



The Insolvency  
Service

# Continuity of supply of essential services to insolvent businesses

Consultation

July 2014

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## Foreword from Jo Swinson MP

The Enterprise and Regulatory Reform Act 2013 introduced new powers to help ensure continuity of certain essential supplies to insolvent businesses. The aim is to help businesses to be rescued from insolvency. Rescuing struggling but viable businesses will save jobs and should improve the amounts returned to creditors.

The issues raised are complex and I recognise that there is a balance to be struck between the interests of all stakeholders where businesses are experiencing financial difficulty.

Insolvency practitioners, who play an important role in rescuing struggling businesses, have long argued that the actions of some essential suppliers in insolvency are hindering otherwise viable rescues. The Government also recognises that the interests of essential suppliers should be protected. The powers therefore contain strong safeguards to protect their interests.

This consultation invites views on the detail of the exercise of these powers.



Jo Swinson MP

Parliamentary Under-Secretary of State for Employment Relations and Consumer Affairs

Department for Business, Innovation and Skills

## How to respond

1. When responding please state whether you are doing so as an individual or whether you are representing the views of an organisation. If responding on behalf of an organisation, please make it clear who the organisation represents and, where applicable, how the views of members were assembled.
2. This consultation was published on 8 July 2014 and will close on 8 October 2014. We encourage responses as early as possible to assist us in accelerating the process of considering replies.
3. A response can be submitted by email or letter to:

Policy Unit  
The Insolvency Service  
4 Abbey Orchard Street  
London  
SW1P 2HT

Telephone: 020 7637 1110

Email: [Policy.Unit@insolvency.gsi.gov.uk](mailto:Policy.Unit@insolvency.gsi.gov.uk)

4. This consultation may be of interest to:
  - suppliers of utilities and IT goods or services
  - creditors
  - business owners and directors
  - insolvency practitioners
  - rescue professionals
  - the legal profession

## Additional copies

5. This consultation can be found at: [www.bis.gov.uk/insolvency/Consultations](http://www.bis.gov.uk/insolvency/Consultations). You may make additional copies without seeking permission. Under Cabinet Office guidelines consultations are digital by default but if required printed copies of the consultation document can be obtained from:

BIS Publications Orderline  
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London SW1W 8YT  
Tel: 0845-015 0010  
Fax: 0845-015 0020  
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## **Confidentiality and data protection**

6. Information provided in response to this consultation, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004). If you would like information, including personal data that you provide, to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidentiality.
7. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic disclaimer generated by your IT system, will not, of itself, be binding on The Insolvency Service.

## **Help with queries**

8. Questions about the policy issues raised in the document can be addressed to Policy Unit at The Insolvency Service (contact details as above).

## **What happens next?**

9. The Government will consider the responses received in deciding how to exercise the relevant powers. A response will be published on The Insolvency Service website at [www.bis.gov.uk/insolvency/Consultations](http://www.bis.gov.uk/insolvency/Consultations).

## Background

10. This consultation seeks views on the exercise of powers taken in the Enterprise and Regulatory Reform Act 2013 (“ERR Act”) to ensure continuity of supply of utilities (including gas, water, electricity and communication services) and IT goods or services to insolvent businesses. Details of the powers are contained in Annex A, a draft statutory instrument is contained at Annex B and an impact assessment outlining potential costs and benefits is contained at Annex C.
11. The powers taken in the ERR Act enable the Government to build upon existing legislative provisions contained within the Insolvency Act 1986 relating to the protection of supply of essential utility services for insolvent businesses. The Government’s objective in exercising the powers is to ensure that insolvency practitioners are more effectively able to rescue viable businesses, whilst ensuring that adequate safeguards are in place for suppliers.
12. One of the key factors in undertaking a business rescue is the willingness of certain suppliers to continue to supply their services during formal insolvency. Many business supplies (such as utilities and IT goods or services) are critical to a business’s day-to-day functioning. Without these supplies, businesses cannot continue to operate. When a business enters insolvency, such essential suppliers may take a number of actions that can severely impede any chances of business rescue (even if their invoices are being paid on time and in full). For example, some essential suppliers, such as those supplying essential IT services, may withdraw their services altogether, even though they may be essential for the preservation of the business.
13. Because they have the power to withdraw supplies, essential suppliers are able to demand additional ‘ransom’ payments before they agree to continue to provide the services they were providing before the insolvency. Essential suppliers may also put businesses on more expensive tariffs, or change the terms of the supply more generally, as a result of them entering formal insolvency.
14. Demanding ‘ransom’ payments, or varying the terms of supply, can put even greater pressure on the finances of an insolvent business at a critical time, damaging the chances of survival by preventing funds from being used to facilitate a rescue. Such payments may also result in certain creditors effectively receiving ‘preferential’ treatment at the expense of other creditors, obviating the basic insolvency principle of all creditors in the same class being treated equally, and potentially resulting in lower returns to other creditors.
15. The current legislation dates from 1986, which itself derived from the Cork Report (published in June 1982), which looked at the modernisation and reform of UK insolvency law and also considered potential opportunistic behaviour by certain utility suppliers. At that time such suppliers largely operated as nationalised providers on a monopolistic basis. This consideration led to specific statutory provision in the form of sections 233 and 372 of the

