EXPLANATORY MEMORANDUM TO

The Insolvency (Monetary Limits) (Amendment) Order (Northern Ireland) 2016]

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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 Article 362(1)(b) of the Insolvency (Northern Ireland) Order 1989 and is subject to the draft affirmative resolution procedure.

2. Purpose

2.1. The purpose of this Order is to increase both the maximum amount of debt and maximum total value of property which a person may have in order to be eligible for a debt relief order.

3. Background

3.1. Debt Relief Orders were introduced in June 2011 and were aimed at providing debt relief to those who had no realistic prospect of repaying their debts and met the following criteria – total debts of less than £15,000; assets limit of £300; and a surplus income of no more than £50 per month.

3.2. The Insolvency Service for England and Wales have increased two of the criteria i.e. the debt limit increased from £15,000 to £20,000, and the asset limit increased from £300 to £1,000.

3.3. Historically, insolvency law in Northern Ireland has always maintained parity with Westminster legislation. Therefore, this Order will increase the ceilings on eligibility for the debt relief scheme in line with that which is already in force in England and Wales.

4. Consultation

4.1. A public consultation took place between 17 September and 12 November 2015. A total of three substantive responses were received. All of the respondents agreed that both limits should be increased, with two of the respondents stating that one or both of the increases should be higher.

5. Equality Impact

5.1. A screening exercise was carried out and it was established that an equality impact assessment was not required as the policy will apply equally to everyone and will not, therefore, have any adverse impact on any of the section 75 groups.

6. Regulatory Impact

6.1. The fact that more people with debts which they cannot pay will be able to obtain debt relief orders should prevent businesses incurring costs on debt recovery when there is no prospect of the debts being paid.

6.2. A Regulatory Impact Assessment has been prepared and will appear on the Department's website after the legislation has been approved by the Assembly.

7. Financial Implications

7.1. There are no identifiable costs to the public purse or the Assembly.

8. Section 24 of the Northern Ireland Act 1998

8.1. The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied that the proposed Rule does not contravene this section.]

9. EU Implications

9.1. Not applicable.

10. Parity or Replicatory Measure

10.1. The corresponding legislation in GB is the Insolvency Proceedings (Monetary Limits) (Amendment) Order 2015 (S.I. 2015 No.26) which came into force on the 1 October 2015.

11. Additional Information

11.1. Not applicable.