

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

SMALL BUSINESS, ENTERPRISE AND EMPLOYMENT BILL

Sixteenth Sitting

Thursday 6 November 2014

(Afternoon)

CONTENTS

CLAUSES 139 to 149 agreed to, some with amendments.
New clauses considered.
New schedule considered.
Bill, as amended, to be reported.
Committee rose at fourteen minutes past Three o'clock.
Written evidence reported to the House.

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The Committee consisted of the following Members:

Chairs: † MR GRAHAM BRADY, MARTIN CATON, NADINE DORRIES, JOHN ROBERTSON

† Colville, Oliver (*Plymouth, Sutton and Devonport*) (Con)
 † Doughty, Stephen (*Cardiff South and Penarth*) (Lab/Co-op)
 † Esterson, Bill (*Sefton Central*) (Lab)
 † Garnier, Mark (*Wyre Forest*) (Con)
 Gilbert, Stephen (*St Austell and Newquay*) (LD)
 Gilmore, Sheila (*Edinburgh East*) (Lab)
 † Griffiths, Andrew (*Burton*) (Con)
 † Hancock, Matthew (*Minister for Business and Enterprise*)
 † Jenrick, Robert (*Newark*) (Con)
 † McDonald, Andy (*Middlesbrough*) (Lab)

† Morris, Anne Marie (*Newton Abbot*) (Con)
 † Murray, Ian (*Edinburgh South*) (Lab)
 † Murray, Sheryll (*South East Cornwall*) (Con)
 † Perkins, Toby (*Chesterfield*) (Lab)
 Simpson, David (*Upper Bann*) (DUP)
 † Stride, Mel (*Central Devon*) (Con)
 † Swinson, Jo (*Parliamentary Under-Secretary of State for Business, Innovation and Skills*)
 † White, Chris (*Warwick and Leamington*) (Con)
 † Wright, Mr Iain (*Hartlepool*) (Lab)

Fergus Reid, *Committee Clerk*

† **attended the Committee**

Public Bill Committee

Thursday 6 November 2014

(Afternoon)

[MR GRAHAM BRADY *in the Chair*]

Small Business, Enterprise and Employment Bill

Clause 139

EXCLUSIVITY TERMS UNENFORCEABLE IN ZERO HOURS
CONTRACTS

Amendment proposed (this day): 237, in clause 139, page 126, line 17, at end add—

“(3A) The provisions in this section shall be enforceable by the employment tribunal system. The Secretary of State shall make regulations that determine—

- (a) the length of any qualifying period;
- (b) the involvement of early conciliation at ACAS;
- (c) the level of any fee payable by the worker;
- (d) the imposition of penalties on the employer; and
- (e) the remedies available to the workers;

The Secretary of State shall make such regulations by affirmative resolution procedure.”—(*Ian Murray.*)

2 pm

Question again proposed, That the amendment be made.

The Chair: I remind the Committee that with this we are discussing the following:

Government amendment 30.

Amendment 242, in clause 139, page 127, line 11, at end insert—

“(4) For this purpose, an employer will be legally obliged to offer a fixed hours contract when a worker has worked regular hours over six months of continuous employment, where the worker will have an option to refuse the offer.

(5) The Secretary of State shall by regulations make provision for the determination of “regular hours” under subsection (4).”.

Amendment 243, in clause 139, page 127, line 13, leave out “may by regulations” and insert
“shall bring forward regulations to”

Amendment 241, in clause 139, page 128, line 4, at end add—

“(f) extending provisions to prevent “effective exclusivity” through conferring further rights on zero hours workers.”

Amendment 244, in clause 139, page 128, line 4, at end insert—

“(5A) For the purposes of section 5(c), the Secretary of State shall require an employer to pay compensation to workers when—

- (a) the said worker is requested to work, turns up for work, and is subsequently given less than minimum level of hours worked; or
- (b) the said worker is requested to work, but the work is cancelled at short notice.

(5B) The Secretary of State shall by regulations define “compensation”, “short notice” and “minimum levels” under this section.”

Amendment 245, in clause 139, page 128, line 4, after subsection (5)(e) insert—

“(f) extending provisions to prevent “effective exclusivity” through conferring further rights on zero hours workers.”

Amendment 229, in clause 139, page 128, line 25, at end insert—

“27C Power to make further provision in respect of transparency of zero hours workers terms and conditions

(1) The Secretary of State may by regulations make provision to require employers to provide basic information about terms and conditions to all zero hours workers within two months of their start date.”

Ian Murray (Edinburgh South) (Lab): Mr Brady, I am delighted to see you in the Chair for what is disappointingly our last sitting. Remind me never to play poker with you—your face looked as though you were genuinely disappointed. You missed a wonderful sitting this morning, probably the best we have ever had. I will not recap what we went through, unless you wish me to do so.

When we broke for lunch, I had just got to amendment 244, and I was about to say that my hon. Friend the shadow Business Secretary, the Member for Streatham (Mr Umunna), said on Second Reading:

“We would...ensure that employees on zero-hours contracts...had a right to compensation if shifts were cancelled at short notice.”—[*Official Report*, 16 July 2014; Vol. 584, c. 925.]

People often turn up to work at great expense—they could be arranging child care and could already have paid for travel, and these things take time to organise and cost money. We have heard instances of people receiving texts within a few hours of the shift starting, or when they have just arrived at their place of work, to say that they will not be needed that day. That is unacceptable.

Peter Cheese, the chief executive of the Chartered Institute of Personnel and Development, told us in the evidence session:

“another area where we could see there were some concerns amongst people on zero-hours contracts was if they were called in to work at short notice and that work was then not subsequently provided. So, for example, they had to travel for half an hour, arrive for work and then be told, ‘Really sorry, but the shift is not available.’ We think there should be some form of compensation for that. Again that is a reflection of what we saw as good practice around zero-hours contracts. We see a number of employers that already do that as a matter of course.”—[*Official Report, Small Business, Enterprise and Employment Public Bill Committee*, 14 October 2014; c. 65, Q146.]

By ensuring that workers can seek redress, unscrupulous employers will be dissuaded from cancelling work at short notice. That is something that the CBI has also recognised and supported. In its March 2014 zero-hours briefing, it stated:

“A ban on offering shifts at short notice...is not in the interests of the workers on zero hours contracts, whose interests are best served by always being offered work opportunities with the freedom to decline them. An intervention which creates a simple formula for compensation due to zero hours employees when a shift is cancelled at short notice—two hours pay for example—would be better targeted.”

What consideration has the Minister has given to a compensatory element for people who are travelling to work or have turned up for a shift to be told that there is no work available? Will she respond directly to the CBI's and the CIPD's claims that a compensatory element would be progress towards trying to deal with some of the more extreme elements of zero-hours contracts?

Amendment 229 aims to bring clarity to workers on zero-hour contracts by allowing the Secretary of State to introduce regulations requiring employers to set out the terms and conditions of that contract. It is important that people know what their rights are at work, because if they do not know their rights, they can never enforce them. We have seen in some of the analysis of zero-hours contracts that a significant proportion of people do not even know that they are on such contracts. We heard the story of someone who had worked on a zero-hours contract for some considerable time and who gone to her GP to seek advice on an illness. She had been told that being off work would be okay, because she would be signed off work and paid sick pay. She was then told that her contract did not allow that—she was on a zero-hours contract that did not allow for sick pay. She had left work on a sick note but could not be paid.

Peter Cheese, the chief executive of the CIPD, said:

"First, we see that many workers do not fully understand all of their rights and terms and conditions. We think it is a good thing—and we saw evidence of companies doing this as a matter of course—for businesses to give their contract workers their terms and conditions, which should call out some of the things that we are describing through the Bill."—[*Official Report, Small Business, Enterprise and Employment Public Bill Committee*, 14 October 2014; c. 64, Q146.]

The CIPD's research has shown that there is a considerable lack of awareness among employees with regard to their contracts.

In conclusion, we need to see a recovery built on slightly more than a drop in unemployment achieved by zero-hours contracts and underemployment. We need a recovery for the many, not the few. I could not agree with the Economic Secretary more: we aspire to better contracts for people. We hope that the Minister will reflect on some of our helpful changes to this part of the Bill and use the opportunity to deal with the scourge of zero-hours contracts and their exploitation. If the Minister refuses, it will be up to the next Labour Government in May 2015 to deliver on that promise.

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Jo Swinson): We know that there are parts of the economy where individuals are on zero-hours contracts. The Office for National Statistics labour force survey reports that about 622,000 individuals are on such contracts, and separate ONS survey works shows that there may be 1.4 million of these contracts in existence. The two figures are not the same because there might be some individuals who are on more than one zero-hours contract, and it is of course possible that some individuals are on a zero-hours contract but, because of confusion around their employment status, they do not recognise it as such. The number of individuals might lie between those two figures.

We recognise there are problems. The hon. Member for Edinburgh East, who is no longer in her place, mentioned control within a relationship. Clearly zero-hours contracts have a place in the labour market. There are

many individuals for whom they work well, and they have flexibility as a worker to decide when they work. In our evidence sessions, we heard even from the TUC that there are individuals who work happily under a zero-hours contract model. The suggestion from some quarters—not the Opposition Front Bench—of totally banning this form of contract because of the difficulties with it might have a superficial attraction, but when one digs into it, one finds there are many individuals for whom the model works well.

In addition, there is the question of definition and what a minimum number of hours should be. If individuals do not want to work every week or a minimum number of hours, this sort of contract can give flexibility. The key is to ensure that it is used in a genuine reciprocal arrangement with flexibility on both sides of the relationship, rather than the control being only in one direction. In the legislation we are taking forward we are trying to deal with that issue.

Mr Iain Wright (Hartlepool) (Lab): Given how up to date I am with contemporary music, I have no idea of a One Direction song, so I cannot quote back.

The Minister made the point that there is a place for zero-hours in the economy. I agree, but does she think that the substantial rise in the number of zero-hours contracts in the past four or five years is good or bad for the economy, society and our citizens?

Jo Swinson: I think the hon. Member for Middlesbrough made the point that it is always better to have a full-time contract, but I think that depends on the individual. Some people will be very happy with the arrangement. CIPD research shows that most people are happy and do not wish to work more hours than they currently receive on a zero-hours contract. It is important to note that the average number of hours on such contracts is 22 a week. The contract is about having a flexible approach and that can be good.

A rise in flexibility in the labour market can be a good thing, but it depends on the circumstances of the individual. There are clearly some people for whom it is not a good thing. They do not necessarily have that choice about whether to accept a shift. For me, it is not about saying the rise in zero-hours contracts is good or bad. The judgment should be based on individual circumstances. Where employers use zero-hours contracts in a responsible way that is fair and good. Where they are abused and people are exploited, whether there is a rise or not, that is not good.

Anne Marie Morris (Newton Abbot) (Con): My hon. Friend is right. Tourism is a huge part of the economy in my constituency and this sort of contract helps businesses manage their trade, which is inevitably not as predictable as they would like, given the weather. So I think there is definitely a place for them.

Jo Swinson: The hon. Lady makes the sensible point that there are different sectors of the economy and parts of the country where flexibility is helpful and enables local economies to thrive.

Mr Wright: The Minister has obviously had a very good lunch, because she is being incredibly generous. [*Interruption.*] It was meant to be a compliment. Is she as concerned as I am that sectors of the economy that previously had full-time, stable employment seem to be

[Mr Iain Wright]

moving towards zero-hours contracts? In sectors such as further education and universities, people are not being paid in the summer holidays and constituents have written to me to say that that is becoming the norm. Does she agree that that is unacceptable?

Jo Swinson: On whether I had had a good lunch, I hope that the hon. Gentleman was not intending to cast aspersions. The hon. Member for Edinburgh South suggested from a sedentary position that I had had a liquid lunch. I confirm that I sat in the Members' Tea Room and had a cup of tea and a can of Lilt.

Mr Wright: I was trying to be nice.

Jo Swinson: I am sure that the hon. Gentleman was trying to be nice, as he always does. He asked whether zero-hours contracts should be the norm in certain sectors. I have a degree of concern if such contracts are the default for everyone in a sector. Clearly the ability to respond to short-term demand and seasonal conditions—if a firm gets a sudden big order and so on—are examples of circumstances in which it is perfectly reasonable to have a degree of flexibility. However, in some parts of our economy this practice has become the norm and that is a concern. That is why in addition to the measures proposed in the Bill, we are pursuing non-legislative measures to try to get to an agreed view from business in different sectors about what responsible use of zero-hours contracts looks like.

Amendment 237 seeks to provide a route of redress for zero-hours workers through an employment tribunal, allowing for regulations to set out the details. I am happy to assure the Opposition that that will be possible through the order-making power in proposed new section 27B(5) of the Employment Rights Act 1996.

The Government have recently consulted on potential avoidance and routes of redress. That consultation closed on Monday and we will consider the 70 or so responses before we make a decision. If those responses suggest it is necessary, we will consider redress as part of our response. To give the Committee clarity on the types of redress that could be made in such regulations as are already included in the Bill:

“Provision that may be made by regulations under subsection (1) includes provision for...imposing financial penalties on employers; requiring employers to pay compensation to zero hours workers; conferring jurisdiction on employment tribunals; conferring rights on zero hours workers.”

A range of different types of redress are already provided for in the Bill, so the amendment is not necessary.

Amendment 242 would force employers to offer fixed or minimum hours contracts once an individual has worked regular hours over six months of continuous employment unless the individual chooses to refuse. It is important to set out some of the action that the Government have taken in this area.

On 30 June the Flexible Working Regulations 2014 came into force, which made changes to extend the statutory right to request flexible working to all employees with 26 weeks' continuous service, so that they can make a request to change their working pattern. As was discussed in oral evidence, an individual hired on a zero-hours contract can be an employee. In response to the point made by the hon. Member for Edinburgh South, the Minister for Business and Enterprise wrote

to the Committee on 22 October to clarify that point. As such, employees can make a request to change their working pattern under those amended regulations, which could include regular shifts. That is a major step forward.

However, zero-hours contracts are used for a range of different business reasons and, as my hon. Friends have explained, they can be justified. That flexibility might be negatively affected if there was an automatic conversion from zero hours to a guaranteed number of hours at an arbitrary point.

2.15 pm

Ian Murray: That is an interesting point. Would I be right to suggest that someone who has the continuous service period under the flexible working arrangements and who is on a zero-hours contract would have the right to request, and that the request would be turned down only if there was a reasonable business reason for doing so?

Jo Swinson: The hon. Gentleman is absolutely correct. That is the case, because the Government have introduced that useful provision.

If there was an automatic changeover to a guaranteed number of hours, there would also be a risk that employers could decide either to let people go or to offer no work after a period of time in order to avoid having to convert the contract. We do not want to go down a route that might lead to such unintended consequences. I believe that our response to the situation is proportionate and appropriate.

I have been slightly chastised by the Opposition for saying that we talk about semantics in Committee. It is quite right that we do so, and line-by-line scrutiny is important. Amendment 243, which would change the discretionary element of the Secretary of State's order-making power, is one such example. Currently, the Secretary of State may produce regulations, but the amendment is designed to ensure that they must do so. We have consulted on the matter, and because we still need to assess the responses to that consultation, we need to retain the flexibility that the current wording allows. If the responses to the consultation indicate that regulations are not necessary, we will not introduce them. However, I give the Committee an assurance that if regulations are required, we will act.

Amendments 241 and 245 are both designed to enable the Secretary of State to expand or amend the definition of exclusivity. The thinking behind that is that the current definition is too narrow, but I think that the definition in proposed new section 27A(3) of the 1996 Act is sufficiently broad. It covers any provision in a zero-hours contract that prohibits working for others, as well as any requirement to seek permission to do so, or any requirement for someone to be available at all times. Therefore, I do not think that the proposed extension of the definition is necessary.

Ian Murray: Does the Minister acknowledge that in a normal workplace, someone could be offered an exclusivity contract and if they turned that contract down, they would not get the job or they would be zeroed out? Does she realise that that would be a practical conclusion for employers who do not think that the measures can be enforced? In addition, if I have been in work for four months and have a contract that contains exclusivity, how can I possibly enforce that?