Insolvency Act 1986. These provisions do not in themselves provide for the enforced continuity of supply of utility services, but rather seek to ensure that such suppliers are not put in a preferential position by being able to demand payment of outstanding charges as a condition of continuing supply. At that time, the obligation to supply derived from utilities legislation, which differed between sectors and according to the type of customer supplied.

16. The Cork report argued that the specific statutory powers available to utility suppliers to disconnect supply on the grounds of non-payment put those suppliers in a preferential position in insolvency, because they could demand full settlement of all outstanding debts as a pre-condition for continuing or resuming supply.
17. The existing sections 233 and 372 of the Insolvency Act 1986 seek to remedy this 'unfair' effect, by effectively treating the insolvency office-holder as a new customer with a statutory right to receive supplies, irrespective of any pre-existing debts. The debates during passage of the ERR Act recognised that commercial practice and supplier behaviour has moved on considerably since 1986 following the deregulation of the utilities sector, and that the existing provisions may not effectively ensure continuity of supply of utilities, particularly where supply is through an intermediate provider (known as an 'on-seller'). It was recognised that it was important for an insolvent business to be able to continue to obtain essential supplies and these extended to IT as well as utility supplies. Such services cannot readily be sourced from alternative suppliers and will be essential to the survival of most businesses.
18. This consultation considers how the powers contained in the ERR Act may be exercised, and is concerned with the continuity of supply of utilities and IT goods or services. The Government recognises that, when exercised, the powers will override contractual rights, and believes that such interference is only justified where absolutely necessary. Strong safeguards are provided for suppliers, both through the right to withdraw supply if they are not paid and the ability to seek a personal guarantee from the insolvency practitioner.
19. The Government is keen to hear views on what the likely impacts will be, in order that the interests of all concerned may be taken into account in framing the provisions. The Government's intention is that only those supplies that are necessary for enabling or facilitating the ongoing infrastructure of the insolvent business should be subject to the provisions.
20. The Government will consider the responses received in deciding how to exercise these powers through secondary legislation, which will be subject to affirmative resolution by each House of Parliament. The exercise of the powers will not have any retrospective effect so contracts of supply already in force will be unaffected.
21. The main themes covered by the powers contained in the ERR Act are addressed separately below, and views are invited on the approach taken to implementing the powers in the draft statutory instrument at Annex B.

## Proposed changes

### 1. Applying existing provisions to 'on-sellers' of utility supplies

22. Sections 233(3) and 372(4) of the Insolvency Act 1986 prevent utility suppliers from demanding payment of outstanding charges as a condition of continuing supply, but allows them to make it a condition of giving the supply that the office-holder personally guarantees payment of charges. The new powers within the ERR Act enable the Government to widen the scope of utility suppliers subject to these provisions by extending the application of sections 233(3) and 372(4) to other specified suppliers.
23. The Government is aware that commercial practice and supplier behaviour has moved on considerably since this issue was last considered in the early 1980s. One area that has changed significantly since 1986 (when sections 233 and 372 came into being) is the fragmentation of the utilities and telecoms market. This has led to differences in interpretation and application surrounding existing obligations, particularly in the context of intermediate providers (or 'on-sellers') of utilities and telecoms services and equipment. These suppliers are not generally considered to be covered by the current provisions, even though they can be crucial to the continuity of the insolvent business.
24. For example, in retail businesses, a number of different IT and telecoms services are often used to run store and till equipment and to accept credit card payments. Similarly, landlords can charge tenants for the supply of electricity or other services, and because they are not a direct supplier but an 'on-seller', they are often not considered to be covered by the current provisions.
25. The Government's intention is that the scope of the current provisions should be extended so as to specifically apply to 'on-sellers' of utility and telecoms services, to reflect the way the utility and telecoms markets have evolved and deregulated since the current provisions were enacted. Whilst there is no statutory definition of what constitutes an 'on-seller', the Government believes that any supplier of utility or telecoms services that carries on a business of giving such supplies should be subject to the provisions. It is anticipated that this would include all 'on-sellers' where they are the party that directly supplies an insolvent business.
26. The draft statutory instrument contained at Annex B amends sections 233(3) and 372(4) of the Insolvency Act 1986, by **inserting new sub-sections 233(3)(e) and 372(4)(e)**. These new provisions are intended to bring all suppliers of utility and telecoms services within scope so as to include 'on-sellers'. Whilst suppliers of IT goods or services are not presently covered by these provisions, it also the Government's intention to bring such suppliers, including on-sellers of IT goods or services, within scope, as outlined in Section 2 below). It is not the Government's intention that any supplies made for wholesale purposes be subject to the provisions.

