHEDULE 10) (NO. 2) REGULATIONS 2021

Wednesday 27 October 2021

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The Committee consisted of the following Members:

Chair: DR RUPA HUQ

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|---|---|
| Begum, Apsana (<i>Poplar and Limehouse</i>) (Lab) | † Scully, Paul (<i>Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy</i>) |
| † Bryant, Chris (<i>Rhondda</i>) (Lab) | † Seely, Bob (<i>Isle of Wight</i>) (Con) |
| † Champion, Sarah (<i>Rotherham</i>) (Lab) | Sheerman, Mr Barry (<i>Huddersfield</i>) (Lab/Co-op) |
| † Fletcher, Colleen (<i>Coventry North East</i>) (Lab) | † Stuart, Graham (<i>Beverley and Holderness</i>) (Con) |
| † Fletcher, Mark (<i>Bolsover</i>) (Con) | † Thomson, Richard (<i>Gordon</i>) (SNP) |
| † Graham, Richard (<i>Gloucester</i>) (Con) | † Whittaker, Craig (<i>Lord Commissioner of Her Majesty's Treasury</i>) |
| † Lewer, Andrew (<i>Northampton South</i>) (Con) | Seb Newman, Guy Mathers, <i>Committee Clerks</i> |
| † Loder, Chris (<i>West Dorset</i>) (Con) | |
| † Malhotra, Seema (<i>Feltham and Heston</i>) (Lab/Co-op) | |
| † Moore, Damien (<i>Southport</i>) (Con) | |
| † Pawsey, Mark (<i>Rugby</i>) (Con) | † attended the Committee |

Second Delegated Legislation Committee

Wednesday 27 October 2021

[DR RUPA HUQ *in the Chair*]

Corporate Insolvency and Governance Act 2020 (Coronavirus) (Amendment of Schedule 10) (No. 2) Regulations 2021

9.25 am

The Chair: Before we begin, I encourage Members to wear masks when they are not speaking, in line with current Government guidance and that of the House of Commons Commission—apart from me, who may have to speak at any moment. Please also give each other and members of staff space when seated, and when entering and leaving the room. I also ask Members to please send their speaking notes via email to our colleagues at *Hansard*. The address is hansardnotes@parliament.uk. Similarly, officials in the Gallery should communicate electronically with Ministers—the days of passing notes are gone.

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Paul Scully): It is a pleasure to serve under your chairmanship, Mrs Huq. I beg to move that the Committee approves the Corporate Insolvency and Governance Act 2020 (Coronavirus) (Amendment of Schedule 10) (No. 2) Regulations 2021 (S.I. 2021, No. 1091).

These regulations were laid before the House on 28 September 2021. We are here again discussing another snappily titled statutory instrument after the Corporate Insolvency and Governance Act 2020 introduced a suite of permanent and temporary measures to help companies weather the effects of the pandemic. Most of those temporary measures, including the relaxation of wrongful trading, expired at the end of June this year. However, the restrictions on company winding-up protections were extended for a further three months until the end of September. Since their introduction, those restrictions—despite also being a severe restriction on creditors' right to enforce recovery of their debts—have helped to protect from unnecessary insolvency the many businesses that were unable to trade due to the national lockdown periods.

Now that we are back to full trading, following the successful completion of the Government's four-step road map out of lockdown on 19 July, the signs are indicative of a strong economic bounce back. However, many businesses—particularly those in the hospitality, retail and travel sectors that were most affected by the lockdown restrictions for over a year—have been acutely affected, and their solvency will be threatened by accrued debts and low cash reserves before they have been given a chance to trade their way back to financial health. They therefore need a further period of protections to allow them to do so, but as businesses are now trading normally and have been able to do so since the middle

of June this year, it is right that any further period of protection given should recognise that fact and bring back some creditor rights.

As such, these regulations introduce a new form of restriction on winding up companies that is tapered from the version that has been in place since last year. To put it another way, we are still protecting those businesses that most need it; we are also promoting a gradual return to the normal functioning of the insolvency framework.

This instrument replaces the previous high bar for winding-up petitions on the ground of inability to pay debts introduced by the Corporate Insolvency and Governance Act—which required that petitioners should satisfy a court that those debts were not covid-19 related—with new targeted criteria for creditors that seek to encourage dialogue with their debtors prior to pursuing a winding up. The new and temporary criteria for petitioning creditors that came into force on 1 October 2021 for a period of six months are threefold: a requirement for creditors to demonstrate that they have sought to negotiate repayment of a debt before seeking to wind a company up; that the debt owed must be at least £10,000; and that a company winding-up petition cannot be brought in respect of a commercial rent, as described by the provisions in the Coronavirus Act 2020.