Jo Swinson: This goes back to the earlier amendment. We have consulted on the question of what redress should be available to individuals to ensure that there can be no avoidance of the ban on exclusivity in zero-hours contracts. It is right for us to look at and assess the 70-plus consultation responses that have come in and introduce specific measures on how we can avoid the sort of circumstances that the hon. Gentleman has outlined. I absolutely understand his point.

Amendment 244 would provide for a system in which employers pay compensation to workers when they cancel shifts at short notice. Late-notice cancellations are clearly an issue for some individuals, as we heard in the evidence sessions, so I have some sympathy with the spirit of the amendment and the thinking behind it. Responsible employers will not expect people to be on call or to turn up, having made other arrangements and incurred the cost of travel, and then be randomly sent home without having earned any money. It is fair to recognise that the definition of short notice may differ in different circumstances, depending on the type of work or the length of an individual's journey to work, and that is not an easy definition to get right in secondary legislation. Similarly, the amount of compensation might have to differ to ensure that it was meaningful and act as a deterrent to that behaviour without being disproportionate.

We should also recognise that there could be unintended consequences. We do not want employers to avoid planning shifts too far in advance in case they have to cancel them, and instead to invite people into work at short notice. That would also be pretty disruptive for individuals, who may have to arrange child care or make other changes in their life. That could mean that they were less able to take advantage of the work that was offered. We must ensure that we do not have such unintended consequences, but I recognise that there is a genuine issue, which is why the legislation we are bringing through is only part of the Government's response to the issues raised by zero-hours contracts.

As the hon. Member for Edinburgh South said, business organisations such as the CBI and the CIPD have also recognised that there are issues with how these contracts are sometimes used. That is why we want to introduce sector-specific codes of practice on what the responsible use of zero-hours contracts looks like. I am sure that we will work closely with a range of representative bodies, including employee representatives, to provide guidance that can be more bespoke, specific and tailored to individual sectors.

Amendment 229 is designed to ensure that individuals on zero-hours contracts have the right to written terms and conditions. Currently, everyone on a zero-hours contract who is an employee is entitled to a written statement of particulars within two months of starting work, as a result of section 1 of the Employment Rights Act 1996. I understand the principle behind the amendment, because knowing one's employment rights, and one's employer knowing what they have to do, depends on knowing one's employment status and therefore whether one is an employee or a worker, which can sometimes be complex and confusing to determine.

That is why last month, as I mentioned, my right hon. Friend the Secretary of State for Business, Innovation and Skills announced a review of employment status to seek ways to clarify the current framework and assess

whether employment rights—such as the right to written terms and conditions—are getting to the right people. The issue of written particulars raised in the amendment will be considered as part of the review; indeed, it will be considered more broadly than only in the context of zero-hours workers, because it is relevant more widely.

I was asked about the issue of sick pay in relation to zero-hours contracts, which is an interesting one. If someone is an employee, being on what looks like a zero-hours contract does not mean that they do not have the employment rights of an employee. If the facts are that they are actually an employee working regular hours, their right to sick pay and so on exists as a result of what is actually the case, rather than what is written down. Such an employee is eligible for rights, which can of course ultimately be enforced. Nevertheless, we recognise the need for further clarity, which is why we are undertaking a review.

Having dealt with the Opposition amendments, I want to explain Government amendment 30, which although somewhat technical is still legally important for a specific reason, which I hope to explain. The intention behind clause 139 is to protect individuals who work under zero-hours contracts from unfair practices. There is obviously broad agreement that exclusivity terms in zero-hours contracts are unfair, and that we should therefore make them unenforceable. However, since the Bill was introduced, we have recognised that that could have an unintended consequence, which is what the amendment addresses.

There is a risk that the provision on exclusivity clauses could, in a small number of cases, create a situation wherein the individual on a zero-hours contract is less able to show they have the employment status of employee when things go wrong. That could make the difference between whether the individual is deemed to be an employee or worker, and so affect whether they get the additional rights associated with that status. Employees work under a contract of employment; workers who are not also employees work under a contract for service, which is different.

When things go wrong, employment status is usually decided in court, where a range of factors—not only the contract—is considered. One factor that a court can take into account is the mutuality of obligation between the two parties. For a contract of employment to exist, both the employer and the individual have to commit to something. In that situation, the commitment to remain exclusive to a single employer could be used by the court to strengthen the case for mutuality of obligation and therefore to determine that a contract of employment exists with the associated additional rights.

The intention behind the amendment is to ensure that courts can consider an exclusivity clause in a contract when they are trying to determine whether a contract of employment exists, even though the clause itself is unenforceable. I want to reassure the Committee that the change will deal with what we think will be a very small number of cases. None the less, we do not want to reduce people's ability to put their case and get their rights as employees. Exclusivity clauses will still be unenforceable. The purpose of the amendment is to protect individuals in a specific circumstance. I hope that the Committee will support the Government amendment, and that the hon. Member for Edinburgh South will withdraw his amendments.

Ian Murray: From the Minister's response, it seems that the Government are conducting a number of reviews into how zero-hours contracts operate. I hope they will reflect on the robust and lively discussion we had before lunch, in which the Opposition spoke about how we feel about zero-hours contracts and about the steps that have to be taken to ensure people are paid properly for a day's work and are not exploited. We unanimously agree that zero-hours contracts have a place in a modern economy. The Minister mentioned the mutuality of obligation, and there must be a mutuality of obligation on the employers to ensure they provide work to people on those contracts. Our amendments would push it a little further to ensure that happens.

I am delighted that the Minister confirmed that the new flexible working arrangements will allow someone with six months' continuous service to request a contract. In a number of instances, that may happen. If people on zero-hours contracts work an average of 22 hours, many may come forward, and it should not cause problems for the way that businesses operate. However, I am disappointed that the Minister did not accept the compensatory element, which the CIPD and the CBI think is an incredibly good idea. It is clearly unacceptable for people to turn up and not be offered any work.

Finally, I am still unclear about how the measures will be enforced. The other Minister, the right hon. Member for West Suffolk, got himself into an incredible tangle during the evidence sessions when he tried to explain how they will be enforced. There is a big issue about people being zeroed out—that is the terminology—which means that they end up with no hours after challenging their employer about their contract, so they are essentially left unemployed.

I will not press amendments 242, 243, 241, 245 and 229 on the basis of the Minister's explanations. We will reflect on them and we may come back on Report. However, I wish to test the view of the Committee on amendment 237, on enforcement, and amendment 244, on the compensatory element.

Question put, That the amendment be made.

The Committee divided: Ayes 6, Noes 9.

Division No. 27]

AYES

Doughty, Stephen	Murray, Ian
Esterson, Bill	Perkins, Toby
McDonald, Andy	Wright, Mr Iain

NOES

Colville, Oliver	Morris, Anne Marie
Garnier, Mark	Murray, Sheryll
Griffiths, Andrew	Stride, Mel
Hancock, rh Matthew	Swinson, Jo
Jenrick, Robert	

Question accordingly negated.

Amendment made: 30, in clause 139, page 127, line 11, at end insert—

'() Subsection (3) is to be disregarded for the purposes of determining any question whether a contract is a contract of employment or other worker's contract.'—(*Jo Swinson.*)

This amendment means that when mutuality of obligation is considered for the purpose of determining the employment status of an individual working under a zero hours contract, the prohibition on exclusivity terms in zero hour contracts introduced by clause 139 should be ignored.

Amendment proposed: 244, in clause 139, page 128, line 4, at end insert—

'(5A) For the purposes of section 5(c), the Secretary of State shall require an employer to pay compensation to workers when—

- (a) the said worker is requested to work, turns up for work, and is subsequently given less than minimum level of hours worked; or
- (b) the said worker is requested to work, but the work is cancelled at short notice.

(5B) The Secretary of State shall by regulations define "compensation", "short notice" and "minimum levels" under this section."—(*Ian Murray.*)

Question put, That the amendment be made.

The Committee divided: Ayes 6, Noes 9.

Division No. 28]

AYES

Doughty, Stephen	Murray, Ian
Esterson, Bill	Perkins, Toby
McDonald, Andy	Wright, Mr Iain

NOES

Colville, Oliver	Morris, Anne Marie
Garnier, Mark	Murray, Sheryll
Griffiths, Andrew	Stride, Mel
Hancock, rh Matthew	Swinson, Jo
Jenrick, Robert	

Question accordingly negated.

Clause 139, as amended, ordered to stand part of the Bill.

Clause 140

REGULATIONS IN CONNECTION WITH PUBLIC SECTOR EXIT PAYMENTS

Question proposed, That the clause stand part of the Bill.

2.30 pm

The Minister for Business and Enterprise (Matthew Hancock): It is a pleasure to be back on my feet again, Mr Brady.

Clauses 140, 141 and 142 are designed to enable the recovery of exit payments when a high-earning individual returns to the same part of the public sector shortly after their exit. The Government have taken difficult decisions to support the economic recovery. Sometimes, that has necessitated the restructuring of the public sector. In doing so, exit payments have played a vital role in supporting those public sector employees who have, voluntarily or otherwise, left public service. Such payments have helped support them while they have moved into retirement or found new work.

Between March 2008 and March 2014, for every job lost in the public sector, three have been created in the private sector. However, it is unacceptable that highly paid public sector workers should be able to receive a generous redundancy package and then shortly rejoin the same part of the public sector, with no obligation to repay some of the payment. Exit payments, made at public expense and the taxpayer's expense, should not be regarded as an added bonus when there is a swift return to work. Clause 140 will therefore provide the

Treasury with powers to make regulations to ensure a consistent approach within the public sector, so that exit payments made to high earners will be repaid to the public sector.

Ian Murray: It is a delight to see the Minister back in his place. Is it not the case that with these clauses the Government are closing the door after the horse has bolted? Part of the reason why they are doing this is their botched privatisation of the national health service, and their top-down reorganisation that at the general election they promised would not happen.

Matthew Hancock: Of course, this will apply across the public sector but the changes that we have made to the NHS have saved £1.5 billion every year and reduced the number of managers. That money has been put straight back into the front line, which is why the number of doctors and nurses has risen. What would be more interesting would be to hear whether the hon. Gentleman supports the idea of making sure that public sector exit payments for people who then re-enter the same part of the public sector are paid back. We have not heard a word on whether they should pay it back. He chose in his intervention to say something completely different rather than to express support for a change that most people across the country would regard as only fair.

It is intended that the provisions will apply only to high earners. Those who rejoin public sector employment within a month will repay the whole of the payment. Those who rejoin after a month, but less than a year, will be required to repay less, proportionate to the time they have spent outside public sector employment. It is also intended that the regulations will only bite on those who stay within the same part of the public sector, such as a senior local government employee taking on a job with a different authority. The measures will not apply to those who move between different parts of the public sector—for instance, if someone in the armed forces decided to become a teacher. The regulations will set out in detail the moves that will be caught, and the Government will provide the draft regulations during the Bill's passage through Parliament.

Members will note that the measures extend to the UK as a whole. The Government are aware that the provisions impact on devolved responsibilities, and we are in discussions with the devolved Administrations to seek their support for legislative consent motions. The provisions will underpin, rather than replace, measures being taken forward by individual employers, who may choose to go further in some cases. The intention is to apply these rules to the widest possible range of public bodies, including local government, independent and arm's length bodies, and companies owned by the Government. The Government believe that to be necessary to ensure fairness and consistency across all public sector employers.

Ian Murray: The Minister ran through the devolved and public sector bodies that the measures will cover. Will the regulations cover a situation whereby a council makes workers redundant and an outside contractor then provides the same service, taking back on those particular workers if they have not been TUPE'd across?

Matthew Hancock: The regulations have not yet been published but will be during the passage of the Bill. This is about the public sector in the first instance, but I am sure the hon. Gentleman will set out his thoughts on that in more detail.

Clause 141 sets out further details of the powers contained in clause 140. To answer the hon. Gentleman's question, exit payments may require repayment from individuals returning to a specified public sector office or as an employee or contractor of a specified public sector authority. Subsection (3) sets out a number of provisions that the regulations may include. I shall not repeat them all, but I would like to highlight a few, which will answer his question more directly. First, the regulations will provide for consequences for individuals who have failed to repay when required to do so. We think that it is proper and fitting for those individuals who try to flout the rules to be held responsible. Secondly, they will enable regulations to place an obligation on an individual to provide certain information about prior exit packages. That will assist employers in ensuring that repayments are made when due.

Thirdly, regulations will provide for the ability to exempt individuals from full or partial recovery of the exit payment in specified circumstances. That may be necessary to enable swift moves within Government to address a crisis, and could be used in individual cases where exceptional circumstances apply. Fourthly, the regulations can require a person to repay less than the whole amount, enabling repayment to be in proportion to the time that has elapsed between the two jobs. For instance, a high earner who spends nearly a year out of work in the public sector will not have to repay as much as a high earner who is only absent for a week. Taken together with clause 140, that will provide the Treasury with powers to regulate the recovery of exit payments for high earners who return to a prescribed part of the public sector within a defined period.

Ian Murray: The Minister is reading out a whole host of regulations on how this would work, but I am still unclear. If someone is made redundant from the national health service and the Government then privatise that part of the national health service, that person might be taken back at a senior managerial level. Is that covered, on the basis that the public purse still pays their salary because it signs the cheque to deliver the service? The private company might require someone to be in that position.

Matthew Hancock: Yes. We are looking to catch those returning as contractors but also where it is within the same part of what is ultimately public service. Clause 142 confers on the Secretary of State a power to waive the requirement of the payment recovery system provided for by clauses 140 and 141. It sets out specific circumstances in which payment recovery could be waived for an individual or specified categories of worker. Subsection (4) provides for that power to be delegated to Scottish Ministers, the Department of Finance and Personnel in Northern Ireland and Welsh Ministers, where the function falls within those devolved competencies.

Toby Perkins (Chesterfield) (Lab): Would the Minister clarify? If a public sector worker left one part of the national health service and went to work for a different

[Toby Perkins]

part, would he, to use the Minister's description, be caught by this, or is it only if they return to the same institution?

Matthew Hancock: It is not only if they return to the same institution. The regulations will specify in more detail how the same part of the public sector, which is the phrase used, is defined. It is not necessarily only within the same organisation. For instance, a senior officer in one local authority who is made redundant and moves immediately, or very shortly, to another local authority would be covered. Within the NHS, if they stayed within the area of health, they could be covered. That will be specified in more detail in the regulations.

We recognise that the recovery procedures may sometimes be too prescriptive, for instance if there is a sudden change in the machinery of Government which requires the abolition of a body or where it might be in the wider public interest, or offer value for money, to waive the exit payment. Alternatively, there may be situations where it is important to recruit key personnel or where recovery would cause hardship. We anticipate that the waiver will only be used in exceptional circumstances and it will be subject to robust transparency requirements. Where exit payments are not a devolved matter, the power is vested in Ministers accountable to Parliament. Where exit payments have been devolved, the clauses provide for parallel lines of accountability within the devolved authorities.

There are additional controls in the clause. The regulations may contain provisions for the Treasury to exercise direct control over the waiver by a consent regime or, alternatively, to prescribe in Treasury directions the circumstances in which they will be used.

I commend the clause to the Committee. It ensures that we can tackle the challenge of those who are given high exit payments and then move to the same part of the public sector.

Question put and agreed to.

Clause 140 accordingly ordered to stand part of the Bill.

Clauses 141 and 142 ordered to stand part of the Bill.

Clause 143

CONSEQUENTIAL AMENDMENTS, REPEALS AND REVOCATIONS

Matthew Hancock: I beg to move amendment 209, in clause 143, page 130, line 35, after "Act" insert

"(other than section (Exclusion of home businesses from Part 2 of the Landlord and Tenant Act 1954) as it applies in Wales)"

This amendment limits the power of Ministers of the Crown to make consequential provision so that it does not overlap with the power given to the Welsh Ministers by amendment 212 in relation to new clause NC11 as it applies in Wales.