- Q1. Do you agree that the proposed amendments to sections 233 and 372 will be effective in bringing on-sellers of utility and IT services within scope of the existing provisions?**
- Q2. Do you agree that the amendments will be effective in preventing supplies made for wholesale purposes from becoming subject to the provisions?**

## **2. Adding IT suppliers to the list of utility suppliers covered by sections 233 and 372**

27. Sections 233 and 372 currently prevent gas, electricity, water and providers of telecoms services from demanding payment of outstanding charges as a condition of continuing supply. The powers in the ERR Act allow the Government to add to that list supplies which enable or facilitate anything to be done by electronic means (IT goods or services).
28. Business practice and the business environment has changed considerably since these provisions came into force at a time when generally speaking only utility supplies were deemed essential for a business to continue to operate. Whilst every business will have particular services or supplies which will be essential to its continuing operation, IT goods or services are now a crucial aspect of the modern business landscape and are essential for most businesses to operate.
29. IT supplies may include a range of different services, including computer software or hardware, accounting software, server providers, cloud storage, electronic payment systems and website hosting services. Many of these, and other, IT goods or services will be essential in ensuring that a business is able to continue to interact with customers, receive and process payments and generate income.
30. The Government believes that it would aid business rescue if suppliers of IT services, including 'on-sellers' of such services, were brought within the scope of sections 233 and 372, reflecting the importance of IT services in the modern business environment.
31. The draft statutory instrument amends sections 233 and 372 to include suppliers of IT services, by **inserting new sub-sections 233(3)(f) and 372(4)(f)**. The type of IT goods or services subject to the provisions are referred to in **new sub-sections 233(3A) and 372(4A)**.

- Q3. Do you agree that the proposed changes will be effective in bringing suppliers of IT goods or services within the scope of sections 233 and 372?**
- Q4. Do you agree with the proposed approach to specify types of IT goods or services that should be brought within the scope of sections 233 and 372? If not, would a more generic definition of IT services be preferable?**
- Q5. Are there any other types of IT goods or services that you believe should be brought within the scope of sections 233 and 372? (Please be as specific as possible)**

### **3. Ensuring continuity of utility and IT supplies by preventing reliance on insolvency termination clauses**

32. Sections 233 and 372 of the Insolvency Act 1986 do not in themselves provide for the continuity of supply of utility services, as this obligation derived from utilities legislation. Neither is there a requirement for IT suppliers to continue to supply an insolvent business. They may therefore withdraw their supply by relying on clauses in supply contracts which terminate the contract on the onset of formal insolvency (known as 'termination clauses').
33. The powers in the ERR Act allow the Government to render void termination clauses which allow suppliers to withdraw their supply or where the contract automatically terminates when a business enters administration or a voluntary arrangement takes effect. The powers also allow the Government to render void contract terms which automatically, or provide a supplier the entitlement to, increase the charges of supply on account of the business entering insolvency (so called 'ransom' payments) or do any other thing, when the business enters administration or a voluntary arrangement takes effect.
34. Termination clauses are found in many commercial agreements and are a means by which the agreement terminates automatically or gives the right to a party to terminate an agreement on the occurrence of certain events (almost invariably including insolvency of the other party). Where a business is subject to insolvency proceedings, the triggering of a termination clause in contracts with key suppliers can have the effect of preventing a successful restructuring or recovery by disrupting the supply of essential services to the business.
35. The right of parties to contract freely and to manage the risk that their counterparty is unable to meet their obligations under the contract (due to their financial failure) is an important and fundamental concept in English Law. We believe though that this should be balanced against the possibility that it enables opportunistic suppliers to unfairly exact preferential terms ('ransom' payments) as a condition of continued supply, at the expense of other creditors.

