

## **WRITTEN MINISTERIAL STATEMENT**

**EDWARD DAVEY, MINISTER FOR EMPLOYMENT RELATIONS,  
CONSUMERS AND POSTAL AFFAIRS; DEPARTMENT FOR BUSINESS  
INNOVATION AND SKILLS**

### **CONSULTATION ON PROPOSALS FOR A RESTRUCTURING MORATORIUM – PUBLICATION OF RESPONSES**

**11 MAY 2011**

I am setting out today the stakeholder responses to our consultation on proposals for a Restructuring Moratorium.

When launching the consultation, the Government was focused on setting a path to balanced and sustainable economic growth across the economy, with increasing jobs and prosperity. This included looking at the challenges and risks faced by business in the refinancing and restructuring of existing debts.

The consultation document invited views on a Restructuring Moratorium which would enable viable businesses, with a realistic prospect of implementing a successful restructuring of their financial affairs, to obtain a flexible breathing space outside of a formal insolvency procedure during which the restructuring could be negotiated and implemented.

Forty-two businesses, individuals, and representative bodies responded to the consultation. Responses received suggest that, whilst the refinancing and restructuring of company debt remains a valid concern, the urgency of the case for introducing such a moratorium is not as great as previously thought. Those working on large restructurings tell us that they have been able to use existing mechanisms to get around some of the problems that the moratorium is designed to address.

There have been suggestions that a greater impact might be achieved by the restructuring moratorium were it also to tackle issues such as termination clauses (whereby suppliers can cancel essential contracts and threaten the viability of company's rescue plans) and "cram down" mechanisms (to reduce the power of small creditors to block proposals). These are significant and difficult issues. It would be helpful to have further discussions with the main stakeholder groups to explore how much support there might be for addressing these issues; the best way in which to do so and the implications of introducing such further measures.

The Government has therefore decided that the next step should be to publish the responses to the consultation that it received to allow all concerned to understand the various views expressed. My officials will then work with stakeholders both to refine the moratorium proposals and to consider in more detail the additional areas that have been raised.

Copies of the non-confidential responses to the consultation are being published today on the Insolvency Service website ([www.insolvency.gov.uk](http://www.insolvency.gov.uk)), together with a summary of those responses.