The Chair: With this it will be convenient to discuss the following:

Government amendments 210 to 215

Government new clause 11—*Exclusion of home businesses from Part 2 of the Landlord and Tenant Act 1954.*

Matthew Hancock: New clause 11 will help further support the growth of home business. The Government amendments that are grouped with it are consequential and technical. It will support that growth by removing the current incentive for landlords to bar tenants from operating a business from their home. There are some 4.9 million small and medium-sized businesses in the UK and of those, around 2.9 million are home businesses. Businesses operated from home are of growing importance to the economy with an increase of half a million since 2010. As technology improves, the broadband roll-out continues and the internet becomes ever more part of our lives, we can only expect that trend to move in that direction.

Of course, there are obstacles to those wanting to run a business from home. We want the sector to continue to flourish so we are committed to do what we can to remove those obstacles. It is all part of our larger goal to make Britain the best place in the world to start and grow a business. For those who rent their home, things can be particularly complicated. Many tenants state that landlords can be wary of letting them run a home business. Indeed, residential tenancy agreements often include a prohibition on business use. One reason is that the current legislation encourages landlords to do so. Section 23 of the Landlord and Tenant Act 1954 provides that where there is a business use of a property, a business tenancy exists. Because business tenancies enjoy greater security of tenure, residential landlords are keen to avoid them as they fear it will be more difficult to get their property back at the end of a lease. New clause 11 is intended to address that by amending part II of the 1954 Act to exclude home businesses from its provisions.

2.45 pm

First, we are inserting a new subsection into the 1954 Act. It deals with the instance whereby a landlord initially includes a prohibition on business use, but subsequently agrees to home business use, defined as a business of a kind that might reasonably be carried on at home.

Secondly, the new clause will add new section 43ZA, which applies where a dwelling is let as a home and the tenancy allows a home business use from the outset or subject to the landlord's consent. The amendment establishes a basic definition of a home business to ensure that only businesses that would reasonably be carried out in a home benefit from the exemption in relation to part II of the 1954 Act.

For the avoidance of doubt that pubs that incorporate living accommodation are not a home business, section 43ZA(5) provides that the sale of alcohol for consumption on the premises is not to be treated as a home business. The regulation-making power in subsection 43A(6) allows cases of what is and is not a home business to be prescribed. I think, though, that the main provision is sufficiently clear that the use of this power may not be needed.

I should also make it clear that the provisions will not interfere with existing tenancies. Under subsection (5) of the new clause the provisions apply only to tenancies entered into after they come into force.

Subject to the National Assembly's agreement to a Legislative Consent Motion, the provisions will apply to both England and Wales. Amendments 209 to 215 provide for the coming into force and regulation-making powers associated with new clause 11 to be exercised by Ministers in the Welsh Government.

I hope that the provisions will give certainty for both residential landlords and tenants, make landlords more amenable to home business use, and remove an obstacle to tenants in the rented sector enjoying the benefits of running a home business. It is difficult to argue against that, and I hope that all members of the Committee will see that the new clause and amendments are a sensible updating of the law to reflect how we increasingly use our homes.

Amendment 209 agreed to.

Amendments made: 210, in clause 143, page 130, line 41, leave out "this section" and insert "subsection (1)"

This amendment makes provision consequential upon amendment 212.

Amendment 211, in clause 143, page 130, line 44, leave out "this section" and insert "subsection (1)"

This amendment makes provision consequential upon amendment 212.

Amendment 212, in clause 143, page 131, line 4, at end insert—

'(4A) The Welsh Ministers may by regulations make such provision as they consider appropriate in consequence of section (Exclusion of home businesses from Part 2 of the Landlord and Tenant Act 1954) as it applies in Wales.

(4B) The power conferred by subsection (4A) includes power—

- (a) to make transitional, transitory or saving provision;
- (b) to amend, repeal, revoke or otherwise modify any provision made by or under any Act (including this Act and any Act passed in the same Session as this Act) or any Measure or Act of the National Assembly for Wales.

(4C) A statutory instrument containing regulations under subsection (4A) which amend or repeal an Act or a Measure or Act of the National Assembly for Wales may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, the National Assembly for Wales.

(4D) A statutory instrument containing regulations under subsection (4A), other than a statutory instrument within subsection (4C), is subject to annulment in pursuance of a resolution of the National Assembly for Wales.—(*Matthew Hancock.*)

This amendment allows the Welsh Ministers to make consequential provision relating to new clause NC11 as it applies in Wales.

Clause 143, as amended, ordered to stand part of the Bill.

Clause 144

TRANSITIONAL, TRANSITORY OR SAVING PROVISION

Amendment made: 213, in clause 144, page 131, line 18, after "Act" insert "(other than section (Exclusion of home businesses from Part 2 of the Landlord and Tenant Act 1954) as it applies in Wales).

'(2) The Welsh Ministers may by regulations make such transitional, transitory or saving provision as they consider appropriate in connection with the coming into force of section (Exclusion of home businesses from Part 2 of the Landlord and Tenant Act 1954) as it applies in Wales"—(*Matthew Hancock.*)

This amendment allows the Welsh Ministers to make transitional, transitory and saving provision in relation to the commencement of new clause NC11 as it applies in Wales, and limits the power conferred on Ministers of the Crown so that it does not overlap with the power given to the Welsh Ministers.

Clause 144, as amended, ordered to stand part of the Bill.

Clause 145

SUPPLEMENTARY PROVISION ABOUT REGULATIONS

Amendment made: 189, in clause 145, page 131, line 21, leave out "or 114"—(*Matthew Hancock.*)

This amendment removes a reference to clause 114 from a provision in the Bill about making regulations and is consequential on amendment 187.

Clause 145, as amended, ordered to stand part of the Bill.

Clause 146 ordered to stand part of the Bill.

Clause 147

EXTENT

Amendment made: 190, in clause 147, page 132, line 14, leave out "114 and"—(*Matthew Hancock.*)

This amendment removes a reference to clause 114 from a provision in the Bill about territorial extent and is consequential on amendment 187.

Clause 147, as amended, ordered to stand part of the Bill.

Clause 148

COMMENCEMENT

Amendments made: 214, in clause 148, page 132, line 18, leave out "and (3)" and insert "to (3A)"

This amendment makes provision consequential upon amendment 215.

*Amendment 31, in clause 148, page 132, line 21, leave out "and 5 (provision of credit information)" and insert "to (Sections 4 to 5: interpretation)(regulations about financial information on small and medium sized businesses)"—(*Matthew Hancock.*)*

This amendment commences the power to make regulations under the new clause inserted by amendment NC1 on Royal Assent (so it is treated in the same way as the power to make regulations under clause 4).

Matthew Hancock: I beg to move amendment 191, in clause 148, page 132, line 22, at end insert—

"() in Part 5, section (Funding for free of charge early years provision);"

This amendment provides that NC7 will come into force on Royal Assent.

The Chair: With this it will be convenient to discuss Government new clause 7—*Funding for free of charge early years provision.*

Matthew Hancock: New clause 7 is intended to support the introduction of the early years pupil premium. The Government have committed £50 million of additional funding in 2015-16 to the early years pupil premium to provide extra support of £300 per pupil for up to 170,000 of the most disadvantaged three and four-year-olds.

[Matthew Hancock]

That creates a joined-up policy commitment to closing the gap that provides additional support for the most disadvantaged children, and it supports other measures in the Bill that are supportive of closing the educational gap for two, three, and four-year-olds.

The proposed amended power will be used to support the extension. From April 2015, all early years settings will provide a funded early education place to a disadvantaged three or four-year-old and will receive this additional premium. The key thing is that the amendment allows local authorities to use HMRC tax credit data and DWP benefits data to check the eligibility of children and ensure that early years providers receive the additional funding relating to the early education entitlement.

As we have discussed before in this Committee, high-quality early years education can make a real difference to academic attainment and can close the gap. The Sutton Trust has estimated that there is a 19-month gap in school readiness between the most and least disadvantaged children. The provision will complement an additional set of policies and target funding towards those three and four-year-olds who will most benefit from the additional investment.

For the premium to work, it is essential that local authorities can identify eligible children. This amendment will make it easier for them to do so, allowing local authorities to allocate funding to schools, nurseries and other providers who have eligible children in their setting. Without the change, local authorities would have to implement complex and burdensome paper checks in order to assess eligibility.

The change was supported by 75% of respondents to a recent consultation. The data will be secure. Local authorities already access relevant tax credit and social security data without problems to assess eligibility for the entitlement for two-year-olds and for free school meals. The clauses are consistent with the Data Protection Act 1998. The data will be accessed only by the Secretary of State, local authorities or individuals acting on their behalf. Moreover, the data will be disclosed only for the purpose of checking eligibility for the additional funding for free early education and for the early years pupil premium. In addition, the legislation provides for a criminal sanction if the data are misused.

Finally, amendment 191 amends clause 148 to ensure that the provisions contained in the new clause come into force upon the Bill's receiving Royal Assent.

Amendment 191 agreed to.

Amendments made: 32, in clause 148, page 132, line 40, leave out sub-paragraph (iii).

This amendment removes the provision that would bring clause 30 into force two months after Royal Assent. Instead, it will be brought into force by commencement regulations (so that it can come into force at the same time as regulations made under amendments 22 and 23).

Amendment 150, in clause 148, page 133, line 12, leave out "and 79" and insert:

"to (Shadow directors: provision for Northern Ireland)".

This amendment provides that the new clause inserted by amendment NC6 will come into force 2 months after Royal Assent.

Amendment 215, in clause 148, page 133, line 21, at end insert—

'(3A) Section (Exclusion of home businesses from Part 2 of the Landlord and Tenant Act 1954) as it applies in Wales comes

into force on such day as the Welsh Ministers may by regulations appoint." —(Matthew Hancock.)

This amendment gives the Welsh Ministers the power to bring new clause NC11 into force in relation to Wales.

Clause 148, as amended, ordered to stand part of the Bill.

Clause 149 ordered to stand part of the Bill.

New Clause 1

SMALL AND MEDIUM SIZED BUSINESSES: INFORMATION TO FINANCE PLATFORMS

"(1) Where—

(a) a small or medium sized business has applied to a designated bank for a loan or other credit facility, and

(b) the application has been unsuccessful,

the Treasury may by regulations impose a duty on the bank to provide specified information about the business to designated finance platforms.

(2) The regulations—

(a) must provide that the duty only applies where the business to which the information relates agrees to its information being provided to the designated finance platforms;

(b) may require a bank—

(i) to seek the agreement of a business for the purposes of paragraph (a);

(ii) to ask the business for any of the specified information that the bank does not already have;

(iii) to provide the information to the finance platforms within a specified time period.

(3) The regulations may make further provision about the duty in subsection (1), which may in particular include provision about—

(a) the types of loans and credit facilities that trigger the duty,

(b) the circumstances in which an application is to be considered unsuccessful, and

(c) the finance platforms to which information must be provided.

(4) Where a finance platform has received information by virtue of subsection (1), the Treasury may by regulations—

(a) impose a duty on the finance platform to provide specified information to all finance providers requesting access to the information, and

(b) impose a duty on the finance platform to provide specified information about a particular business to a finance provider where—

(i) the finance provider has requested information about the business, and

(ii) the business has agreed to its information being provided to the finance provider.

(5) Information specified for the purposes of subsection (4)(a) must be in such a form that no individual business, and no person associated with the business, can be identified.

(6) The regulations may provide that the duty in subsection (4)(a) or (b) does not apply unless—

(a) the finance provider or business agrees to the finance platform's terms and conditions;

(b) the finance provider complies with specified requirements about the use and disclosure of the information.

(7) The regulations may make further provision about the duties in subsection (4)(a) and (b), including in particular provision—

- (a) requiring the finance platform to provide the information within a specified time period;
 - (b) setting out how a request by a finance provider must be made to a finance platform;
 - (c) setting out how a business may indicate agreement for the purposes of subsection (4)(b)(ii);
 - (d) about the time period for which information must be kept by the finance platform;
 - (e) about the removal of information from the finance platform.
- (8) The regulations may make provision—
- (a) prohibiting finance platforms from charging fees to small and medium sized businesses, or
 - (b) permitting finance platforms to charge fees to small and medium sized businesses.
- (9) The regulations must make provision for the designation of banks and finance platforms by the Treasury, and the regulations may in particular provide for—
- (a) conditions that must be met for a bank or finance platform to be designated;
 - (b) considerations that the Treasury may take into account before deciding whether to designate a bank or finance platform;
 - (c) the Treasury to consider the advice of another person before making a designation;
 - (d) the procedure for designating a bank or finance platform;
 - (e) how the list of designated banks and finance platforms must be published;
 - (f) the revocation of a designation.
- (10) In this section “specified” means specified or described in the regulations.”—(*Matthew Hancock.*)

This new clause enables the Treasury to make regulations requiring certain banks to pass information about small and medium sized businesses which make unsuccessful applications for credit to online platforms, and requiring those platforms to share the information with finance providers. The provision of information would be subject to the agreement of the business.

Brought up, read the First and Second time, and added to the Bill.

New Clause 2

SECTIONS 4 TO 5: INTERPRETATION

“(1) For the purposes of sections 4 to 5, a business is a small or medium sized business if—

- (a) it has an annual turnover of less than £25 million,
- (b) it carries out commercial activities,
- (c) it does not carry out regulated activities as its principal activity, and
- (d) it is not owned or controlled by a public authority.

Regulations under those sections may make further provision for the purposes of determining which businesses they apply to (including provision about the calculation of turnover and the determination of control).

(2) In sections 4 to 5 and this section—

“designated bank” means a bank that has been designated by the Treasury by virtue of section 4(7) or (*Small and medium sized businesses: information to finance platforms*)(9);

“designated credit reference agency” means a credit reference agency that has been designated by the Treasury by virtue of section 4(7);

“designated finance platform” means a finance platform that has been designated by the Treasury by virtue of section (*Small and medium sized businesses: information to finance platforms*)(9);

“finance platform” means a person that provides a service for the exchange of information between finance providers and businesses that require finance;

“finance provider” means a body corporate that lends money or provides credit, or arranges or facilitates the provision of debt or equity finance, in the course of a business (and regulations under sections 4 and (*Small and medium sized businesses: information to finance platforms*) may make further provision for the purpose of determining which finance providers they apply to);

“public authority” has the same meaning as in the Freedom of Information Act 2000 (see section 3 of that Act);

“regulated activities” has the same meaning as in the Financial Services and Markets Act 2000 (see section 22 of that Act);

“subordinate legislation” has the same meaning as in the Interpretation Act 1978 (see section 21 of that Act).

(3) The Treasury may by regulations change the figure for the time being specified in subsection (1)(a).

(4) Before making regulations under subsection (3) the Treasury must consult such persons as they consider appropriate.

(5) Regulations under subsection (3) are subject to negative resolution procedure.”—(*Matthew Hancock.*)

This new clause defines terms used in clauses 4, 5, the new clause in amendment NCI and this new clause.

Brought up, read the First and Second time, and added to the Bill.

New Clause 3

SMALL AND MICRO BUSINESS REGULATIONS: FURTHER PROVISION

“(1) The small and micro business regulations may make provision—

- (a) about the calculation of the headcount of staff, turnover and balance sheet total of an undertaking, including provision about the period (“assessment period”) in respect of which they are to be calculated;
- (b) for the headcount of staff, turnover and balance sheet total, or a proportion of such, of any undertaking which satisfies such conditions as may be prescribed in relation to another undertaking (the “principal undertaking”) to be treated as part of the principal undertaking’s headcount of staff, turnover and balance sheet total.

(2) Conditions which may be prescribed under subsection (1)(b) include, in particular, conditions relating to—

- (a) the extent of ownership (whether direct or indirect) of one undertaking by one or more other undertakings;
- (b) the degree of control exercised (whether directly or indirectly) by one or more undertakings over another.

(3) The small and micro business regulations may make provision about—

- (a) the assessment period or periods in respect of which an undertaking must meet the small business size conditions or the micro business size conditions in order to be a small business or (as the case may be) micro business;
- (b) the circumstances in which an undertaking which has been established for less than a complete assessment period is to be regarded as meeting the small business size conditions or the micro business size conditions.

