[News story: New tools to improve rescue opportunities for financially-distressed companies]

The [measures have been announced alongside new reforms] that will help the Government tackle reckless directors and improve corporate governance to protect creditors, employees and other stakeholders in companies approaching insolvency.

Proposed reforms will help strengthen the UK’s business environment which is a key part of the UK’s Industrial Strategy – the Government’s long-term plan to build a Britain fit for the future – ensuring the UK remains one of the best places to start and grow a business and is an attractive place to invest.

The new rescue measures aim to strengthen the insolvency regime follow a consultation in 2016 where the majority of respondents were in favour of the Government’s proposals. These plans have similarities to aspects of the US’s Chapter 11 Bankruptcy Code and other international regimes and balance support for a company in distress with the interests of its creditors.

These include a period of ‘breathing space’ – a moratorium – allowing viable companies more time to restructure or seek new investment to rescue their business free from creditor action. There is also a new restructuring plan procedure that will provide an alternative option for financially-distressed companies to restructure their debts.

Companies will be supported through a rescue process by the introduction of new rules to prevent suppliers terminating contracts solely by virtue of a company entering an insolvency process.

Following concerns about some recent high-profile corporate failures, new measures are also being introduced to help ensure that creditors, employees and other stakeholders are treated fairly by the directors of ailing companies.

These proposals include new powers for the Insolvency Service to investigate directors of dissolved companies, enhancements to existing antecedent recovery powers and the ability to disqualify directors of holding companies who unreasonably sell insolvent subsidiaries.

Further insolvency-related tools announced aim to help unsecured creditors through applying an inflationary increase to the cap on the ring-fenced pot of money available to unsecured creditors, called the prescribed part that has remained unchanged since its introduction in 2003.

On the same day, the Government introduced measures to improve corporate governance that aim to tackle reckless directors and better protect pensions, small suppliers and workers who lose out when companies go bust.

Following last year’s corporate governance reforms, the Government will raise standards further by:

- requiring that bosses explain to shareholders how the company can afford to pay dividends and financial commitments such as investments and pension schemes
- asking the Investment Association to investigate to see if action is needed to ensure that companies are giving their shareholders an annual vote on dividends
- greater access to training for directors and minimum standards for independent board review

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News story: Expansion of electronic prescribing at GPs and pharmacies

Health and Social Care Secretary Matt Hancock has said he will support the hundreds of GPs and pharmacies still to make the move to electronic prescribing.

As well as financial savings for the NHS of up to £300 million by 2021, switching to electronic prescribing has benefits for patients including:

- less time spent waiting in pharmacies and GP practices
- repeat prescriptions can be collected from the pharmacy instead of having to visit the GP first
- removing the worry about losing paper prescriptions

There has already been growth in the use and availability of electronic prescribing by a majority of GP surgeries, from less than 1% in June 2010 to 63% in June 2018. More than 6,000 GPs are already able to upload prescriptions electronically, which can be downloaded by a pharmacist, saving time for staff and patients.

But thousands of paper prescriptions are still issued each year – due to current regulations limiting the circumstances in which electronic prescriptions can be issued.

Changes to these regulations will be made later this year, to expand electronic prescribing for nearly all prescriptions.

Health and Social Care Secretary, Matt Hancock, said:

> We need to harness technology across the NHS to improve care, save time for patients and make the lives of hardworking staff easier. In an NHS where thousands of GP surgeries already enjoy the benefits of electronic prescriptions, it can't be right that there are occasions when archaic paper prescriptions still have to be used.
>
> As part of our long-term plan, I want the NHS to become the most advanced healthcare system in the world. Electronic prescribing both saves GPs' time and helps to give patients a better, more seamless experience and ensures every pound of taxpayers' money is spent effectively.

Press release: New crackdown on reckless directors

- Directors who have dissolved companies to avoid paying workers or pensions could be disqualified or fined by authorities for the first time
- Struggling companies to be given more time to rescue the business and help safeguard jobs
- Boardrooms to explain to shareholders how they can afford to pay dividends alongside capital investment, workers' rewards and pension schemes

Directors who dissolve companies to avoid paying workers or pensions could face hefty fines or be disqualified from running a business for the first time.

The government is to press ahead with new plans to safeguard workers, pensions and small suppliers when a company goes bust.

Under the shake-up, bosses will face investigation if they try to escape paying a dissolved company's debts to their own staff and creditors.

While the vast majority of UK companies are run responsibly, there are a minority of directors who deliberately dodge debts by dissolving companies then starting up a near identical business, with a new name. The practice is known as 'phoenixing' or 'bumping companies'.

