



Pre-Pack Pool Ltd

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ANNUAL REVIEW for the year ended DECEMBER 2019

The Pre-Pack Pool (The Pool), since its inception in November 2015 following recommendations in The Graham Report of 2013, continues to provide an independent opinion on connected party pre packs.

Whilst referral to the Pool remains voluntary numbers remain low but despite this, we feel The Pool serves a useful purpose in assessing the merits (or demerits) of a connected party sale.

Numbers:

Insolvency Service figures released in late August 2020 show that in 2019 there were **260** connected party pre packs. The RPBs' (The Insolvency Practitioners' regulatory bodies), received **473** pre-pack reports suggesting that approximately 55% of pre packs were to a connected party.

Of the 260 just 21 were referred to The Pool, at just **8%** this was the lowest referral rate in The Pools' 4 years of operation. This continues to be a source of frustration to the Directors and we have placed on record our concerns about the future viability of The Pool (* see note later).

Breakdown of opinions:

14 sales were given a positive opinion "not unreasonable to proceed".

4 were given a "qualified "positive "not unreasonable but with some limitations as to information provided"

3 were given a negative opinion. "case not made" (Note that The Pool cannot block such sales, merely give an opinion).

***The future viability of The Pool:**

As mentioned above the low referral rate and subsequent impact on the cash flow of Pre-Pack Pool Ltd (which is the corporate body effectively running the Pool), means that it is unlikely to survive in its current form. It may be able to continue if referral were to be made mandatory. However, this would require a change of policy by Government, which looked unlikely when the "sunset clause" which did allow for them to make such a recommendation was allowed to lapse on its expiry date in May 2020.

Despite this, we are pleased to advise that after much debate in The House of Lords when reviewing the Corporate Insolvency and Governance Act 2020 the sunset clause was reinstated with a new expiry date of **June 2021**. This gives The Pool a potential lifeline but does not guarantee the income needed to keep us in operation.

We also (at the time of writing) await The Insolvency Service's report into the impact of The Graham Report reforms on Pre-Packs. This may inform the Governments ideas for future regulation.

Meanwhile The Pool continues to be supported by the majority of the RPBs' and selective Creditor bodies for its ongoing survival. The Directors are grateful for this continued support.

Pre-Pack Pool Ltd Registered in England No: 9471155

VAT Registration No. 217 5236 20

Registered Office: 3 Greystones Road, Bearsted, Maidstone, Kent, ME15 8PD