(4) Provision made by virtue of subsection (3) may, in particular, provide that—

- (a) an undertaking is a small business or a micro business if it meets the relevant size conditions in respect of each of its two most recent assessment periods;
- (b) where there has been only one complete assessment period since an undertaking was established, the undertaking is a small business or a micro business if it meets the relevant size conditions in respect of that period;
- (c) an undertaking which is a small business or a micro business does not cease to be such unless it fails to meet the relevant size conditions in respect of two consecutive assessment periods.

(5) The small and micro business regulations may make provision for one undertaking (“undertaking A”) which satisfies such conditions as may be prescribed in relation to another undertaking (“undertaking B”), to be treated as being undertaking B (whether or not undertaking B is still in existence) for such purposes as may be prescribed.

(6) Conditions which may be prescribed under subsection (5) include, in particular, conditions relating to—

- (a) the transfer of a business from undertaking B to undertaking A;
- (b) the carrying on by undertaking A of a business on undertaking B ceasing to carry on the activities, or most of the activities, of which the business consists in consequence of arrangements involving both undertakings;
- (c) the existence of some other connection between undertaking A and undertaking B.

(7) The purposes which may be prescribed under subsection (5) include, in particular—

- (a) determining the date on which undertaking A was established (and so the number of assessment periods there have been since it was established);
- (b) determining which periods are assessment periods in respect of undertaking A;
- (c) calculating the headcount of staff, turnover and balance sheet total of undertaking A.

(8) The small and micro business regulations may provide that an undertaking of such description as may be prescribed is not a small business or a micro business even if it falls within the relevant definition.

(9) In this section—

“micro business size conditions”, “small business size conditions” and “undertaking” have the same meanings as in section 30;

“prescribed” means prescribed in the small and micro business regulations.”—(*Matthew Hancock.*)

This new clause sets out the permitted content of regulations under amendments 22 and 23 supplementing the definitions of “small” and “micro” business. This includes provision about calculating staff headcount, turnover and balance sheet totals, aggregating data of connected undertakings, assessment periods, anti-avoidance and exceptions.

Brought up, read the First and Second time, and added to the Bill.

New Clause 6

SHADOW DIRECTORS: PROVISION FOR NORTHERN IRELAND

(1) In Article 5(1) of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)) (interpretation), in the definition of “shadow director”, for the words from “(but” to the end substitute “, but so that a person is not deemed a shadow director by reason only that the directors act—

- (a) on advice given by that person in a professional capacity;

- (b) in accordance with instructions, a direction, guidance or advice given by that person in the exercise of a function conferred by or under a statutory provision;
- (c) in accordance with guidance or advice given by that person in that person's capacity as a Minister of the Crown (within the meaning of the Ministers of the Crown Act 1975)”.

(2) In Article 2(2) of the Company Directors Disqualification (Northern Ireland) Order 2002 (S.I. 2002/3150 (N.I. 4)) (interpretation), in the definition of “shadow director”, for the words from “(but” to the end substitute “, but so that a person is not deemed a shadow director by reason only that the directors act—

- (a) on advice given by that person in a professional capacity;
- (b) in accordance with instructions, a direction, guidance or advice given by that person in the exercise of a function conferred by or under a statutory provision;
- (c) in accordance with guidance or advice given by that person in that person's capacity as a Minister of the Crown (within the meaning of the Ministers of the Crown Act 1975)”.—(*Matthew Hancock.*)

The new clause replicates in the relevant Northern Ireland legislation the changes made by amendment 146 to the definition of “shadow director” in the Insolvency Act 1986 and the Company Directors Disqualification Act 1986.

Brought up, read the First and Second time, and added to the Bill.

New Clause 7

FUNDING FOR FREE OF CHARGE EARLY YEARS PROVISION

“(1) In section 13A of the Childcare Act 2006 (supply of information: free of charge early years provision)—

- (a) in subsection (3), after “provision” insert “or for funding related to free of charge early years provision”;
- (b) in subsection (6), after “provision” insert “or for funding related to free of charge early years provision”.

(2) In section 13B of that Act (unauthorised disclosure of information received under section 13A), in subsection (2)(b), after “provision” insert “or for funding related to free of charge early years provision”.”—(*Matthew Hancock.*)

This amendment allows disclosure of tax credit and social security information to the Secretary of State and English local authorities for determining eligibility for funding related to free early years childcare provision. Disclosure for this purpose is also included as an exception to the existing offence of unauthorised disclosure.

Brought up, read the First and Second time, and added to the Bill.

New Clause 8

SECTIONS 110 TO 113: FURTHER AMENDMENTS

“Schedule (Abolition of requirements to hold meetings: opted-out creditors)—

- (a) makes amendments relating to sections 110 to 113, and
- (b) removes requirements to hold a general meeting of a company when the company's affairs are fully wound up.”—(*Matthew Hancock.*)

This amendment replaces clause 114. That clause provides a “Henry VIII” power to introduce the changes now being made through NS1. The Schedule abolishes requirements to hold meetings and makes provision in respect of creditors who opt out of receiving correspondence.

Brought up, read the First and Second time, and added to the Bill.

New Clause 11**EXCLUSION OF HOME BUSINESSES FROM PART 2 OF THE
LANDLORD AND TENANT ACT 1954**

‘(1) Part 2 of the Landlord and Tenant Act 1954 (security of tenure for business, professional and other tenants) is amended as follows.

(2) In section 23(4) (tenancies to which Part 2 applies) at the beginning insert “Subject to subsection (5),”.

(3) After section 23(4) insert—

“(5) Where the tenant’s breach of a prohibition (however expressed) of use for business purposes which subsists under the terms of the tenancy and extends to the whole of that property consists solely of carrying on a home business, this Part of this Act does not apply to the tenancy, even if the immediate landlord or the immediate landlord’s predecessor in title has consented to the breach or the immediate landlord has acquiesced in the breach.

(6) In subsection (5) “home business” has the same meaning as in section 43ZA.”

(4) After section 43 (tenancies excluded from Part 2), insert—
“43ZA Further exclusion of home business tenancies from Part 2

(1) This Part of this Act does not apply to a home business tenancy.

(2) A home business tenancy is a tenancy under which—

- (a) a dwelling-house is let as a separate dwelling,
- (b) the tenant or, where there are joint tenants, each of them, is an individual, and

(c) the terms of the tenancy—

(i) require the tenant or, where there are joint tenants, at least one of them, to occupy the dwelling-house as a home (whether or not as that individual’s only or principal home),

(ii) permit a home business to be carried on in the dwelling-house, or permit the immediate landlord to give consent for a home business to be carried on in the dwelling-house, and

(iii) do not permit a business other than a home business to be carried on in the dwelling-house.

(3) The terms of a tenancy permit the carrying on of a home business if they permit the carrying on of a particular home business, a particular description of home business or any home business.

(4) A “home business” is a business of a kind which might reasonably be carried on at home.

(5) A business is not to be treated as a home business if it involves the supply of alcohol for consumption on licensed premises which form all or part of the dwelling-house.

(6) The appropriate national authority may by regulations prescribe cases in which businesses are, or are not, to be treated as home businesses.

(7) Regulations under this section—

- (a) may include transitional or saving provision,
- (b) may make different provision for different purposes,

(c) are to be made by statutory instrument which—

(i) in the case of an instrument made by the Secretary of State, is subject to annulment in pursuance of a resolution of either House of Parliament, and

(ii) in the case of an instrument made by the Welsh Ministers, is subject to annulment in pursuance of a resolution of the National Assembly for Wales.

(8) For the purposes of this section, a dwelling-house which is let for mixed residential and business use is capable of being let as a dwelling.

(9) If, under a tenancy, a dwelling-house is let together with other land, then, for the purposes of this section—

(a) if the main purpose of the letting is the provision of a home for the tenant, the other land is to be treated as part of the dwelling-house, and

(b) if the main purpose of the letting is not as mentioned in paragraph (a), the tenancy is to be treated as not being one under which a dwelling-house is let as a separate dwelling.

(10) In this section—

“the appropriate national authority” means—

(a) in relation to England, the Secretary of State, and

(b) in relation to Wales, the Welsh Ministers;

“dwelling-house” may be a house or part of a house;

“let” includes sub-let;

“licensed premises” has the same meaning as in the Licensing Act 2003 (see section 193 of that Act);

“supply of alcohol” has the same meaning as in the Licensing Act 2003 (see section 14 of that Act).”

(5) Subsections (1) to (4) do not apply to—

(a) a tenancy which is entered into before the day on which this section comes into force;

(b) a tenancy which is entered into on or after the day on which this section comes into force, pursuant to a contract made before that day;

(c) a tenancy which arises by operation of any enactment or other law when a tenancy mentioned in paragraph (a) or (b) comes to an end.”—(*Matthew Hancock.*)

This new clause amends the Landlord and Tenant Act 1954 so that its provisions for security of tenure of business tenancies do not apply to tenancies of dwellings granted to individuals for occupation as homes when tenants, with their landlords’ permission, carry on businesses of a kind that might reasonably be carried on at home.

Brought up, read the First and Second time, and added to the Bill.

New Clause 4**GOVERNMENT IMPACT ON SMALL BUSINESS
PERFORMANCE: DUTY TO REPORT**

“(1) The Secretary of State must provide for the making of an annual report to each House of Parliament setting out steps the Government has taken to support British small and medium-sized businesses over the previous 12 months.

(2) The statement mentioned in subsection (1) must be made no more than 10 sitting days before, or after, the end of each financial year following the coming into force of this Act.”.—(*Toby Perkins.*)

Clause 14 gives the Secretary of State a duty to report on progress towards achieving the objective in clause 13. This new clause builds on this principle by creating a new duty on the Secretary of State to report to Parliament on what the Government has done to support British small and medium-sized businesses.

Brought up, and read the First time.

Toby Perkins: I beg to move, That the clause be read a Second time.

As members of the Committee will know from what they have heard over the past few weeks, the Opposition strongly believe that Ministers should be accountable to Parliament for their performance in supporting British businesses and British small businesses in particular. Ministers must be accountable to Parliament for their performance in managing the national health service. As the lifeblood of our economy, businesses require the same focus and support from Government.

[Toby Perkins]

For that reason, we have tabled new clause 4, which builds on the principles in clause 14, already passed by the Committee. That clause creates a duty for the Secretary of State to report on progress on streamlining company regulations. The new clause would create a duty for the Secretary of State to make a statement to the House at the end of every financial year outlining what the Government have done to support British small and medium-sized businesses in the previous 12 months.

The new clause would focus the mind of the Government and all future Governments not just on supporting the economy in general terms but on what they are specifically doing to support small businesses and ensure that their concerns are taken seriously. There would be pressure on this and all future Governments to think, as they head towards that annual statement, about what they were doing and what they could say in that report to Parliament about their support for small business. That would be a useful tool in ensuring that the Government were held to account regularly and that the House had an opportunity to assess the Government's record in that specific way.

Britain's small businesses are at a competitive disadvantage in some ways, because of the serial problems with lack of access to finance, the issue of skills and the many other matters we have debated in this Committee and many others. The new clause would ensure that the Government and, more importantly, the next Labour Government have the opportunity to come to the House and, I hope, speak proudly about their record. In the event that there were concerns that Members of Parliament wished to raise, there would be a day in every year when the focus of parliamentary debate would be on the Government record on small businesses, and we would hold Ministers to account.

I do not wish to detain the Committee any longer. The new clause is pretty straightforward and obvious. It is one of those things that, once we have read it, we wonder why we have not done it already. It is so simple that it is brilliant. Without further ado, therefore, I humbly ask the Committee to consider my new clause and, I hope, to give it their wholehearted and full-throated support.

Matthew Hancock: The hon. Gentleman has made several contributions and I have enjoyed listening to all of them at great length. He has made a suitably short contribution just now to say that the new clause is so simple it should be easy to support. Indeed, it is so simple that it is in large part already law. All Departments in Government must already produce an annual report.

3 pm

However, I am grateful for the opportunity to reiterate the Government's support for small businesses. As the hon. Gentleman will know, this Government are strongly committed to supporting small businesses to innovate, grow, create jobs and compete, which is why we have before us the first ever small business Bill. For instance, we introduced the employment allowance and retail rates release, cut corporation tax, reduced the burden of regulation and made it easier to employ people. We have a more stable economy thanks to our long-term economic plan.

The hon. Gentleman did just mention that it would be more important to have the report under a future Labour Government. It is certainly true that should the Labour party ever come back to office, many small business people up and down the land would rue the day and worry about what it would hold. I am pleased to reassure him that every Department is already required to produce an annual report to consider and cover its achievements over the past year; they are chock-a-block these days.

Such reports are scrutinised by the relevant Select Committees. I highlight in particular the work of the Select Committee on Business, Innovation and Skills, which ensures that my Department is held to account for delivering support for small businesses. One focus of my time as the Minister for Business and Enterprise has been to ensure that all Departments consider their impact on smaller businesses. Departments must already report on material policies, so all Departments involved in small business policy include that information in their annual reports.

I am absolutely clear that the Department for Business, Innovation and Skills is committed to producing a report on the impact on small businesses. We had one last year when we published "Small Business: GREAT Ambition" on the first Small Business Saturday, introduced by this Government, and we are committed to doing so in future. There are a host of welcome opportunities to debate business policy before the House. Does the hon. Gentleman want to intervene?

Toby Perkins: I thought the Minister would never ask. I have two things to say briefly. First, he focused on my remarks about the next Labour Government. For his diary, the date will be 8 May 2015. The reason why I made that point is that in terms of the passage of the Bill, that is when the first such annual statement would be made. Secondly, saying that it is already being delivered because the Department does a report in general terms shows that he has not entirely understood what we are proposing.

Matthew Hancock: No, indeed. The annual report is important. Our report last year, "Small Business: GREAT Ambition", was about doing precisely that, and I am clear that BIS will do so in future. There is a legislative requirement, but more than that, there is the enthusiastic will on both Front Benches to do so. I agree with the hon. Gentleman that under a Labour Government it would be even more important, given the enormous damage done to small businesses' prospects by past Labour Governments, and we would not want that repeated should Labour ever get back into office, which is looking increasingly unlikely. On that basis, I hope that hon. Members have found my explanation reassuring and will withdraw their amendment.

Toby Perkins: The Minister's speech apparently combusted at the very mention of the word "Rochester".

Matthew Hancock: I did not hear the word "Rochester".

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): He will be hearing it.

Toby Perkins: Yes. They used to claim to be a listening Government, but now they cannot even hear the word "Rochester".

In conclusion, I am grateful for what the Minister has said about the importance of reporting back to the House regularly. He is right to say that it is important for all Governments of whatever stripe—to be non-partisan for a rare moment—are held to account on the matter. I think that this would be a useful provision, so I would like to test the will of the Committee. It would be helpful, if the Minister is saying, “Actually, yes, we did this last year and we intend to do it in future years,” to get that on the statute book and make it a regular thing so that all Governments are held to account for their record in supporting small businesses in particular, as opposed to their more general record in terms of what they do.

Question put, That the clause be read a Second time.

The Committee divided: Ayes 5, Noes 9.

Division No. 29]

AYES

Doughty, Stephen	Perkins, Toby
Esterson, Bill	
Murray, Ian	Wright, Mr Iain

NOES

Colville, Oliver	Morris, Anne Marie
Garnier, Mark	Murray, Sheryll
Griffiths, Andrew	Stride, Mel
Hancock, rh Matthew	Swinson, Jo
Jenrick, Robert	

Question accordingly negated.

New Clause 5

COMPANIES: DEALING WITH SUPPLIERS

‘(1) The Secretary of State may make regulations—

- (a) imposing a limit on the number of days after receipt of a supplier’s invoice a company can seek to challenge that invoice;
- (b) prohibiting the practice of a company seeking to change the payment terms of a supplier company unilaterally; and
- (c) prohibiting a company from requiring a supplier company to make a payment in order to join that company’s list of suppliers.

(2) The regulations may make provision for a prescribed breach by a prescribed description of person of a requirement or prohibition imposed by the regulations to be an offence punishable on summary conviction—

- (a) in England and Wales by a fine;
- (b) in Scotland or Northern Ireland, by a fine not exceeding level 5 on the standard scale.