Under the new powers the Insolvency Service will be able to fine directors or even have them disqualified.

Business Minister Kelly Tolhurst said:

“The UK is a great place to do business with some of the highest standards of corporate governance. While the vast majority of UK companies are run responsibly, some recent large-scale business failures have shown that a minority of directors are recklessly profiting from dissolved companies. This can’t continue.

“That is why we are upgrading our corporate governance to give new powers to authorities to investigate and hold responsible directors who attempt to shy away from their responsibilities, help protect workers and small suppliers and ensure the UK remains a great place to work, invest and do business.”

The Investment Association will be asked to investigate to see if action is needed to ensure that companies are giving their shareholders an annual vote on dividends.

The Government is further raising standards by ensuring bosses explain to shareholders how the company can afford to pay dividends alongside financial commitments such as capital investments, workers’ rewards and pension schemes.

The Government is also introducing new measures in response to its corporate insolvency consultation that will give financially-viable companies more time to rescue their business.

These include:

- giving viable companies more time to restructure or seek new investment to rescue their business, helping to safeguard jobs
- enabling companies in financial distress to continue trading through the restructuring process, ensuring that small suppliers and workers still get paid
- a new restructuring plan to help rescue viable businesses and preserve jobs

The Government will also announce new measures to improve the quality of directors’ work by:

- developing proposals to introduce new and better training for directors to make them more aware of their legal duties.
- inviting ICSA – the Governance Institute to convene a group of investors and companies to develop a code of practice for external board evaluations;

These measures, which will be set out in further detail in the autumn, are being put forward as part of the Government’s response to the corporate governance and insolvency consultation, launched in March this year.

The proposed reforms will help to strengthen the UK’s business environment which is a key part of the UK’s Industrial Strategy – the Government’s long-term plan to build a Britain fit for the future – ensuring the UK remains one of the best places to start and grow a business and is an attractive place to invest.

Stuart Frith, President of insolvency and restructuring trade body R3, said:

“R3 welcomes the government’s announcement that it is progressing its corporate insolvency proposals, which should help to ensure that the UK’s insolvency and restructuring framework retains its world-class status.

“Our members have long raised concerns that some directors are deliberately dissolving businesses to avoid paying their debts. A strengthened disqualification regime will be an important part of ensuring that directors are less likely to walk away from their responsibilities.”

Chris Cummings, Chief Executive of the Investment Association, said:

“There is a concern among investors that some companies are utilising interim dividend payments in order to avoid shareholder approval. This removes the ability of shareholders to properly scrutinise the payment of dividends and risks undermining the strength of the UK’s corporate governance framework, which has long been a model respected around the world.

“We welcome the opportunity to study how significant the issue of companies not seeking approval for dividend payments is, and look forward to working with the Government to ensure that the investor voice continues to be a central plank in the UK corporate governance regime.”

Simon Osborne, Chief Executive of ICSA: The Governance Institute said:

“We are delighted to accept the Government’s invitation to convene a group of investors and companies to develop a code of practice for external board evaluations.

“We firmly believe that a high-quality independent board evaluation or board effectiveness review is valuable for companies, indeed organisations, of all sizes and in all sectors.

“A rigorous and reported board evaluation can also provide comfort for investors and the market as a whole that the board has the necessary skills and tools to run the organisation as effectively as possible.”

Press release: Statement on the Zimbabwean elections

Statement on the Zimbabwean elections – GOV.UK

Statement on the Zimbabwean elections by the Minister for Africa

Minister for Africa Harriett Baldwin said:

> The recent poll was an acknowledged improvement on previous Zimbabwean elections, however international observer missions highlighted significant shortcomings. Their recommendations must be addressed quickly to build much-needed confidence in Zimbabwe’s democratic process.
>
> While polling day passed peacefully, the UK is gravely concerned by the violence and human rights violations since, particularly the deaths of six people on 1 August. The President must make it his priority to ensure these incidents are thoroughly investigated and those responsible brought to justice.
>
> We call on President Mnangagwa to reach out to those who did not support him or his party in these elections, and work to build their confidence and trust. And we call on the opposition to play their part in the healing processes. Zimbabwe faces significant challenges. It is vital that Zimbabwe’s political leaders focus on moving the country forward, with all parties committing to eschew violence, uphold the rule of law, and put the best interests of the country first.
>
> The UK will continue to work alongside the international community to support good governance and improvements to democracy and human rights, and we will work with political leaders from all sides in Zimbabwe to support a better future for all Zimbabweans.

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Thank you for your feedback