Starting with the first of the criteria, the new requirement for creditors to demonstrate that they have sought to negotiate the repayment of a debt, before presenting a winding-up petition, the creditor must send a notice to the company giving it 21 days to respond with proposals for paying the debt. Creditors will then be required to confirm to the court that they have sent the notice and whether they have received any proposals from the company, and if so, state why those proposals are not satisfactory. A creditor is not obliged to agree to the proposals put forward by the company. However, the court will be able to draw on its existing discretion to refuse to make a winding-up order where it appears that a creditor is attempting to abuse the winding-up process. The measure will reinforce the message that creditors and debtors should collaborate to find solutions to address arrears accrued as a result of the pandemic.

Chris Bryant (Rhondda) (Lab): Will the Minister tell us how many companies have taken advantage of this situation thus far, how many companies he expects to fall within this provision over the next few months, and how he has determined that this is the right process for us to adopt at this stage?

Paul Scully: It is difficult to assess that at the moment. We believe that it has helped companies to get through this process, but we are not able at the moment to ascertain an accurate figure.

The second of the temporary criteria is that, in order to present a company winding-up petition, the debt owed must be at least £10,000. For the most part, there is not normally a minimum amount that must be owed before a winding-up petition can be brought, although based on the statutory demand the debt must be at least £750. Analysis suggests that a temporary minimum debt level of £10,000 could prevent in the region of 15% of petitions that would otherwise be presented. They would largely be petitions against small and medium-sized enterprises, which are likely to have smaller debts and lower cash reserves and, as such, are most in need of additional support.

That £10,000 limit also aligns with the existing £10,000 limit for bringing a case to the small claims court, making it easily recognisable as a rule, to prevent winding-up petitions being presented for small businesses and small debts in the aftermath of the pandemic.

Mark Pawsey (Rugby) (Con): Will the Minister say whether those are debts that occurred before covid that are subject to the measures, or debts that have occurred since the commencement of the covid period?

Paul Scully: These are an extension of the existing provisions, which are specifically for covid-related debts.

The third and final criterion is that a company winding-up petition cannot be presented in respect of commercial rent until the end of March 2022. I should say that the point of the petition is not to stop companies that have accrued debt being wound up; it should be to allow the creditor the full rights to be able to do so. We are trying to give temporary relief to businesses that are otherwise hard-pressed, specifically because of the pandemic.

The Committee will be aware that the Department for Levelling Up, Housing and Communities has announced an extension of the moratorium on the forfeiture of commercial tenancies until 25 March 2022. That is to allow time for the implementation through primary legislation of a rent arbitration scheme to help industry deal with the significant amount of commercial rental debts that have accrued during the national restrictions period.

The restrictions in the commercial rent arrears recovery scheme have been similarly extended. That measure serves not to undermine the proposed rent arbitration scheme before it is implemented, so commercial landlords will continue to operate under the previous restrictions for petitioning to wind up a company in respect of debts until the end of March 2022. We recognise that that measure might mean a further period of uncertainty for commercial landlords, who themselves might be struggling as a result of the pandemic. However, the rent arbitration scheme will deliver certainty to both the landlord and the tenant, where an agreement to pay down lockdown rent arrears has been unachievable.

Sarah Champion (Rotherham) (Lab): I am looking for clarity. I think the Minister said that this does not cover rent. Is that right? Could he give an example of the sort of debt that would be specific to this new extended legislation? Are we talking about a supplier not paying for goods that they have taken—that sort of thing? How is it proved that it is a covid-related debt under this legislation?

Paul Scully: I do not want to pre-empt deliberations on this, but if a business has been closed and is unable to trade, that would be more likely to be eligible. However, the commercial debt that was within the period that we have packaged and kept aside—effectively, from the beginning to the end of lockdown—has been bundled up and will be dealt with in the next set of legislation on mandatory arbitration, which we hope we will not need.

We hope that between now and completion of that legislation a lot of companies will be able to have those conversations between tenants and landlords, knowing that otherwise they will be forced into mandatory

arbitration. We want people to be able to settle their own debts and have their own discussions. The rent debts that were accrued during lockdown are ring-fenced for the purpose of that arbitration scheme, but all commercial rents that are owed after 19 July 2021 should be paid in full, as and when they fall due.