(3) The regulations may specify the size of company and supplier company to which they will apply.

(4) Before making regulations under this section the Secretary of State must consult such persons as the Secretary of State considers appropriate.

(5) Regulations under this section are subject to the affirmative resolution procedure.

(6) For the purposes of this section—

“company” has the meaning given by section 1(1) of the Companies Act 2006;

“prescribed” means prescribed by the regulations.’—
(*Toby Perkins.*)

This new clause gives the Secretary of State new regulation-making powers to impose a limit on the number of days after the receipt of a supplier’s invoice a company may challenge that invoice, to prohibit

companies from seeking to change the payment terms of a supplier company unilaterally or requiring supplier companies to pay to join that company’s list of suppliers.

Brought up, and read the First time.

Question put, That the clause be read a Second time.

The Committee divided: Ayes 5, Noes 9.

Division No. 30]

AYES

Doughty, Stephen	Perkins, Toby
Esterson, Bill	
Murray, Ian	Wright, Mr Iain

NOES

Colville, Oliver	Morris, Anne Marie
Garnier, Mark	Murray, Sheryll
Griffiths, Andrew	Stride, Mel
Hancock, rh Matthew	Swinson, Jo
Jenrick, Robert	

Question accordingly negated.

New Clause 9

DUTY TO KEEP REGISTER UPDATED

‘(1) The Secretary of State may by regulations make provision prescribing the steps to be taken by Companies House to ensure that the information on PSC registers or, as the case may be, the central register is as accurate, reliable and up to date as possible.

(2) Regulations under this section are subject to the affirmative resolution procedure.’—(*Toby Perkins.*)

Brought up, and read the First time.

Question put, That the clause be read a Second time.

The Committee divided: Ayes 5, Noes 9.

Division No. 31]

AYES

Doughty, Stephen	Perkins, Toby
Esterson, Bill	
Murray, Ian	Wright, Mr Iain

NOES

Colville, Oliver	Morris, Anne Marie
Garnier, Mark	Murray, Sheryll
Griffiths, Andrew	Stride, Mel
Hancock, rh Matthew	Swinson, Jo
Jenrick, Robert	

Question accordingly negated.

New Schedule 1

ABOLITION OF REQUIREMENTS TO HOLD MEETINGS; OPTED-OUT CREDITORS

‘PART 1

COMPANY INSOLVENCY

Introductory

1 The Insolvency Act 1986 is amended in accordance with this Part of this Schedule.

Company voluntary arrangements

2 In section 2(2) (nominee’s report on company’s proposal), for paragraphs (aa) and (b) substitute—

“(b) whether, in his opinion, the proposal should be considered by a meeting of the company and by the company’s creditors, and

- (c) if in his opinion it should, the date on which, and time and place at which, he proposes a meeting of the company should be held.”

3 (1) Section 3 (summoning of meetings) is amended as follows.

(2) In subsection (1)—

- (a) for the words from “that” to “summoned” substitute “under section 2(2) that the proposal should be considered by a meeting of the company and by the company’s creditors”;
- (b) for the words from “directs)” to the end substitute “directs)—

(a) summon a meeting of the company to consider the proposal for the time, date and place proposed in the report, and

(b) seek a decision from the company’s creditors as to whether they approve the proposal.”

(3) In subsection (2), for the words from “shall” to the end substitute “shall—

(a) summon a meeting of the company to consider the proposal for such time, date and place as he thinks fit, and

(b) seek a decision from the company’s creditors as to whether they approve the proposal.”

(4) For subsection (3) substitute—

“(3) A decision of the company’s creditors as to whether they approve the proposal is to be made by a qualifying decision procedure.

(4) Notice of the qualifying decision procedure must be given to every creditor of the company of whose claim and address the person seeking the decision is aware.”

(5) For the heading substitute “Consideration of proposal”.

4 (1) Section 4 (decisions of meetings) is amended as follows.

(2) For subsection (1) substitute—

“(1) This section applies where, under section 3—

(a) a meeting of the company is summoned to consider the proposed voluntary arrangement, and

(b) the company’s creditors are asked to decide whether to approve the proposed voluntary arrangement.

(1A) The company and its creditors may approve the proposed voluntary arrangement with or without modifications.”

(3) In subsection (3) for “A meeting so summoned shall not” substitute “Neither the company nor its creditors may”.

(4) In subsection (4)—

(a) for “a meeting so summoned shall not” substitute “neither the company nor its creditors may”;

(b) omit “the meeting may approve”;

(c) after “such a proposal or modification” insert “may be approved”.

(5) In subsection (5) for “each of the meetings” substitute “the meeting of the company and the qualifying decision procedure”.

(6) In subsection (6) for “either” substitute “the company”.

(7) After subsection (6) insert—

“(6A) After the company’s creditors have decided whether to approve the proposed voluntary arrangement the person who sought the decision must—

(a) report the creditors’ decision to the court, and

(b) immediately after reporting to the court, give notice of the creditors’ decision to such persons as may be prescribed.”

(8) In the heading, for “meetings” substitute “the company and its creditors”.

5 (1) Section 4A (approval of arrangement) is amended as follows.

(2) In subsection (2)—

(a) in paragraph (a) for “both meetings summoned under section 3” substitute “the meeting of the company summoned under section 3 and by the company’s creditors pursuant to that section”;

(b) in paragraph (b) for “creditors’ meeting summoned under” substitute “company’s creditors pursuant to”.

(3) In subsections (3), (4)(a) and (6)(a) for “creditors’ meeting” substitute “company’s creditors”.

6 (1) Section 5 (effect of approval) is amended as follows.

(2) In subsection (2)—

(a) in paragraph (a) for “creditors’ meeting” substitute “time the creditors decided to approve the voluntary arrangement”;

(b) in paragraph (b)(i) for the words from “at that” to “it)” substitute “in the qualifying decision procedure by which the creditors’ decision to approve the voluntary arrangement was made”.

(3) In subsection (4)(a) after “4(6)” insert “and (6A)”.

7 (1) Section 6 (challenge of decisions) is amended as follows.

(2) In subsection (1)(b) for “either of the meetings” substitute “the meeting of the company, or in relation to the relevant qualifying decision procedure”.

(3) After subsection (1) insert—

“(1A) In this section—

(a) the “relevant qualifying decision procedure” means the qualifying decision procedure in which the company’s creditors decide whether to approve a voluntary arrangement;

(b) references to a decision made in the relevant qualifying decision procedure include any other decision made in that qualifying decision procedure.”

(4) In subsection (2)—

(a) in paragraph (a) for “either of the meetings” substitute “the meeting of the company or in the relevant qualifying decision procedure”;

(b) in paragraph (aa) for “at the creditors’ meeting” substitute “in the relevant qualifying decision procedure”.

(5) In subsection (3)(a) after “4(6)” insert “and (6A)”.

(6) In subsection (3)(b)—

(a) for “creditors’ meeting” substitute “relevant qualifying decision procedure”;

(b) for “the meeting” substitute “the relevant qualifying decision procedure”.

(7) In subsection (4), for “one or both” substitute “any”.

(8) In subsection (4)(a), for “in question” substitute “of the company, or in the relevant qualifying decision procedure”.

(9) In subsection (4)(b)—

(a) for “further meetings” substitute “a further company meeting”;

(b) for “, a further company or (as the case may be) creditors” substitute “and relating to the company meeting, a further company”.

(10) In subsection (4), after paragraph (b) insert—

“(c) direct any person—

(i) to seek a decision from the company’s creditors (using a qualifying decision procedure) as to whether they approve any revised proposal the person who made the original proposal may make, or

(ii) in a case falling within subsection (1)(b) and relating to the relevant qualifying decision procedure, to seek a decision from the company’s creditors (using a qualifying decision procedure) as to whether they approve the original proposal.”

(11) In subsection (5) for “for the summoning of meetings to consider” substitute “or (c) in relation to”.

(12) In subsection (6)—

(a) after “meeting” insert “or relevant qualifying decision procedure”;

(b) in paragraph (a) after “(4)(b)” insert “or (c)”.

(13) In subsection (7)—

- (a) the words from “a decision” to the end become paragraph (a);
- (b) in that paragraph (a), after “at a” insert “company”;
- (c) after that paragraph (a) insert “, and
- (b) a decision of the company’s creditors made in the relevant qualifying decision procedure is not invalidated by any irregularity in relation to the relevant qualifying decision procedure.”

8 In section 7(2)(a) for “given at one or both of the meetings summoned under” substitute “of the voluntary arrangement by the company or its creditors (or both) pursuant to”.

9 (1) Schedule A1 (moratorium where directors propose voluntary arrangement) is amended as follows.

(2) For paragraph 6(2)(c) substitute—

- (c) the proposed voluntary arrangement should be considered by a meeting of the company and by the company’s creditors.”

(3) For paragraph 7(1)(e)(iii) substitute—

- (i) the proposed voluntary arrangement should be considered by a meeting of the company and by the company’s creditors.”

(4) For paragraph 8(2) to (4) substitute—

“(2) A moratorium ends with the later of—

- (a) the day on which the company meeting summoned under paragraph 29 is first held, and
- (b) the day on which the company’s creditors decide whether to approve the proposed voluntary arrangement,

unless it is extended under paragraph 32; but this is subject to the rest of this paragraph.

(3) In this paragraph the “initial period” means the period of 28 days beginning with the day on which the moratorium comes into force.

(3A) If the company meeting has not first met before the end of the initial period the moratorium ends at the end of that period, unless before the end of that period it is extended under paragraph 32.

(3B) If the company’s creditors have not decided whether to approve the proposed voluntary arrangement before the end of the initial period the moratorium ends at the end of that period, unless before the end of that period—

- (a) the moratorium is extended under paragraph 32, or
- (b) a meeting of the company’s creditors is summoned in accordance with section 246ZE.

(3C) Where sub-paragraph (3B)(b) applies, the moratorium ends with the day on which the meeting of the company’s creditors is first held, unless it is extended under paragraph 32.

(4) The moratorium ends at the end of the initial period if the nominee has not before the end of that period—

- (a) summoned a meeting of the company, and
- (b) sought a decision from the company’s creditors, as required by paragraph 29(1).”

(5) For paragraph 8(6)(c) substitute—

- (c) a decision of one or both of—
 - (i) the meeting of the company summoned under paragraph 29, or
 - (ii) the company’s creditors.”

(6) For the heading before paragraph 29 substitute “Duty to summon company meeting and seek creditors’ decision”.

(7) In paragraph 29(1), for the words from “shall” to the end substitute “shall—

- (a) summon a meeting of the company to consider the proposed voluntary arrangement for such a time, date (within the period of time for the time being specified in paragraph 8(3)) and place as he thinks fit, and

- (b) seek a decision from the company’s creditors as to whether they approve the proposed voluntary arrangement.”

(8) For paragraph 29(2) substitute—

“(2) The decision of the company’s creditors is to be made by a qualifying decision procedure.

(3) Notice of the qualifying decision procedure must be given to every creditor of the company of whose claim the nominee is aware.”

(9) In the heading before paragraph 30, for “meetings” substitute “company meeting and qualifying decision procedure”.

(10) In paragraph 30(1) for “meetings summoned under paragraph 29” substitute “company meeting summoned under paragraph 29 and the qualifying decision procedure instigated under that paragraph”.

(11) In paragraph 30(2) for “A meeting so summoned” substitute “The company meeting summoned under paragraph 29”.

(12) In paragraph 30(3) for “either” substitute “the company”.

(13) After paragraph 30(3) insert—

“(4) After the company’s creditors have decided whether to approve the proposed voluntary arrangement the nominee must—

- (a) report the decision to the court, and
- (b) immediately after reporting to the court, give notice of the decision to such persons as may be prescribed.”

(14) For paragraph 31(1) substitute—

“(1) This paragraph applies where under paragraph 29—

- (a) a meeting of the company is summoned to consider the proposed voluntary arrangement, and
- (b) the nominee seeks a decision from the company’s creditors as to whether they approve the proposed voluntary arrangement.

(1A) The company and its creditors may approve the proposed voluntary arrangement with or without modifications.”

(15) In paragraph 31(4) for “A meeting summoned under paragraph 29 shall not” substitute “Neither the company nor its creditors may”.

(16) In paragraph 31(5) for “a meeting so summoned shall not” substitute “neither the company nor its creditors may”.

(17) In paragraph 31(6) for “The meeting may approve such a proposal or modification” substitute “Such a proposal or modification may be approved”.

(18) In paragraph 31(7)—

- (a) for the words from “period” to “held” substitute “relevant period”;
- (b) for “those meetings” substitute “the company and its creditors”.

(19) In paragraph 31, after sub-paragraph (7) insert—

“(7A) The “relevant period” is—

- (a) in relation to the company, the period of seven days ending with the company meeting summoned under paragraph 29 being held;
- (b) in relation to the company’s creditors, the period of 14 days ending with the end of the period mentioned in paragraph 8(3).

(7B) Where under sub-paragraph (7) the nominee is given notice of proposed modifications, the nominee must seek a decision from the company’s creditors (using a qualifying decision procedure) as to whether the proposed voluntary arrangement should be approved with those modifications.”

(20) In paragraph 32(1), after “a” insert “company”.

(21) In paragraph 32, after sub-paragraph (1) insert— For paragraph 32(2) substitute—

“(1A) Subject to sub-paragraph (2) the company’s creditors may, by a qualifying decision procedure, decide to extend (or further extend) the moratorium, with or without conditions.”

“(2) The moratorium may not be extended (or further extended) to a day later than the end of the period of two months beginning with the day after the last day of the period mentioned in paragraph 8(3).”

(23) In paragraph 32(3)—

- (a) for “At any meeting where” substitute “Where”;
- (b) after “the meeting” insert “of the company or (as the case may be) inform the company’s creditors”.

(24) In paragraph 32(4)—

- (a) after “a meeting” insert “of the company or informs the company’s creditors.”;
- (b) after “resolve” insert “, or (as the case may be) the creditors by a qualifying decision procedure shall decide.”.

(25) In paragraph 32(6) for “may resolve” substitute “of the company may resolve, and the creditors by a qualifying decision procedure may decide.”.

(26) In paragraph 33(3) for “At any meeting where” substitute “Where”.

(27) In paragraph 35, for sub-paragraphs (1) and (2) substitute—

“(1) This paragraph applies where in accordance with paragraph 32 a meeting of the company resolves, or the company’s creditors decide, that the moratorium be extended (or further extended).

(1A) The meeting may resolve, and the company’s creditors may by a qualifying decision procedure decide, that a committee be established to exercise the functions conferred on it by the meeting or (as the case may be) by the company’s creditors.

(2) The meeting may resolve that such a committee be established only if—

- (a) the nominee consents, and
- (b) the meeting approves an estimate of the expenses to be incurred by the committee in the exercise of the proposed functions.

(2A) A decision of the company’s creditors that such a committee be established has effect only if—

- (a) the nominee consents, and
- (b) the creditors by a qualifying decision procedure approve an estimate of the expenses to be incurred by the committee in the exercise of the proposed functions.”

(28) In paragraph 36(2)—

- (a) in paragraph (a) for “both meetings summoned under paragraph 29” substitute “the meeting of the company summoned under paragraph 29 and by the company’s creditors”;
- (b) in paragraph (b) for “creditors’ meeting summoned under that paragraph” substitute “company’s creditors”.

(29) In paragraph 36(3), (4)(a) and (5)(a) for “creditors’ meeting” substitute “company’s creditors”.

(30) In paragraph 37(2)—

- (a) in paragraph (a) for “creditors’ meeting” substitute “time the creditors decided to approve the voluntary arrangement”;
- (b) in paragraph (b)(i) for the words from “at that” to “it” substitute “in the qualifying decision procedure by which the creditors’ decision to approve the voluntary arrangement was made”.

(31) In paragraph 37(5)(a)—

- (a) omit “of the meetings”;
- (b) after “30(3)” insert “and (4)”.

(32) In paragraph 38(1)—

- (a) in paragraph (a) for the words from “approved” to “effect” substitute “which has taken effect under paragraph 37”;

- (b) in paragraph (b) for “either of those meetings” substitute “the meeting of the company summoned under paragraph 29, or in relation to the relevant qualifying decision procedure”.