36. The Cork Report recognised these problems, drawing a distinction between the (then) public utility providers and private suppliers, who were regarded as generally “doing no more than to exploit the commercial advantages of their position”. Insolvency practitioners indicate that the practice of demanding ‘ransom’ payments is significantly undermining their ability to rescue otherwise viable businesses.
37. The Government recognises that preventing utility and IT suppliers from relying on termination clauses will interfere with the right to freedom of contract, and believes that such interference is only justified where absolutely necessary. These powers are therefore restricted to the main business rescue procedures, that is; administration, company voluntary arrangements and individual voluntary arrangements in cases where the individual has been carrying on a business.
38. When exercised, the powers will require utility and IT suppliers to continue their supply to an insolvent business, subject to a number of safeguards. Those safeguards include the ability to request a personal guarantee from the insolvency office-holder as a condition of continuing supply, and the ability to withdraw supply if any charges in respect of that supply are not paid within the period of 28 days beginning with the day on which payment is due. The supplier will also be able to apply to the court for permission to terminate the contract if they believe that being required to continue to supply will cause them undue hardship.
39. The ability to request a personal guarantee from the insolvency office-holder as a condition of continuing supply reflects a safeguard already contained within sections 233 and 372 of the Insolvency Act 1986. The powers to prevent reliance on termination clauses also contain provision for exceptions to be provided to the ability to request a personal guarantee from the office-holder. Such an exception could be, for example, where the supplier has obtained a guarantee from a third party. The Government is keen to hear views on whether exceptions should be provided to the ability to request a personal guarantee from the insolvency office-holder, and in what circumstances such exceptions would be appropriate.
40. It is also important to recognise that supplies made to an insolvent business pursuant to these requirements will, in the case of administration, rank as an expense of the procedure. This means that such suppliers would generally have priority of payment over other creditors, including the insolvency office-holder’s remuneration. In practice it is therefore anticipated that it would be highly unlikely for any supplies made to an insolvent business in administration to remain unpaid.
41. Notwithstanding these safeguards, the Government recognises that preventing utility and IT suppliers from relying on their contractual rights to terminate supply may affect the willingness of suppliers to make decisions to supply, and could have an impact on the cost of that supply. The Government is therefore keen to hear views on the adequacy of the safeguards, and what the likely impacts may be on the cost of supply.

42. The draft statutory instrument **inserts new sections 233A and 372A** into the Insolvency Act 1986 which will prevent those utility and IT suppliers already subject to sections 233 and 372 from relying on insolvency termination clauses.
43. These new sections also contain the safeguards for suppliers outlined in paragraph 39 above. Specific provision is made for the process by which utility and IT suppliers may request a personal guarantee from the insolvency office-holder as a condition of continuing supply, in **new sub-sections 233A(4) and 372A(4)**. The proposed process provides a window of 14 days from the onset of insolvency for the supplier to give written notice to the insolvency office-holder that a personal guarantee is required. If no such guarantee is provided by the insolvency office-holder within a period of 14 days beginning with the day on which the notice is received, then the supplier may terminate the supply.
44. New sections 233A and 372A also seek to address the issue of ‘ransom’ payments, by giving a wide-ranging definition to insolvency-related terms of supply contracts which may not be relied upon by suppliers. The provisions are intended to prevent suppliers from relying on insolvency termination clauses or from doing any other thing because the business has entered a business rescue procedure. It is anticipated that this would prevent any change in the terms of supply (i.e. placing the insolvent business on a higher tariff) solely on the grounds that the insolvent business had entered a business rescue procedure.

- Q6. Do you consider that new sections 233A and 372A will be effective in preventing suppliers of utility and IT goods and services from relying on insolvency termination clauses?**
- Q7. Do you consider that new sections 233A and 372A will be effective in preventing suppliers of utility and IT goods and services from demanding ‘ransom’ payments as a condition of continuing supply?**
- Q8. Do you believe that the safeguards provided for suppliers are adequate?**
- Q9. What, if any, exceptions should be provided from the ability to seek a personal guarantee from the insolvency office-holder as a condition of continuing supply?**
- Q10. What impact, if any, do you believe the changes would have on the pricing of contracts in relation to;**
- a) utility supplies**
  - b) IT goods or services**
- Q.11 Can you foresee any practical difficulties arising from the proposed changes?**

## **Annex A: ERR Act 2013 provisions (sections 92-95)**

*Insolvency: protection of essential supplies*

### **92 Power to add to supplies protected under Insolvency Act 1986**

(1) The Secretary of State may by order amend section 233 of the Insolvency Act 1986 so as to add to the supplies mentioned in subsection (3) of that section any of the following—

- (a) a supply of gas, electricity, water or communication services by a specified description of person;
- (b) a supply of a specified description of goods or services by a specified description of person where the supply is for the purpose of enabling or facilitating anything to be done by electronic means.