In conclusion, these new targeted criteria demonstrate that the Government have listened to the concerns raised about the potential for a cliff edge for insolvencies, once the Government's regulatory and fiscal support has ended. The new targeted criteria represent a balance between the rights of creditors and the further protections needed by the businesses most affected by the trading restrictions placed on them. The new criteria reinforce the Government's clear message that discussion is absolutely crucial between creditors and the debtors, who should continue to negotiate where possible. If successful, those negotiations can result in both creditors and debtors achieving the same long-term goals of continued trading, repayment of debts and a return to profits, in turn bringing benefits to themselves, their employees and the wider economy. I commend the regulations to the Committee.

Question proposed,

That the Committee has considered the Corporate Insolvency and Governance Act 2020 (Coronavirus) (Amendment of Schedule 10) (No. 2) Regulations 2021 (S.I. 2021, No. 1091).—(*Paul Scully.*)

9.35 am

Seema Malhotra (Feltham and Heston) (Lab/Co-op): It is a pleasure to serve under your chairship, Dr Huq. May I thank the Minister for his opening remarks? I would be grateful to him if he could respond to some of my questions, either in response today or in writing. I want to know which business organisations the Minister spoke to before deciding to move forward with the tapering as it is and as proposed by the Government. How will he keep the measure under review? It is both an extension of some support and a withdrawal of other support in the way that it has been tapered, and I thank my hon. Friend the Member for Rhondda for the point he made in relation to that.

We believe that it is right to maintain restrictions on serving winding-up petitions under schedule 10 to the Corporate Insolvency and Governance Act 2020. It is vital that businesses that have sustained pressure during the last 18 months are supported right through to the end of the pandemic. We acknowledge and welcome the raised limit, and at least there is considerable protection for small businesses with debts below £10,000. That is important and is in line with the measures that we have called for since June, when other support was withdrawn, to ensure that there are effective ways to deal with debt through the period of recovery, so that we do not see the loss of viable businesses that are allowed to fail because of the impact of covid-19.

Let us face it: covid-19 is not over yet, and there is still uncertainty about what might happen going forward and whether there will be further restrictions. It is important that the Government make it clear to Parliament how there will be flexibility in relation to business support that will be in line with potentially changing health measures. In this context, the pressures facing businesses this winter must be taken into account as the Government keep the measure under review.

[Seema Malhotra]

The challenges are numerous: rising energy prices, the Government's supply chain crisis, price inflation and consumer confidence declining to its lowest level since April, compounded further by the Government's cruel decision to cut universal credit for 6 million families. Why does that matter? Let me take my constituency as an example, with 18,000 households affected and £18 million coming out of the local economy—£18 million that would be spent largely in local shops. There is a relationship between the choices being made on cuts to universal credit and the support that there will be for small businesses as household income reduces, as people are able to spend less on looking after their families, which they do largely in community businesses.

This is a time when businesses should be experiencing their golden quarter—the quarter leading up to Christmas, when they can make the majority of their profits for the year in order to address the debt that they may have accrued during the periods before—but many businesses will still be fighting for their survival and having to respond to one crisis after another. I am sure that the Minister has received representations from affected businesses. I can state one example of a business that told me it had to refund £8,000-worth of customer purchases a month ago because the goods were not going to arrive due to the supply chain crisis.

This is affecting businesses up and down the country. The last two quarters have also seen more than 100,000 business deaths in each quarter—more than in any other subsequent quarters in the recent past. Without a more robust response, quarter 4 of 2021 and quarter 1 of next year will be worse. Against this backdrop, it is no wonder that business groups, including the Federation of Small Businesses, have warned of falling business confidence. The cash liquidity crisis, which is also facing various sectors of the economy, from aviation to retail and leisure, will continue well into 2022. It is important for us not to just assume and want to believe that things were suddenly magically better from July onwards, because a lot of the uncertainty remains.

That brings us to the extension of the restrictions, even with the tapering, which we do support, as we did last month with the extensions that we debated then. First, with regard to the two-day gap that was created by the initial version of this instrument, how many businesses were issued with winding-up orders on 29 and 30 September? Does the Minister have those figures? Will those businesses now benefit from the protections that they should have had?

Last time, we also noted our concern that the Government were legislating for businesses to be protected from eviction but not rent-induced liquidation. The Minister then spoke of legislation being introduced to support the resolution of commercial rent arrears for tenants that were affected by the restrictions during the pandemic. What is the status of that? Rent debt will remain an anvil around the necks of many businesses, particularly those in the hospitality and retail sectors, which have been impacted—sometimes most—by the pandemic.