(33) After paragraph 38(1) insert—

“(1A) In this paragraph—

- (a) the “relevant qualifying decision procedure” means the qualifying decision procedure in which the creditors decided whether to approve the voluntary arrangement;
- (b) references to a decision made in the relevant qualifying decision procedure include any other decision made in that qualifying decision procedure.”

(34) In paragraph 38(2)—

- (a) in paragraph (a) for “either of the meetings” substitute “the meeting of the company or in the relevant qualifying decision procedure”;
- (b) in paragraph (b) for “at the creditors’ meeting” substitute “in the relevant qualifying decision procedure”.

(35) In paragraph 38(3)(a) after “30(3)” insert “and (4)”.

(36) In paragraph 38(3)(b)—

- (a) for “creditors’ meeting” substitute “relevant qualifying decision procedure”;
- (b) for “the meeting” substitute “the relevant qualifying decision procedure”.

(37) In paragraph 38(4)(a)(ii) for “in question” substitute “of the company, or in the relevant qualifying decision procedure.”.

(38) In paragraph 38(4)(b)—

- (a) for “further meetings” substitute “a further company meeting”;
- (b) after “(1)(b)” insert “and relating to the company meeting”;
- (c) omit “or (as the case may be) creditors”.

(39) In paragraph 38(4), after paragraph (b) insert—

“(c) direct any person—

- (i) to seek a decision from the company’s creditors (using a qualifying decision procedure) as to whether they approve any revised proposal for a voluntary arrangement which the directors may make, or
- (ii) in a case falling within sub-paragraph (1)(b) and relating to the relevant qualifying decision procedure, to seek a decision from the company’s creditors (using a qualifying decision procedure) as to whether they approve the original proposal.”

(40) In paragraph 38(5), after “(4)(b)(i)” insert “or (c)(i)”.

(41) In paragraph 38(6) and (7)(a), after “(4)(b)” insert “or (c)”.

(42) In paragraph 38(9)—

- (a) the words from “a decision” to the end become paragraph (a);
- (b) in that paragraph (a), after “at a” insert “company”;
- (c) after that paragraph (a) insert “, and
- (b) a decision of the company’s creditors made in the relevant qualifying decision procedure is not invalidated by any irregularity in relation to the relevant qualifying decision procedure.”

(43) In paragraph 39(1) for the words from “approved” to the end substitute “has taken effect under paragraph 37.”

(44) In paragraph 40(5)—

- (a) in paragraph (c), omit “creditors or”;
- (b) after paragraph (c) insert—
- (ca) require a decision of the company’s creditors to be sought (using a qualifying decision procedure) on such matters as the court may direct.”.

(45) For paragraph 44(8) substitute—

“(8) The appropriate regulator must be given notice of any qualifying decision procedure by which a decision of the company’s creditors is sought for the purposes of this Schedule.

(8A) The appropriate regulator, or a person appointed by the appropriate regulator, may in the way provided for by the rules participate in (but not vote in) any qualifying decision procedure by which a decision of the company’s creditors is sought for the purposes of this Schedule.”

(46) Omit paragraph 44(9)(a).

(47) In paragraph 44(17A)(b) for “sub-paragraph” substitute “sub-paragraphs (8A) and”.

Administration

10 (1) Schedule B1 (administration) is amended as follows.

(2) In paragraph 49(4)(b), after “company” insert “, other than an opted-out creditor,”.

(3) Omit paragraph 50 and the heading before it.

(4) For the heading before paragraph 51 substitute “Consideration of administrator’s proposals by creditors”.

(5) In paragraph 51, for sub-paragraphs (1) to (3) substitute—

“(1) The administrator must seek a decision from the company’s creditors as to whether they approve the proposals set out in the statement made under paragraph 49(1).

(2) The initial decision date for that decision must be within the period of 10 weeks beginning with the day on which the company enters administration.

(3) The “initial decision date” for that decision—

(a) if the decision is initially sought using the deemed consent procedure, is the date on which a decision will be made if the creditors by that procedure approve the proposals, and

(b) if the decision is initially sought using a qualifying decision procedure, is the date on or before which a decision will be made if it is made by that qualifying decision procedure (assuming that date does not change after the procedure is instigated).”

(6) In paragraph 52(2), for the words from “summon” to “requested” substitute “seek a decision from the company’s creditors as to whether they approve the proposals set out in the statement made under paragraph 49(1) if requested to do so”.

(7) For paragraph 52(3) substitute—

“(3) Where a decision is sought by virtue of sub-paragraph (2) the initial decision date (as defined in paragraph 51(3)) must be within the prescribed period.”

(8) For the heading before paragraph 53 substitute “Creditors’ decision”.

(9) In paragraph 53, for sub-paragraph (1) substitute—

“(1) The company’s creditors may approve the administrator’s proposals—

(a) without modification, or

(b) with modification to which the administrator consents.”

(10) In paragraph 53(2)—

(a) for “After the conclusion of an initial creditors’ meeting the” substitute “The”;

(b) after “taken” insert “by the company’s creditors”.

(11) In paragraph 54(1)(a) for “at an initial creditors’ meeting” substitute “by the company’s creditors”.

(12) Omit paragraph 54(2)(a).

(13) In paragraph 54(2)(b)—

(a) omit “with the notice of the meeting sent”;

(b) after “creditor” insert “who is not an opted-out creditor”.

(14) For paragraph 54(2)(d) substitute—

(d) seek a decision from the company’s creditors as to whether they approve the proposed revision.”

(15) For paragraph 54(5) substitute—

“(5) The company’s creditors may approve the proposed revision—

(a) without modification, or

(b) with modification to which the administrator consents.”

(16) In paragraph 54(6)—

(a) for “After the conclusion of a creditors’ meeting the” substitute “The”;

(b) after “taken” insert “by the company’s creditors”.

(17) For paragraph 55(1) substitute—

“(1) This paragraph applies where an administrator—

(a) reports to the court under paragraph 53 that a company’s creditors have failed to approve the administrator’s proposals, or

(b) reports to the court under paragraph 54 that a company’s creditors have failed to approve a revision of the administrator’s proposals.”

(18) In the heading before paragraph 56, for “meetings” substitute “decisions”.

(19) In paragraph 56(1), for “summon a creditors’ meeting”—

(a) in the first place, substitute “seek a decision from the company’s creditors on a matter”;

(b) in the second place, substitute “do so”.

(20) In paragraph 56(2), for “summon a creditors’ meeting” substitute “seek a decision from the company’s creditors on a matter”.

(21) In paragraph 57(1), for “A creditors’ meeting may” substitute “The company’s creditors may, in accordance with the rules,”.

(22) Omit paragraph 58 and the heading before it.

(23) In paragraph 62, for the words from “may” to the end substitute “may—

(a) call a meeting of members of the company;

(b) seek a decision on any matter from the company’s creditors.”

(24) For paragraph 74(4)(c) substitute—

(c) require a decision of the company’s creditors to be sought on a matter,”.

(25) For paragraph 78(1)(b) substitute—

(b) if the company has unsecured debts, the unsecured creditors of the company.”

(26) For paragraph 78(2)(b)(ii) substitute—

(i) the preferential creditors of the company.”

(27) After paragraph 78(2) insert—

“(2A) Whether the company’s unsecured creditors or preferential creditors consent is to be determined by the administrator seeking a decision from those creditors as to whether they consent.”

(28) Omit paragraph 78(3).

(29) In paragraph 79(2)(c) for “a creditors’ meeting requires him to” substitute “the company’s creditors decide that he must”.

(30) In paragraph 80(4) after “company” insert “, other than an opted-out creditor,”.

(31) In paragraph 83(5)(b) after “creditor” insert “, other than an opted-out creditor,”.

(32) In paragraph 84(5)(b) after “creditor” insert “, other than an opted-out creditor,”.

(33) In the heading before paragraph 97, for “meeting” substitute “decision”.

(34) For paragraph 97(2) and (3) substitute—

“(2) The administrator may be replaced by a decision of the creditors made by a qualifying decision procedure.

(3) The decision has effect only if, before the decision is made, the new administrator has consented to act in writing.”

(35) In paragraph 98(2)(b), for the second “resolution” substitute “decision”.

(36) In paragraph 98(3)—

(a) after “as passed” insert “and a decision shall be taken as made”;

(b) after “if passed” insert “or made”.

(37) For paragraph 98(3)(b)(ii) substitute—

(i) the preferential creditors of the company.”

(38) After paragraph 98(3) insert—

“(3A) Whether the company’s preferential creditors give their approval is to be determined by a decision of those creditors as to whether they give their approval.

(3B) In a case where the administrator is removed from office, that decision must be made by a qualifying decision procedure.”

(39) For paragraph 108(2)(b) substitute—

(b) if the company has unsecured debts, the unsecured creditors of the company.”

(40) For paragraph 108(3)(b)(ii) substitute—

(i) the preferential creditors of the company.”

(41) After paragraph 108(3) insert—

“(3A) Whether the company’s unsecured creditors or preferential creditors consent is to be determined by the administrator seeking a decision from those creditors as to whether they consent.”

(42) Omit paragraph 108(4).

(43) In paragraph 111, omit the definitions of “correspondence” and “creditors’ meeting”.

11 (1) Schedule 10 (offences) is amended as follows.

(2) In the entry for Schedule B1, paragraph 51(5), in column 2, for “arrange initial creditors’ meeting” substitute “seek creditors’ decision”.

(3) In the entry for Schedule B1, paragraph 53(3), in column 2, for “at initial creditors’ meeting” substitute “by creditors”.

(4) In the entry for Schedule B1, paragraph 54(7), in column 2, for the words from “decision” to “consider” insert “creditors’ decision on”.

(5) In the entry for Schedule B1, paragraph 56(2), in column 2, for “summon creditors’ meeting” substitute “seek creditors’ decision”.

Receivers and managers

12 (1) Section 48 (report by administrative receiver - England and Wales) is amended as follows.

(2) In subsection (1), after “such creditors” insert “, other than opted-out creditors,”.

(3) In subsection (2)—

(a) in paragraph (a), after “company” insert “, other than opted-out creditors,”;

(b) omit the words after paragraph (b).

(4) Omit subsection (3).

13 In section 49(1) (committee of creditors - England and Wales), for the words from the beginning to “fit” substitute “Where an administrative receiver has sent or published a report as mentioned in section 48(2) the company’s unsecured creditors may, in accordance with the rules”.

14 (1) Section 67 (report by receiver - Scotland) is amended as follows.

(2) In subsection (1), after “such creditors” insert “, other than opted-out creditors,”.

(3) In subsection (2)—

(a) in paragraph (a), after “company” insert “, other than opted-out creditors,”;

(b) omit the words after paragraph (b).

(4) Omit subsection (3).

15 In section 68(1) (committee of creditors - Scotland), for the words from the beginning to “fit” substitute “Where a receiver has sent or published a report as mentioned in section 67(2) the company’s unsecured creditors may, in accordance with the rules”.

Winding-up

16 For section 94 (members’ voluntary winding up: final meeting of company prior to dissolution) substitute—

“94 Final account prior to dissolution

(1) As soon as the company’s affairs are fully wound up the liquidator must make up an account of the winding up, showing how it has been conducted and the company’s property has been disposed of.

(2) The liquidator must send a copy of the account to the members of the company before the end of the period of 14 days beginning with the day on which the account is made up.

(3) The liquidator must send a copy of the account to the registrar of companies before the end of that period (but not before sending it to the members of the company).

(4) If the liquidator does not comply with subsection (2) the liquidator is liable to a fine.

(5) If the liquidator does not comply with subsection (3) the liquidator is liable to a fine and, for continued contravention, a daily default fine.”

17 (1) Section 95 (effect of company’s insolvency) is amended as follows.

(2) After subsection (1) insert—

“(1A) The liquidator must before the end of the period of 7 days beginning with the day after the day on which the liquidator formed that opinion—

(a) make out a statement in the prescribed form as to the affairs of the company, and

(b) send it to the company’s creditors.”

(3) Omit subsections (2) to (3) and (5) to (7).

18 (1) Section 96 (conversion to creditors’ voluntary winding up) is amended as follows.

(2) For “creditors’ meeting is held under section 95” substitute “liquidator sends a statement of the company’s affairs to the company’s creditors under section 95(1A)(b)”.

(3) For paragraph (b) substitute—

“(b) the statement of affairs sent to the company’s creditors under section 95(1A)(b) were the statement required by section 99;”.

19 In section 97(2) (application of Chapter 4), for “Sections 98 and 99 do” substitute “Section 99 does”.

20 Omit section 98 (meeting of creditors).

21 (1) Section 99 (directors to lay statement of affairs before creditors) is amended as follows.

(2) For subsection (1) substitute—

“(1) The directors of the company must, before the end of the period of 7 days beginning with the day after the day on which the company passes a resolution for voluntary winding up—

(a) make out a statement in the prescribed form as to the affairs of the company, and

(b) send the statement to the company’s creditors.”

(3) For subsection (3) substitute—

“(3) If the directors without reasonable excuse fail to comply with subsection (1), (2) or (2A), they are guilty of an offence and liable to a fine.”

22 (1) For section 100 (appointment of liquidator) substitute—

“100 Appointment of liquidator

(1) The company may nominate a person to be liquidator at the company meeting at which the resolution for voluntary winding up is passed.

(2) If the company nominates a person at that meeting, the directors of the company must—

(a) seek a decision from the company’s creditors as to whether they agree to the appointment of that person as liquidator, and

(b) ensure that the initial decision date for that decision is within the period of 14 days beginning with the day after the day of that meeting.

(3) If the creditors agree to the appointment as liquidator of the person nominated by the company, that person is to be the liquidator.

(4) If the creditors do not agree to the appointment as liquidator of the person nominated by the company, the liquidator is to be the person (if any) nominated by the creditors in accordance with the rules, subject to subsection (5).

(5) If the company and the creditors nominate different persons, any director, member or creditor of the company may, before the end of the period of 7 days beginning with the day after the day on which the nomination was made by the creditors, apply to the court for an order either—

- (a) directing that the person nominated as liquidator by the company is to be liquidator instead of or jointly with the person nominated by the creditors, or
- (b) appointing some other person to be liquidator instead of the person nominated by the creditors.

(6) If the company does not nominate a person to be liquidator at the meeting at which the resolution for voluntary winding up is passed, the liquidator is to be the person (if any) nominated by the creditors in accordance with the rules.

(7) In the case of a winding-up which is converted to a creditors' voluntary winding-up under section 96—

- (a) subsection (2) does not apply;
- (b) the person who is the liquidator of the company immediately before the conversion ("the existing liquidator") must—
 - (i) seek a decision from the company's creditors as to whether they agree to the existing liquidator's appointment as liquidator, and
 - (ii) ensure that the initial decision date for that decision is within the period of 28 days beginning with the day after the day on which the existing liquidator forms the opinion mentioned in section 95(1);

(c) subsections (3) to (5) apply as if the existing liquidator had been nominated to be liquidator by the company.

(8) The "initial decision date" for a decision of the company's creditors as to whether they agree to a person's appointment as liquidator—

- (a) if the decision is initially sought using the deemed consent procedure, is the date on which a decision will be made if the creditors by that procedure agree to the person's appointment as liquidator, and
- (b) if the decision is initially sought using a qualifying decision procedure, is the date on or before which a decision will be made if it is made by that qualifying decision procedure (assuming that date does not change after the procedure is instigated).

(9) If the directors without reasonable excuse fail to comply with subsection (2) they are guilty of an offence and liable to a fine."

(2) In section 100 (as substituted by sub-paragraph (1)), after subsection (5) insert—

"(5A) The court must grant an application under subsection (5) made by the holder of a qualifying floating charge in respect of the company's property (within the meaning of paragraph 14 of Schedule B1) unless the court thinks it right to refuse the application because of the particular circumstances of the case."

23 (1) Section 101 (appointment of liquidation committee) is amended as follows.

(2) For subsection (1) substitute—

"(1) The creditors may in accordance with the rules appoint a committee ("the liquidation committee") of not more than 5 persons to exercise the functions conferred on it by or under this Act."