(2) The Secretary of State may by order amend section 372 of that Act of 1986 so as to add to the supplies mentioned in subsection (4) of that section any of the following—

- (a) a supply of gas, electricity, water or communication services by a specified description of person;
- (b) a supply of a specified description of goods or services by a specified description of person where the supply is for the purpose of enabling or facilitating anything to be done by electronic means.

(3) The power to make an order under this section includes power to make incidental, supplementary, consequential, transitional or saving provision, including doing so by amending any enactment.

(4) An order under this section must be made by statutory instrument.

(5) A statutory instrument containing an order under this section may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.

(6) In this section—

- “enactment” includes—
  - (a) an enactment contained in subordinate legislation (within the meaning of the Interpretation Act 1978),
  - (b) an enactment contained in, or in an instrument made under, an Act of the Scottish Parliament, and
  - (c) an enactment contained in, or in an instrument made under, a Measure or Act of the National Assembly for Wales; and
- “specified” means specified in the order.

### **93 Corporate insolvency: power to give further protection to essential supplies**

(1) The Secretary of State may by order make provision for insolvency-related terms of a contract for the supply of essential goods or services to a company to cease to have effect where—

- (a) the company enters administration or a voluntary arrangement under Part 1 of the Insolvency Act 1986 takes effect in relation to it, and

(b) any conditions specified in the order are met.

(2) The order must include provision for securing that, where an insolvency-related term of a contract ceases to have effect under the order, the contract may be terminated by the supplier if—

(a) an insolvency office-holder consents to the termination,

(b) a court grants permission for the termination, or

(c) any charges in respect of the supply that are incurred after the company enters administration or the voluntary arrangement takes effect are not paid within the period of 28 days beginning with the day on which payment is due.

(3) The order must include provision for securing that, where an insolvency-related term of a contract ceases to have effect under the order, the supplier may terminate the supply unless an insolvency office-holder personally guarantees the payment of any charges in respect of the continuation of the supply.

(4) The order may provide for exceptions to the right of a supplier to terminate a supply under provision made by virtue of subsection (3).

(5) The order must (in addition to the provision mentioned in subsections (2) and (3)) include such other provision as the Secretary of State considers appropriate for securing that the interests of suppliers are protected.

(6) A contract for the supply of essential goods or services is a contract for a supply mentioned in section 233(3) of the Insolvency Act 1986.

(7) An insolvency-related term of a contract for the supply of essential goods or services to a company is a provision of the contract under which—

(a) the contract or the supply would terminate, or any other thing would take place, because the company enters administration or the voluntary arrangement takes effect,

(b) the supplier would be entitled to terminate the contract or the supply, or to do any other thing, because the company enters administration or the voluntary arrangement takes effect, or

(c) the supplier would be entitled to terminate the contract or the supply because of an event that occurred before the company enters administration or the voluntary arrangement takes effect.

(8) In this section, “insolvency office-holder” means—

(a) in a case where a company enters administration, the administrator;

(b) in the case where a voluntary arrangement under Part 1 of the Insolvency Act 1986 takes effect in relation to a company, the supervisor of the voluntary arrangement.

## **94 Individual insolvency: power to give further protection to essential supplies**

(1)The Secretary of State may by order make provision for insolvency-related terms of a contract for the supply of essential goods or services to an individual to cease to have effect where—

(a)a voluntary arrangement proposed by the individual is approved under Part 8 of the Insolvency Act 1986, and

(b)any conditions specified in the order are met.

(2)The order must include a condition that ensures that an insolvency-related term of a contract for the supply of essential goods or services to an individual does not cease to have effect unless the supply is for the purpose of a business that is or has been carried on by the individual or with which the individual has or had another connection of a kind specified in the order.