That can also be the case in areas of tourism that were very significantly impacted. Some of that picked up this summer, but aviation has seen a very stuttering recovery. In relation to the aviation supply chain across

the country, which includes hundreds of thousands of businesses, the Minister will know that there is still huge uncertainty as international travel and even domestic travel are still recovering. It is estimated that the hospitality sector alone is facing billions of pounds of rent debt.

Therefore, when it comes to lifting the measure of support, along with the business rate and VAT reductions and the eviction restrictions, much of which will happen in March, this could well lead to a real risk of a cliff-edge scenario for businesses, particularly those that have been hit hardest by the pandemic and are not in those sectors that are recovering more quickly. The tail of the recovery is set to continue well into next year and even the year after, so what assessment is being made of what the additional support might be and how that can be tailored to deal with the slower recovery of particular sectors?

Will the Minister also provide an update on the arbitration process that, I think, has been brought forward? On the detail of that in relation to rent arrears, I would be grateful for an update.

I will express just a few concerns about today's SI. The legislation note describes the process, which the Minister outlined, of notice needing to be given, 21 days of consultation, and allowing a response from the debtor to then be taken into account. What happens if, unreasonably, the creditor does not wish to accept the proposal? Would that then be for the courts to decide? Could any court fees then be payable? If the debtor does not win the case against them, will they then be having to pay court fees as well? Perhaps the Minister can provide clarification, because I am not sure of the detail of that.

Could the Minister clarify one point? If the 21 days begins just a few days before the measures are due to end in March of next year, what does that mean for any of the disagreements going through between a creditor and a debtor? Will the 21 days that might start before the end of these provisions continue with those rights secured?

People may be concerned about their business, which might otherwise be viable but has been hit by covid and the continuing uncertainty over recovery. What are the Government doing to ensure that those who are concerned about the ending of the temporary insolvency measures seek effective early advice? I agree with R3 that businesses that seek advice early often have the best options open to them and the best advice to make decisions about their next steps. That often results in a more favourable outcome than if those businesses had waited and let problems spiral. What are the Government doing to make businesses aware of such advice? That may mean the involvement of grassroots business organisations.

If the Government are forced to introduce new measures this winter as a result of a health crisis that restricts business operations, will they review those measures and amend them as required? At a time when businesses need us most, the House should focus on how we support businesses not just to survive but to recover and thrive. They will be looking to us to make sure that support is not removed from businesses prematurely. That would have a catastrophic impact on businesses, high streets and communities across the country.

9.46 pm

Richard Thomson (Gordon) (SNP): It is a pleasure to serve under your chairmanship, Dr Huq.

The Scottish National party is happy to support the regulations but with a note of caution. If we allow a company to continue to trade in the circumstances outlined, we must be mindful of the potential impact that may have down the line on the cash flow of other companies that are not protected and may find their own position weakened. It is also important to recognise the limitations of the insolvency Act, because of itself it does very little to support indebted firms to insulate themselves from the impact of rising prices elsewhere in the economy, particularly in the months ahead. It is certainly no substitute in economic terms for the stimulation of overall aggregate demand and finding ways to reduce business outgoings in other ways.

I will be brief because there is a much, much bigger economic event happening later today, and I am certain that there are at least one or two dots and commas that have not been pre-trailed to the press that we will all be desperate to find out about. I wait in hope rather than in any great expectation, but we will see what develops. What the Chancellor should be doing is delivering the full £350 billion of coronavirus business interruption loan scheme support to the businesses that need it. That needs to happen. For those businesses that are in genuine difficulty those loans should be converted to grants. If the Chancellor does that this afternoon, he may find that the measures in the regulations before us this morning will be needed much less frequently than they might otherwise be in the months ahead. But those months are bound to be extremely difficult on a number of fronts for families, individuals and businesses.

9.48 am

Chris Bryant (Rhondda) (Lab): I thought the Minister started admirably with the first half of his first sentence, when he said that it was a delight to sit under your chairmanship, Dr Huq. It then went all horribly wrong.

Mark Fletcher (Bolsover) (Con): No it didn't.

Chris Bryant: It did, because his next sentence was, "I beg to move that we approve this measure." That is not what we are considering; we are only considering whether we have considered the matter.