(3) In subsection (3)—

- (a) for "resolve" (in both places) substitute "decide";
- (b) for "the persons mentioned in the resolution" (in both places) substitute "those persons".

24 Omit section 102 (creditors' meeting where winding up converted under section 96).

25 In section 104A (progress report to company and creditors at year's end (England and Wales)), in subsection (1)(b)(i), after "creditors" insert " , other than opted-out creditors".

26 (1) Section 105 (meetings of company and creditors at each year's end (Scotland)) is amended as follows.

(2) In subsection (1), after "company and" insert "(despite section 246ZE)".

(3) In subsection (4), for "creditors meeting under section 95 is held" substitute "liquidator sends a statement of affairs to the company's creditors under section 95(1A)(b)".

27 For section 106 (creditors' voluntary winding-up: final meetings of company and creditors prior to dissolution) substitute—

"106 Final account prior to dissolution

(1) As soon as the company's affairs are fully wound up the liquidator must make up an account of the winding up, showing how it has been conducted and the company's property has been disposed of.

(2) The liquidator must, before the end of the period of 14 days beginning with the day on which the account is made up—

- (a) send a copy of the account to the company's members,
- (b) send a copy of the account to the company's creditors (other than opted-out creditors), and
- (c) give the company's creditors (other than opted-out creditors) a notice explaining the effect of section 173(2)(e) and how they may object to the liquidator's release.

(3) The liquidator must during the relevant period send to the registrar of companies—

- (a) a copy of the account, and
- (b) a statement of whether any of the company's creditors objected to the liquidator's release.

(4) The relevant period is the period of 7 days beginning with the day after the last day of the period prescribed by the rules as the period within which the creditors may object to the liquidator's release.

(5) If the liquidator does not comply with subsection (2) the liquidator is liable to a fine.

(6) If the liquidator does not comply with subsection (3) the liquidator is liable to a fine and, for continued contravention, a daily default fine."

28 In section 114(2) (powers of directors in voluntary winding up where no liquidator nominated by company)—

- (a) omit "98 (creditors' meeting) and";
- (b) after "affairs)" insert "and 100(6) (nomination of liquidator by creditors)".

29 (1) Section 136 (functions of official receiver in relation to office of liquidator) is amended as follows.

(2) In subsection (4) for "summon separate meetings of" substitute "in accordance with the rules seek nominations from".

(3) In subsection (5)(a) and (c), omit "to summon meetings".

(4) In subsection (6), for "summon meetings of" substitute "seek nominations from".

30 (1) Section 137 (appointment by Secretary of State) is amended as follows.

(2) In subsection (2)—

- (a) for "meetings are held" substitute "nominations are sought from the company's creditors and contributories";
- (b) omit "of those meetings".

(3) In subsection (5), for the words from "shall" to the end substitute "must explain the procedure for establishing a liquidation committee under section 141."

31 (1) Section 138 (appointment of liquidator in Scotland) is amended as follows.

(2) In subsection (3), for "summon separate meetings of" substitute "in accordance with the rules seek nominations from".

(3) In subsection (4), for the words from “summon under” to the second “meeting of” substitute “seek a nomination from the company’s contributories under subsection (3), he may seek a nomination only from”.

(4) In subsection (5)—

(a) for “one or more meetings are held” substitute “a nomination is sought from the company’s creditors, or nominations are sought from the company’s creditors and contributories,”;

(b) for “by the meeting or meetings” substitute “as a result”.

32 (1) Section 139 (choice of liquidator at meetings of creditors and contributories) is amended as follows.

(2) In subsection (1), for “separate meetings of the company’s creditors and contributories are summoned” substitute “nominations are sought from the company’s creditors and contributories”.

(3) In subsection (2) for “at their respective meetings may” substitute “may in accordance with the rules”.

(4) In the heading, for “at meetings of” substitute “by”.

33 In section 140(3) (appointment of liquidator by court following administration or voluntary arrangement), for the words from “he” to the end substitute “section 136(5)(a) and (b) does not apply.”

34 In section 141 (liquidation committee: England and Wales) for subsections (1) to (3) substitute—

“(1) This section applies where a winding up order has been made by the court in England and Wales.

(2) If both the company’s creditors and the company’s contributories decide that a liquidation committee should be established, a liquidation committee is to be established in accordance with the rules.

(3) If only the company’s creditors, or only the company’s contributories, decide that a liquidation committee should be established, a liquidation committee is to be established in accordance with the rules unless the court orders otherwise.

(3A) A “liquidation committee” is a committee having such functions as are conferred on it by or under this Act.

(3B) The liquidator must seek a decision from the company’s creditors and contributories as to whether a liquidation committee should be established if requested, in accordance with the rules, to do so by one-tenth in value of the company’s creditors.

(3C) Subsection (3B) does not apply where the liquidator is the official receiver.”

35 (1) Section 142 (liquidation committee (Scotland)) is amended as follows.

(2) For subsections (1) to (4) substitute—

“(1) This section applies where a winding up order has been made by the court in Scotland.

(2) If both the company’s creditors and the company’s contributories decide that a liquidation committee should be established, a liquidation committee is to be established in accordance with the rules.

(3) If only the company’s creditors, or only the company’s contributories, decide that a liquidation committee should be established, a liquidation committee is to be established in accordance with the rules unless the court orders otherwise.

(4) A liquidator appointed by the court other than under section 139(4)(a) must seek a decision from the company’s creditors and contributories as to whether a liquidation committee should be established if requested, in accordance with the rules, to do so by one-tenth in value of the company’s creditors.”

(3) In subsection (6), for the words from “In” to “has” substitute “A “liquidation committee” is a committee having the powers and duties conferred and imposed on it by this Act, and”.

36 For section 146 (compulsory winding-up - duty to summon final meeting) substitute—

“146 Final account

(1) This section applies where a company is being wound up by the court and the liquidator is not the official receiver.

(2) If it appears to the liquidator that the winding up of the company is for practical purposes complete the liquidator must make up an account of the winding up, showing how it has been conducted and the company’s property has been disposed of.

(3) The liquidator must—

(a) send a copy of the account to the company’s creditors (other than opted-out creditors), and

(b) give the company’s creditors (other than opted-out creditors) a notice explaining the effect of section 174(4)(d) and how they may object to the liquidator’s release.

(4) The liquidator must during the relevant period send to the court and the registrar of companies—

(a) a copy of the account, and

(b) a statement of whether any of the company’s creditors objected to the liquidator’s release.

(5) The relevant period is the period of 7 days beginning with the day after the last day of the period prescribed by the rules as the period within which the creditors may object to the liquidator’s release.”

37 In section 160(1) (delegation of court’s powers to liquidator (England and Wales)) for paragraph (a) substitute—

“(a) the seeking of decisions on any matter from creditors and contributories,”.

38 (1) Section 166 (liquidator’s powers and duties in creditors’ voluntary winding up) is amended as follows.

(2) In subsection (2), for the words from “during” to the end substitute “before a liquidator has been appointed in accordance with section 100.”

(3) Omit subsection (4).

(4) In subsection (5), for the words from the beginning to the end of paragraph (b) substitute “If the directors fail to comply with—

(a) section 99(1), (2) or (2A), or

(b) section 100(2),”.

39 In section 168 (liquidator’s supplementary powers: England and Wales) for subsection (2) substitute—

“(2) The liquidator may seek a decision on any matter from the company’s creditors or contributories; and must seek a decision on a matter—

(a) from the company’s creditors, if requested to do so by one-tenth in value of the creditors;

(b) from the company’s contributories, if requested to do so by one-tenth in value of the contributories.”

40 (1) Section 171 (removal of liquidator in voluntary winding up) is amended as follows.

(2) In subsection (2)(b), for “general meeting of the company’s creditors summoned” substitute “decision of the company’s creditors made by a qualifying decision procedure instigated”.

(3) For subsection (3) substitute—

“(3) Where the liquidator in a members’ voluntary winding up was appointed by the court under section 108, a meeting such as is mentioned in subsection (2)(a) shall be summoned only if—

(a) the liquidator thinks fit,

(b) the court so directs, or

(c) the meeting is requested in accordance with the rules by members representing not less than one-half of the total voting rights of all the members having at the date of the request a right to vote at the meeting.

(3A) Where the liquidator in a creditors’ voluntary winding up was appointed by the court under section 108, a qualifying decision procedure such as is mentioned in subsection (2)(b) is to be instigated only if—

(a) the liquidator thinks fit,

(b) the court so directs, or

(c) it is requested in accordance with the rules by not less

than one-half in value of the company's creditors."

(4) For subsection (6) substitute—

"(6) In the case of a members' voluntary winding up, the liquidator vacates office as soon as the liquidator has complied with section 94(3) (requirement to send final account to registrar).

(7) In the case of a creditors' voluntary winding up, the liquidator vacates office as soon as the liquidator has complied with section 106(3) (requirement to send final account etc. to registrar)."

41 (1) Section 172 (removal of liquidator in compulsory winding up) is amended as follows.

(2) In subsection (2), for "general meeting of the company's creditors summoned" substitute "decision of the company's creditors made by a qualifying decision procedure instigated".

(3) In subsection (3)—

(a) in paragraph (a) omit "a meeting of";

(b) for the words from "a general meeting" to "the meeting" substitute "a qualifying decision procedure such as is mentioned in subsection (2) shall be instigated only if the liquidator thinks fit, the court so directs, or it".

(4) For subsection (8) substitute—

"(8) Where the liquidator has produced an account of the winding up under section 146 (final account), the liquidator vacates office as soon as the liquidator has complied with section 146(4) (requirement to send account etc. to registrar and to court)."

42 (1) Section 173 (release of liquidator in voluntary winding up) is amended as follows.

(2) In subsection (2), for paragraphs (a) and (b) substitute—

"(a) in the following cases, the time at which notice is given to the registrar of companies in accordance with the rules that the person has ceased to hold office—

(i) the person has been removed from office by a general meeting of the company,

(ii) the person has been removed from office by a decision of the company's creditors and the company's creditors have not decided against his release,

(iii) the person has died;

(b) in the following cases, such time as the Secretary of State may, on the application of the person, determine—

(i) the person has been removed from office by a decision of the company's creditors and the company's creditors have decided against his release,

(ii) the person has been removed from office by the court,

(iii) the person has vacated office under section 171(4);".

(3) In subsection (2)(d), for "(6)(a)" substitute "(6)".

(4) In subsection (2), for paragraph (e) substitute—

"(e) in the case of a person who has vacated office under section 171(7)—

(i) if any of the company's creditors objected to the person's release before the end of the period for so objecting prescribed by the rules, such time as the Secretary of State may, on an application by that person, determine, and

(ii) otherwise, the time at which the person vacated office."

(5) After subsection (2) insert—

"(2A) Where the person is removed from office by a decision of the company's creditors, any decision of the company's creditors as to whether the person should have his release must be made by a qualifying decision procedure."

43 (1) Section 174 (release of liquidator in compulsory winding up) is amended as follows.

(2) In subsection (2)(a), for "a general meeting of" substitute "the company's".

(3) In subsection (4), for paragraphs (a) and (b) substitute—

"(a) in the following cases, the time at which notice is given to the court in accordance with the rules that the person has ceased to hold office—

(i) the person has been removed from office by a decision of the company's creditors and the company's creditors have not decided against his release,

(ii) the person has died;

(b) in the following cases, such time as the Secretary of State may, on the application of the person, determine—

(i) the person has been removed from office by a decision of the company's creditors and the company's creditors have decided against his release;

(ii) the person has been removed from office by the court or the Secretary of State;

(iii) the person has vacated office under section 172(5) or (7);".

(4) In subsection (4)(d), for sub-paragraphs (i) and (ii) substitute—

(i) if any of the company's creditors objected to the person's release before the end of the period for so objecting prescribed by the rules, such time as the Secretary of State may, on an application by that person, determine, and

(ii) otherwise, the time at which the person vacated office."

(5) After subsection (4) insert—

"(4ZA) Where the person is removed from office by a decision of the company's creditors, any decision of the company's creditors as to whether the person should have his release must be made by a qualifying decision procedure."

44 Omit section 194 (resolutions passed at adjourned meetings).

45 (1) Section 195 (meetings to ascertain wishes of creditors or contributories) is amended as follows.

(2) In subsection (1)(b), for the words from "meetings" to the end substitute "qualifying decision procedures to be instigated or the deemed consent procedure to be used in accordance with any directions given by the court, and appoint a person to report the result to the court".

(3) In the heading, for "Meetings" substitute "Court's powers".

46 (1) Section 201 (voluntary winding up - dissolution) is amended as follows.

(2) In subsection (1)—

(a) omit "and return";

(b) after "or" insert "his final account and statement under".

(3) In subsection (2)—

(a) for "and return" substitute " , or the account and statement,";

(b) after "register" insert "it or";

(c) for "the return" substitute "the account".

47 In section 202(3) (early dissolution in England and Wales) after "creditors" insert " , other than opted-out creditors,".

48 In section 204(2) (early dissolution: Scotland) for "meeting or meetings" substitute "liquidator has been appointed".

49 (1) Section 205 (compulsory winding up - dissolution) is amended as follows.

(2) For subsection (1)(a) substitute—

"(a) a final account and statement sent under section 146(4) (final account);".

(3) In subsection (2)—

- (a) after “receipt of” insert “the final account and statement or”;
- (b) after “register” insert “them or”;
- (c) omit the second “of the notice”.

50 In section 208(2) (misconduct in course of winding up), for “at any meeting” substitute “in connection with any qualifying decision procedure or deemed consent procedure”.

51 (1) Schedule 10 (offences) is amended as follows.

(2) For the entries for section 94(4) and (6) substitute—

“94(4)	Liquidator failing to send to company members a copy of account of winding up	Summary	Level 3 on the standard scale	
94(5)	Liquidator failing to send to registrar a copy of account of winding up	Summary	Level 3 on the standard scale	One tenth of level 3 on the standard scale”

(3) Omit the entry for section 98(6).

(4) In the entry for section 99(3), in column 2, for the words from “attend” to “meeting” substitute “send statement in prescribed form to creditors”.

(5) After the entry for section 99(3) insert—

“100(9)	Directors failing to seek creditors’ agreement to appointment of liquidator 2. Summary	1. On indictment In England and Wales, a fine.	A fine In Scotland, a fine not exceeding the statutory maximum.	”
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(6) For the entries for section 106(4) and (6) substitute—

“106(5)	Liquidator failing to send to company members and creditors a copy of account of winding up	Summary	Level 3 on the standard scale	
106(6)	Liquidator failing to send to registrar a copy of account of winding up	Summary	Level 3 on the standard scale	One tenth of level 3 on the standard scale ”

Other provision

52 (1) Section 246A (remote attendance at meetings) is amended as follows.

(2) In subsection (1), for the words from “applies to” to the end substitute “applies to any meeting of the members of a company summoned by the office-holder under this Act or the rules, other than a meeting of the members of the company in a members’ voluntary winding up.”

(3) In subsection (8) for “creditors, members or contributories” substitute “members”.

(4) In subsection (9)(c), for the words from “made” to “of members,” substitute “made”.

53 In section 387(2A) (definition of “relevant date”) for “meetings to consider” substitute “consideration of”.

54 In section 433(3)(a) (admissibility of evidence in statement of affairs etc) omit “98(6).”

55 (1) Section 434B (representation of companies at meetings) is amended as follows.

(2) In subsection (1), for paragraph (a) substitute—

“(a) in a qualifying decision procedure, held in pursuance of this Act or of rules made under it, by which a decision is sought from the creditors of a company, or”.

(3) In the heading, after “corporations” insert “in decision procedures and”.

56 In Schedule 8, after paragraph 9 insert—

9A Provision about how a company’s creditors may nominate a person to be liquidator, including in the case of a voluntary winding up provision conferring functions on the directors of the company.”

57 (1) Paragraph 10 of Schedule 8 (power to make provision about creditors committees etc) is amended as follows.

(2) In sub-paragraph (1)—

(a) after “to the” insert “establishment,”;

(b) for “established under” substitute “provided for by”.

