EXPLANATORY MEMORANDUM ON THE COURT FUNDS (AMENDMENT) RULES (NORTHERN IRELAND) 2004

1. Title of the instrument

i). The Court Funds (Amendment) Rules (Northern Ireland) 2004 (SR 2004 No. 326)

Laying Authority and Purpose

ii). This explanatory memorandum is laid before Parliament by Command of Her Majesty.

Department responsible

iii). Department for Constitutional Affairs (Northern Ireland Court Service).

2. Description

The instrument amends The Court Funds Rules (Northern Ireland) 1979 to reduce the rate of interest payable –

- on money placed to the deposit account from 3.25% per annum to 3% per annum;

- on money placed to the short-term investment account from 4.25% per annum to 4% per annum..

3. Matters of special interest to the Joint Committee on Statutory Instruments/Select Committee on Statutory Instruments

There are no matters of special interest.

4. Legislative Background

The Court Funds Rules (Northern Ireland) 1979 ("the principal Rules") make provision in relation to the management of funds in the High Court and county courts in Northern Ireland.

Based on these rules, the Northern Ireland Court Service's Court Funds Office invests monies primarily on behalf of minors and patients in a short term investment account. For all other cases, funds are invested in a deposit account. These other cases include payments into court in relation to civil actions, bail monies and some Chancery cases.

5. Extent

The instrument extends to Northern Ireland only.

6. European Convention on Human Rights

It is the Minister's view that the Order is compatible with the European Convention on Human Rights.

7. Policy background

The principal Rules –

(a) enable the Accountant General to invest with the Commissioners for the Reduction of the National Debt ("CRND") money placed to the deposit account and short-term investment account, and;

(b) prescribe an interest rate of 3.25% to be paid on money placed to the deposit account and an interest rate of 4.25% to be paid on money placed to the short-term investment account.

The difference between the rate of interest paid by the CRND on the sums invested and that paid out on the funds placed to those two accounts provides the finance from which the costs of administering funds in court is recovered.

The above rates have applied since 1999. Due to the fall in the market since that time, it is necessary to reduce the rates of interest paid out on the monies held in the accounts.

Accordingly, the draft Rules will reduce the rate of interest –

(a) on the deposit account from 3.25% to 3% per annum; and

(b) on the short-term investment account from 4.25% to 4% per annum.

8. Impact

It is considered that the instrument will have no significant impact on business, charities, voluntary bodies or the Exchequer.

Although, under this proposal, the individual cases with monies invested with the CRND will be paid less interest than at present, it has been determined that a return broadly comparable to market rates of deposit interest will still be paid to them. It is anticipated that there will be a positive impact on the financial strength of the fund, which will enhance its ability to make future interest payments and cover its running costs.

9. Contact

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Northern Ireland Court Service
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