I have a problem with secondary legislation, and it is an important point not least because we have considered so many pieces of secondary legislation in the past 18 months. I understand that there has been a pandemic but no other country in Europe, or anywhere else in the world, has used so much secondary legislation, which has gone through effectively on the nod, as we have in the UK. The problem with secondary legislation is that even if every single member of this Committee were to decide to vote against it, including the Minister, it would none the less go through, because we had "considered the matter". It is just a fact that we would have considered the matter. I just wish that Ministers would get into their heads that we need a proper legislative process in this country. We have far too extensive use of secondary legislation and Henry VIII powers and it is time that we rolled back to legislating properly.

I specifically asked the Minister how he knows whether this is the right thing to do. Of course, the regulations say:

"Further to section 22(1) of that Act, the Secretary of State has considered the effect of these Regulations on persons likely to be affected by them."

However, he just said that he has no idea whether the process we have been through has been useful. He thinks it might have been, but he does not know—he has no evidence to bring before us.

The regulations continue:

"Further to section 22(2) of that Act, the Secretary of State is satisfied that...the need for the provision made by these Regulations is urgent".

The Minister has not proved that to the Committee in any shape or form. They then say that

"the provision made by these Regulations is proportionate to the purpose for which it is made".

Again, he cannot assert that because he has no evidence on which the regulations are based.

The Minister referred to the end of covid and the Government successfully taking us through the process as if, in July, liberty day—whatever the Prime Minister called it—suddenly meant that we were all free and there was no need for any further restrictions. That we now have the highest level of infections of any country in Europe and the highest number of deaths due to covid should suggest to the Government that we are not quite through this yet. The Minister might say, "That's one of the reasons why we still brought forward this legislation," and that is undoubtedly why most of us would not want to oppose it, but I have important questions for him.

Why are the regulations extending the relevant period only to 31 March 2022? Is there a reason, or is it just sticking a finger in the air and saying, "Well, that feels like a sensible date"? I note that that is a few days short of the normal financial year—certainly the tax year. I wonder whether that is the right date.

In the schedule that will become the new schedule 10 to the Act, paragraph (2)(c) refers to "excluded debt". It may be that I am being stupid and that I do not know the legislation as well as I should, but will the Minister tell us what "excluded debt" is? Finally, and again this may be because I am stupid and do not understand—I thought that might unite the Committee—I note that the territorial extent of the regulations is England, Wales and Scotland. Why is Northern Ireland not included? Of course, we have considered the regulations, but we are not approving them.

The Chair: I call the Minister to respond to all that.

9.52 am

Paul Scully: I thank hon. Members for their interesting and valuable contributions to the debate. Forgive me, Dr Huq, for not using your correct nomenclature earlier.

We have been helping companies throughout all of this, and we continue to do so. I am not sure whether I said at any time that it was the end of covid. As I have been saying for many months, this is not like a zombie film where the baddie is killed—end of covid and roll the credits. That is not the case. We will be living with it for some time, hence why the hon. Member for Rhondda is wearing a mask and why we are extending the measures

[Paul Scully]

before the Committee. We must ensure that, whatever happens in the next few months, we can keep businesses trading as best we can.

I did ask the Committee to approve the regulations because, yes, it will have considered them, but I want it to approve them. That is why I am begging the Committee—

Chris Bryant: We're not.

Paul Scully: The hon. Gentleman says that we are not, and that is fine, but I want to be able to go back to businesses and say that we are four-square behind them in helping them through the crisis.

On what we have done for businesses, which was mentioned in a couple of contributions, we have been in close dialogue with businesses, professional groups and other organisations such as the Insolvency Service right the way through the process of these regulations about their likely impact. Indeed, on insolvencies, I am not sure of the exact figures now, but throughout the majority of the emergency they were at a 40-year low. We were clearly supporting businesses. However, that will have an impact down the line when business that would probably have been insolvent in normal times but have been held up by the suite of Government's emergency measures start to fall by the wayside. That is the normal business cycle and landscape. None the less, there are clear signs from our feedback from businesses, business representative groups and the Insolvency Service that this measure has been useful and helpful.

The hon. Member for Feltham and Heston asked about what happened within the two-day window. When we spotted the drafting error, we laid the new SI. There were no winding-up petitions within those two days. On what happens if a repayment proposal is rejected, a court cannot force a company to accept a repayment proposal, but it will be able to refuse to issue a winding-up order where a creditor may be attempting to abuse the winding-up process, for example.

We continue to work with businesses on a number of measures. The hon. Lady asked what other support we are giving to small businesses, especially as we go through the winter. We are continuing to flex with, and listen to, businesses. Indeed, once I leave this sitting I will speak to really hard-pressed businesses from the hospitality sector, to listen to them and see how they are getting on. We regularly check in to see what businesses conditions are like. Clearly, the Budget is coming up shortly; we will see what their feedback is afterwards, and how it will affect them. We continue to ensure that we can flex our support, help and measures within that sphere, having had that feedback.