(3) In sub-paragraph (2)—

(a) in paragraph (a), omit “a meeting of” in both places;

(b) in paragraph (b), for “a meeting of” substitute “seeking a decision from”.

PART 2

INDIVIDUAL INSOLVENCY

Introductory

58 The Insolvency Act 1986 is amended in accordance with this Part of this Schedule.

Individual voluntary arrangements

59 (1) Section 256 (nominee’s report on debtor’s proposal) is amended as follows.

(2) At the end of subsection (1)(a) insert “and”.

(3) In subsection (1)(aa)—

(a) for “a meeting of the debtor’s creditors should be summoned to” substitute “the debtor’s creditors should”;

(b) omit “, and”.

(4) Omit subsection (1)(b).

(5) In subsection (5) for “a meeting of the debtor’s creditors should be summoned to” substitute “the debtor’s creditors should”.

(6) In subsection (6), for “a meeting of the debtor’s creditors to be summoned” substitute “the debtor’s creditors”.

60 (1) Section 256A (nominee’s report on debtor’s proposal) is amended as follows.

(2) At the end of subsection (3)(a) insert “and”.

(3) In subsection (3)(b)—

(a) for “a meeting of the debtor’s creditors should be summoned to” substitute “the debtor’s creditors should”;

(b) omit “, and”.

(4) Omit subsection (3)(c).

61 In the heading before section 257, for “meeting” substitute “decisions”.

62 (1) Section 257 (summoning of creditors’ meeting) is amended as follows.

(2) For subsections (1) and (2) substitute—

“(1) This section applies where it has been reported to the court under section 256 or to the debtor’s creditors under section 256A that the debtor’s creditors should consider the debtor’s proposal.

(2) The nominee (or the nominee’s replacement under section 256(3) or 256A(4)) must seek a decision from the debtor’s creditors as to whether they approve the proposed voluntary arrangement (unless, in the case of a report to which section 256 applies, the court otherwise directs).

(2A) The decision is to be made by a creditors' decision procedure.

(2B) Notice of the creditors' decision procedure must be given to every creditor of the debtor of whose claim and address the nominee (or the nominee's replacement) is aware."

(3) In subsection (3)(b), for "meeting" substitute "creditors' decision procedure".

(4) For the heading substitute "Consideration of debtor's proposal by creditors".

63 (1) Section 258 (decision of creditors' meeting) is amended as follows.

(2) For subsection (1) substitute—

"(1) This section applies where under section 257 the debtor's creditors are asked to decide whether to approve the proposed voluntary arrangement."

(3) In subsections (2), (4) and (5) for "meeting" (in each place) substitute "creditors".

(4) In subsection (2)—

(a) after "with" insert "or without";

(b) for "do so" insert "approve it with modifications".

(5) Omit subsection (6).

(6) For the heading substitute "Approval of debtor's proposal".

64 (1) Section 259 (report of decisions to court) is amended as follows.

(2) For subsection (1) substitute—

"(1) When pursuant to section 257 the debtor's creditors have decided whether to approve the debtor's proposal (with or without modifications), the nominee (or the nominee's replacement under section 256(3) or 256A(4)) must—

(a) give notice of the creditors' decision to such persons as may be prescribed, and

(b) where the creditors considered the debtor's proposal pursuant to a report to the court under section 256(1)(aa), report the creditors' decision to the court."

(3) In subsection (2), for "meeting has" substitute "creditors have".

65 (1) Section 260 (effect of approval) is amended as follows.

(2) In subsection (1) for "the meeting summoned under section 257 approves" substitute "pursuant to section 257 the debtor's creditors decide to approve".

(3) In subsection (2)—

(a) in paragraph (a) for "at the meeting" substitute "at the time the creditors decided to approve the proposal";

(b) in paragraph (b)(i) for the words from "at the" to "it" substitute "in the creditors' decision procedure by which the decision to approve the proposal was made".

(4) In subsection (4) for "meeting" substitute "decision".

66 (1) Section 261 (additional effect on undischarged bankrupt) is amended as follows.

(2) In subsection (1)(a), for "the creditors' meeting summoned under section 257 approves" substitute "pursuant to section 257 the debtor's creditors decide to approve".

(3) In subsection (3)(a), for "decision of the creditors' meeting" substitute "creditors' decision".

67 (1) Section 262 (challenge of meeting's decision) is amended as follows.

(2) In subsection (1)(a), for "a creditors' meeting summoned under" substitute "a decision of the debtor's creditors pursuant to".

(3) In subsection (1)(b), for "at or in relation to such a meeting" substitute "in relation to a creditors' decision procedure instigated under that section".

(4) In subsection (2)(b)(i), for "at the creditors' meeting" substitute "in the creditors' decision procedure".

(5) In subsection (3)(b)—

(a) for "creditors' meeting" substitute "creditors' decision procedure";

(b) for "the meeting had taken place" substitute "a decision as to whether to approve the proposed voluntary arrangement had been made".

(6) In subsection (4)(a) for "the meeting" substitute "a decision of the debtor's creditors".

(7) For subsection (4)(b) substitute—

"(b) direct any person to seek a decision from the debtor's creditors (using a creditors' decision procedure) as to whether they approve—

(i) any revised proposal the debtor may make, or

(ii) in a case falling within subsection (1)(b), the debtor's original proposal."

(8) In subsection (5)—

(a) for "for the summoning of a meeting to consider" substitute "in relation to";

(b) for "given at the previous meeting" substitute "previously given by the debtor's creditors".

(9) In subsection (7), for "meeting", in each place, substitute "decision".

(10) In subsection (8), for the words from "an approval" to the end substitute "the approval of a voluntary arrangement by a decision of the debtor's creditors pursuant to section 257 is not invalidated by any irregularity in relation to the creditors' decision procedure by which the decision was made."

(11) In the heading for "meetings" substitute "creditors".

68 In section 262B(1) (prosecution of delinquent debtors), for "creditors' meeting summoned under" substitute "decision of the debtor's creditors pursuant to".

69 In section 262C (arrangements coming to an end prematurely), for "creditors' meeting summoned under" substitute "decision of the debtor's creditors pursuant to".

70 In section 263(1) (implementation and supervision of approved voluntary arrangement), for "creditors' meeting summoned under" substitute "decision of the debtor's creditors pursuant to".

Bankruptcy

71 In section 276(1)(b)(ii) (default in connection with voluntary arrangement) for "at or in connection with a meeting summoned" substitute "in connection with a creditors' decision procedure instigated".

72 In section 283(4)(a) (definition of bankrupt's estate), for the words from "a meeting" to "held" substitute "the trustee of that estate has vacated office under section 298(8)".

73 In section 287(3)(c) (powers of interim receiver), for "summon a general meeting of" substitute "seek a decision on a matter from".

74 In section 296(5) (trustee to give notice relating to creditors' committees), for paragraphs (a) and (b) substitute "explain the procedure for establishing a creditors' committee under section 301."

75 (1) Section 298 (trustee's vacation of office) is amended as follows.

(2) In subsection (1), for "general meeting of the bankrupt's creditors summoned" substitute "decision of the bankrupt's creditors made by a creditors' decision procedure instigated".

(3) In subsection (4)—

(a) for "general meeting of the bankrupt's creditors shall be summoned" substitute "creditors' decision procedure may be instigated";

(b) in paragraph (c)—

(i) omit "the meeting is requested by";

(ii) after "bankrupt's creditors" insert "so requests".

(4) After subsection (4) insert—

"(4A) Where a bankrupt's creditors are asked to decide whether a trustee other than the official receiver should be removed they must also be asked to decide (using a creditors' decision procedure) whether, if the trustee is removed, he shall have his release."

(5) In subsection (8), for the words from “a final” to the end substitute “the trustee has given notice under section 331(2).”

(6) After subsection (8) insert—

“(8A) A notice under subsection (8)—

- (a) must not be given before the end of the period prescribed by the rules as the period within which the creditors may object to the trustee’s release, and
- (b) must state whether any of the bankrupt’s creditors objected to the trustee’s release.”

76 (1) Section 299 (release of trustee) is amended as follows.

(2) In subsection (1)(a), omit “a general meeting of”.

(3) In subsection (3), for paragraphs (a) and (b) substitute—

“(a) in the following cases, the time at which notice is given to the court in accordance with the rules that the person has ceased to hold office—

- (i) the person has been removed from office by a decision of the bankrupt’s creditors and the creditors have not decided against his release,
- (ii) the person has died;

(b) in the following cases, such time as the Secretary of State may, on an application by the person, determine—

- (i) the person has been removed from office by a decision of the bankrupt’s creditors and the creditors have decided against his release,
- (ii) the person has been removed from office by the court or by the Secretary of State,
- (iii) the person has vacated office under section 298(6);”.

(4) In subsection (3)(d), for paragraphs (i) and (ii) substitute—

- (n) (i) if any of the bankrupt’s creditors objected to the person’s release before the end of the period for so objecting prescribed by the rules, such time as the Secretary of State may, on an application by that person, determine, and
- (ii) otherwise, the time at which the person vacated office.”

(5) After subsection (3) insert—

“(3A) Where the person is removed from office by a decision of the bankrupt’s creditors, any decision of the bankrupt’s creditors as to whether the person should have his release must be made by a qualifying decision procedure.”

77 (1) Section 300 (vacancy in office of trustee) is amended as follows.

(2) In subsection (3)—

- (a) for “summon a general meeting of” substitute “in accordance with the rules seek a nomination from”;
- (b) for the words from “shall” to the end substitute “must seek a nomination if requested to do so by not less than one-tenth in value of the bankrupt’s creditors.”

(3) After subsection (3) insert—

“(3A) The person (if any) nominated by the creditors is to be the trustee.”

(4) In subsection (4) for the words from “summoned” to “meeting of” substitute “sought, and is not proposing to seek, a nomination from the bankrupt’s”.

(5) In subsection (8) for the words from “holding” to “331” substitute “vacation of office by the trustee under section 298(8)”.

78 (1) Section 301 (creditors’ committees) is amended as follows.

(2) In subsection (1), for the words from “general” to “otherwise” substitute “bankrupt’s creditors”.

(3) In subsection (2)—

- (a) for “A general meeting of the” substitute “The”;
- (b) for “an appointment made by that meeting” substitute “the appointment”.

79 In section 314(7) (trustee’s power and duty to summon creditors’ meeting)—

- (a) for “summon a general meeting of” substitute “seek a decision on a matter from”;
- (b) for “summon such a meeting” substitute “seek a decision on a matter”.

80 In section 330 (final distribution), after subsection (1) insert—

“(1A) A notice under subsection (1)(b) need not be given to opted-out creditors.”

81 (1) Section 331 (final meeting) is amended as follows.

(2) For subsection (2) substitute—

“(2) The trustee must give the bankrupt’s creditors (other than opted-out creditors) notice that it appears to the trustee that the administration of the bankrupt’s estate is for practical purposes complete.

(2A) The notice must—

- (a) be accompanied by a report of the trustee’s administration of the bankrupt’s estate;
- (b) explain the effect of section 299(3)(d) and how the creditors may object to the trustee’s release.”

(3) Omit subsections (3) and (4).

(4) In the heading, for “meeting” substitute “report”.

82 In section 332(2) (bankrupt’s home), for “summon a meeting under section 331” substitute “give notice under section 331(2)”.

83 In section 356(2)(c) (offence of making false statements)—

- (a) for “at any meeting of his creditors” substitute “in connection with any creditors’ decision procedure or deemed consent procedure”;
- (b) for “at such a meeting” substitute “in connection with such a procedure”.

84 In Schedule 9, after paragraph 12 insert—

12A Provision about how a bankrupt’s creditors may nominate a person to be trustee.”

85 In paragraph 13 of Schedule 9 (creditors’ committee)—

- (a) after “to the” insert “establishment,”;
- (b) for “established under” substitute “provided for by”.

Other provision

86 Omit section 379A (remote attendance at meetings) and the heading before it.—(*Matthew Hancock.*)

This amendment introduces a Schedule that removes requirements to hold meetings for creditors and contributories, and makes provision for notices that will no longer be sent to opted-out creditors. It also removes the requirement to hold a company general meeting on the completion of a winding up.

Brought up, read the First and Second time, and added to the Bill.

Matthew Hancock: On a point of order, Mr Brady. I would like to take the opportunity to thank you and your fellow Chairmen for your exceptional chairmanship of the Committee. At this point, it is normal for the lead Minister to say, “It has been a pleasure to serve under your chairmanship,” and it really has been. Your guidance to those of us who were new to the experience of leading a Bill through Committee has been—how shall I put it?—necessary, and extremely gratefully received.

This is the first ever small business Bill, and I thank first and foremost my hon. Friend the Member for Oxford West and Abingdon (Nicola Blackwood), who has supported me as my Parliamentary Private Secretary and is recovering well; my hon. Friend the Member for Newark, who stepped in when she was taken ill and is sitting behind me now; and our Whip, my hon. Friend the Member for Central Devon, who has worked hard, along with the Opposition Whip, to keep us to time. There has been much collaboration on the logistical arrangements, if not always on the votes.

Furthermore, I extend my thanks to those who have worked behind the scenes to help the Committee to run smoothly, including the Clerks, *Hansard*, the doorkeepers

and especially my officials from the seven Departments involved in this Bill: the Department for Business, Innovation and Skills, the Treasury, HMRC, UK Export Finance, the Department for Education, the Cabinet Office, the Department for Communities and Local Government, and particularly my Bill team, who have been tremendous and worked incredibly hard during preparation of the Bill and for whom there is yet more fun to come.

I thank all members of the Committee, not least for the way in which we have conducted our proceedings and debates, which in almost their entirety has been positive. We have had good and thorough debate. Finally, I thank my fellow Minister. The teamwork at ministerial level has been enjoyable and successful.

We have scrutinised the Bill thoroughly and in full. We have not been constrained by time.

“Some people see private enterprise as a predatory target to be shot, others as a cow to be milked, but few are those who see it as a sturdy horse pulling the wagon.”

So said Sir Winston Churchill. He was a great man and he was right.

We are committed to seeking the best ways to support small businesses to make Britain the best place in the world to start and to grow businesses. I look forward to the Bill's continued scrutiny on Report as we continue in this task. I thank all involved and look forward to the Bill's swift passage into law.

Toby Perkins: I would like to add my thanks on behalf of my hon. Friends to you, Mr Brady, and to the other Chairs. You missed a real treat in a sitting that

Mr Robertson chaired, but you will have to read about that in *Hansard*. All the Chairs have done a tremendous job.

I also thank all the people who have supported the Committee's work, including the people on the Bill Committee team who have supported us with many excellent amendments that the Government have chose not to support and the one they did support, even if that was inadvertent. I thank the Minister's Bill team. I had the impression that we were often hearing speeches at exactly the same time as he was. It was good that he was at least able to follow them. That helped the smooth running of the Committee.

Finally, I thank everyone who has been on the Committee, which has been conducted constructively and helpfully. We look forward to its further passage and hope that it continues to be in that constructive vein. There is no question but that small businesses are incredibly important to the future growth of our economy. They are the lifeblood of our economy and we should all be working as hard as we can to give them the support they need to help Britain on its path towards recovery.

The Chair: I add my thanks to the Clerks, those who have supported the Committee and members of the Committee for good humour and good manners, at least when I have been in the Chair. I have one last, pleasant duty to perform: to put the final question.

Bill, as amended, to be reported.

3.14 pm

Committee rose.

Written evidence reported to the House

SB 70 David Morgan

SB 71 AGMA

SB 72 The Punch Tenant Network – supplementary

SB 73 The Punch Tenant Network – supplementary

SB 74 Federation of Licensed Victuallers Associations

SB 75 J Mark Dodds

SB 76 Dr N. Orkun Akseli

SB 77 Paul Davies

SB 78 Ms R Gresham

SB 79 Bates Wells Braithwaite

SB 80 Hilton-Baird Financial Solutions

SB 81 Institute of Chartered Accountants of Scotland

SB 82 Reading Borough Council

SB 83 Punch Taverns plc — supplementary

SB 84 Minister for Employment Relations and Consumer
Affairs and Minister for Women and Equalities