EXPLANATORY MEMORANDUM TO

THE CORPORATE INSOLVENCY AND GOVERNANCE ACT 2020 (CORONAVIRUS) (AMENDMENT OF RELEVANT PERIOD FOR MEETINGS OF REGISTERED SOCIETIES AND CREDIT UNIONS) REGULATIONS (NORTHERN IRELAND) 2020

SR 2020 No. 211

1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department for the Economy to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2. The Statutory Rule is made under the Corporate Insolvency and Governance Act 2020 ("the Act") and is subject to the confirmatory resolution procedure.

2. Purpose

2.1. These Regulations amend the Corporate Insolvency and Governance Act 2020 by extending the temporary 'relevant period' for mutual societies to hold meetings in a flexible manner. These Regulations substitute the end date of 30 September 2020 for a new end date of 30 December 2020.

3. Background

3.1. The Act (which was extended to Northern Ireland by means of a Legislative Consent Motion) provides for both corporate insolvency and governance measures and extends to companies and other bodies including mutual societies. In Northern Ireland, co-operatives, community benefit societies and credit unions are collectively known as mutual societies.

3.2. The Act provides for a temporary period when 'qualifying bodies' (including mutual societies) can convene meetings in a flexible way. Restrictions to hold meetings in a physical location were temporarily lifted allowing 'qualifying bodies' to convene meetings electronically, thereby allowing them to carry out necessay functions while adhering to social distancing measures.

3.3. There are approximately 300 mutual societies registered in Northern Ireland. A co-operative society is a business owned and run by and for the benefit of its members. A community benefit society must satisfy the same co-operative principles as a co-operative society and must be operated for the benefit of the community in which it works. Co-operatives and Community Benefit Societies operate in most sectors of the economy. A credit union is a financial co-operative owned and controlled by its members. It provides savings and loans to its members.

3.4. These Regulations will extend the 'relevant period' to 30 December 2020 for co-operatives, community benefit societies and credit unions in Northern Ireland.

4. Consultation

4.1. It was not considered necessary to carry out any formal consultation. The proposed Regulations are to extend measures already included in primary legislation and are needed so that mutual societies in Northern Ireland can continue to avail of the same relief as available to their counterparts in the rest of the United Kingdom. Although there was no formal consultation process, representatives of the sector were engaged with and supported the extension.

5. Equality Impact

5.1. Due to the urgency to bring the Act into force, screening was carried out retrospectively. It was determined that there is no undue impact on section 75 groups and therefore no mitigation is required, and no change to policy is required.The proposed Regulations do not alter what is in the Act, they simply extend the time period for which one of them will apply.

6. Regulatory Impact

6.1. An Impact Assessment has not been prepared specifically for this instrument because of the small number of businesses affected. However a full impact assessement was prepared for the 2020 Act, including (but not limited to) the legislation applied by these Regulations.

7. Financial Implications

7.1. Not applicable.

8. Section 24 of the Northern Ireland Act 1998

8.1. The Department has considered its obligations under section 24 of the Northern Ireland Act 1998 and is satisfied that the Rules are not incompatible with the Convention rights, are not incompatible with EU law, do not discriminate against a person or class of person on the grounds of religious belief or political opinion and do not modify an enactment in breach of section 7 of the Northern Ireland Act 1998.

9. EU Implications

9.1. Not applicable.

10. Parity or Replicatory Measure

10.1. The making of these Regulations will bring parity between NI and GB mutuals on the matter of the 'relevant period' to hold meetings in a flexible manner.

11. Additional Information

11.1. Not applicable.