Importantly, what we are doing is extending these measures. We picked a six-month extension. To date, we have been going in three-month chunks, so that creditors in particular do not feel that we are only looking after debtors, and not looking after their interests as well. As I said, it is really important that we get a balanced, proportionate view between the two sides.

Seema Malhotra: May I remind the Minister about the question on court fees? It would be helpful if he could come back to me on that. Also, no statutory review clause was introduced as part of the instrument. The explanatory memorandum says that

“the Government will continue to monitor the need for these measures”

and that

“the provisions in this instrument will automatically expire”,

I think on 25 March. Would it not be helpful to have a statutory review clause? Otherwise, it feels like we get bounced at the end, and sometimes after the event. It would be helpful to have some time to consider the changes made in advance.

Paul Scully: As I say, it is ongoing. We will not set a particular arbitrary date for a statutory review because things can change very quickly. We have seen that right the way through the past 18 months. We do not want to be bounced, as clearly happened at points last year when we were chasing the virus, which affected the decisions made. We have learned a lot of lessons from that, but putting in an arbitrary review date is not particularly helpful when we are ensuring that we continue to speak to businesses on a day-to-day basis. On court fees, this is a modification of the usual court process for winding up, so no new fees are involved.

The hon. Member for Rhondda asked about Northern Ireland. It has laid its own regulations extending the same temporary consultancy measures as the rest of the United Kingdom.

Chris Bryant: This starts on 31 October. Today is 27 October. How is that providing sensible provisions for businesses, when there are only four days before it comes into operation?

Paul Scully: We laid the SI before then, and there is a clear direction from the Insolvency Service and other business groups on the intention of what is happening. The courts are obviously aware of the landscape. Yes, the measures are coming to us for discussion only today, but they were laid before the House and are known to business groups, with which, as I say, we continue the conversation so that they can see the constant direction. Clearly, when the measures end on 31 March 2022 it is envisaged that the insolvency regime will return to its normal operation; however, as I have been stressing, as the effects of the pandemic continue to be felt the Government will keep the requirement for the measures, as we do for all measures, under review.

Seema Malhotra: May I just clarify the dates? I think some things have been 25 March, but this says 31 March. Are today's measures retrospective, so from 1 October, and will they expire on 31 March?

Paul Scully: We have re-laid the SI so that there is no gap in provision. That is the key thing. It goes to 31 March 2022. I should say to the hon. Member for Rotherham, who spoke about debts—

Chris Bryant: That was me.

Paul Scully: No, this was about the debts over and above rent. Utilities, tax and supplies are the three obvious ones that I probably should have mentioned. I think I have gone through most of the issues that were raised.

Sarah Champion: I do not know about these sorts of courts. I know about all the other courts, which have a massive backlog at the moment. Has the Minister estimated how long it would actually take to take this to court, and therefore how realistic the timeframe of the instrument is?

Paul Scully: Not in terms of the court cases themselves, but it is about the issuing of winding up. If someone starts issuing demands and then winding-up petitions, that blows a hole in the confidence of other suppliers and customers for businesses. It is the process of the petition itself, which can be done with paperwork, rather than the court hearing, which may come some way down the line, that is really key in the protection here. That is why we need to get it operative very quickly. We have all highlighted the importance of tapering the effects of the instrument, and ensuring that businesses can trade with confidence, and the certainty that we are living with covid.

Mark Pawsey: It is important to get it on the record that when we talk to businesses in our constituencies they are incredibly supportive of the measures that the

Government have introduced to tide them over during the most difficult trading period for any business in a generation. Today's measures are a proportionate step in getting us back to normality.

Paul Scully: I thank my hon. Friend for that. He is right, and he brings his own business experience to bear here. With these balanced and proportionate measures we are reiterating and emphasising that we want creditors and debtors to come together to solve their issues in a way that suits both of them, so that they have a trading relationship in the future and we protect as many businesses, consumers, jobs and opportunities as possible, so that we can continue our strong recovery. I commend the regulations to the Committee.

Question put and agreed to.

Resolved,

That the Committee has considered the Corporate Insolvency and Governance Act 2020 (Coronavirus) (Amendment of Schedule 10) (No. 2) Regulations 2021 (S.I. 2021, No. 1091).

10.3 am

Committee rose.