(3)The order must include provision for securing that, where an insolvency-related term of a contract ceases to have effect under the order, the contract may be terminated by the supplier if—

(a)the supervisor of the voluntary arrangement consents to the termination,

(b)a court grants permission for the termination, or

(c)any charges in respect of the supply that are incurred after the voluntary arrangement proposed by the individual is approved are not paid within the period of 28 days beginning with the day on which payment is due.

(4)The order must include provision for securing that, where an insolvency-related term of a contract ceases to have effect under the order, the supplier may terminate the supply unless the supervisor of the voluntary arrangement personally guarantees the payment of any charges in respect of the continuation of the supply.

(5)The order may provide for exceptions to the right of a supplier to terminate a supply under provision made by virtue of subsection (4).

(6)The order must (in addition to the provision mentioned in subsections (3) and (4)) include such other provision as the Secretary of State considers appropriate for securing that the interests of suppliers are protected.

(7)A contract for the supply of essential goods or services is a contract for a supply mentioned in section 372(4) of the Insolvency Act 1986.

(8)An insolvency-related term of a contract for the supply of essential goods or services to an individual is a provision of the contract under which—

(a)the contract or the supply would terminate, or any other thing would take place, because the voluntary arrangement proposed by the individual is approved,

(b)the supplier would be entitled to terminate the contract or the supply, or to do any other thing, because the voluntary arrangement proposed by the individual is approved, or

(c) the supplier would be entitled to terminate the contract or the supply because of an event that occurred before the voluntary arrangement proposed by the individual is approved.

### **95 Sections 93 and 94: supplemental**

(1) The power to make an order under section 93 or 94 includes—

(a) power to make different provision for different cases;

(b) power to provide for a person to exercise a discretion in a matter;

(c) power to make incidental, supplementary, consequential, transitional or saving provision;

(d) power to make any provision that may be made by the order by amending the Insolvency Act 1986 or any other enactment.

(2) An order under either of those sections may not be made so as to have effect in relation to contracts entered into before the order come into force.

(3) An order under either of those sections must be made by statutory instrument.

(4) A statutory instrument containing an order under either of those sections may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.

(5) In this section, “enactment” has the same meaning as in section 92.

**Annex B: Draft statutory instrument**

**See separate attachment.**

**Annex C: Impact assessment**

**See separate attachment.**

## **Annex D: List of consultation questions**

- Q1. Do you agree that the proposed amendments to sections 233 and 372 will be effective in bringing on-sellers of utility and IT services within scope of the existing provisions?**
- Q2. Do you agree that the amendments will be effective in preventing supplies made for wholesale purposes from becoming subject to the provisions?**
- Q3. Do you agree that the proposed changes will be effective in bringing suppliers of IT goods or services within the scope of sections 233 and 372?**
- Q4. Do you agree with the proposed approach to specify types of IT goods or services that should be brought within the scope of sections 233 and 372? If not, would a more generic definition of IT services be preferable?**
- Q5. Are there any other types of IT goods or services that you believe should be brought within the scope of sections 233 and 372? (Please be as specific as possible)**
- Q6. Do you consider that new sections 233A and 372A will be effective in preventing suppliers of utility and IT goods and services from relying on insolvency termination clauses?**
- Q7. Do you consider that new sections 233A and 372A will be effective in preventing suppliers of utility and IT goods and services from demanding 'ransom' payments as a condition of continuing supply?**
- Q8. Do you believe that the safeguards provided for suppliers are adequate?**
- Q9. What, if any, exceptions should be provided from the ability to seek a personal guarantee from the insolvency office-holder as a condition of continuing supply?**
- Q10. What impact, if any, do you believe the changes would have on the pricing of contracts in relation to;**
- a) utility supplies**
  - b) IT goods and services**
- Q.11 Can you foresee any practical difficulties arising from the proposed changes?**

## **Annex E: Consultation Principles**

The principles that Government departments and other public bodies should adopt for engaging stakeholders when developing policy and legislation are set out in the consultation principles.

<http://www.cabinetoffice.gov.uk/sites/default/files/resources/Consultation-Principles.pdf>

### **Comments or complaints on the conduct of this consultation**

If you wish to comment on the conduct of this consultation or make a complaint about the way this consultation has been conducted, please write to:

John Conway,  
BIS Consultation Co-ordinator,  
1 Victoria Street,  
London  
SW1H 0ET

Telephone John on 020 7215 6402  
or e-mail to: [john.conway@bis.gsi.gov.uk](mailto:john.conway@bis.gsi.gov.uk)

**However if you wish to comment on the specific policy proposals you should contact the responsible policy team.**