

## **EXPLANATORY MEMORANDUM**

### **THE PRESBYTERIAN MUTUAL SOCIETY (FINANCIAL ASSISTANCE TO MEMBERS) SCHEME REGULATIONS (NORTHERN IRELAND) 2011**

**2011 No. 142**

#### **1. Introduction**

- 1.1 This Explanatory Memorandum has been prepared by the Department of Enterprise, Trade and Investment to accompany S.R. No 142 which is laid before the Northern Ireland Assembly.
- 1.2 The Statutory Rule is made with the approval of the Office of the First Minister and deputy First Minister under The Financial Assistance Act (Northern Ireland) 2009 ("the 2009 Act") and is subject to negative resolution procedure.
- 1.3 The Rule is due to come into operation on 1 May 2011.

#### **2. Purpose and main provisions of the Scheme**

- 2.1 The purpose of the Statutory Rule is to make a Scheme to provide financial assistance to shareholders in the Presbyterian Mutual Society (PMS) which went into voluntary administration in November 2008. The maximum shareholding in an industrial and provident society is £20,000 so that the Scheme will benefit primarily members with smallest deposits.
- 2.2 Article 1 of the Schedule names the Scheme as the Presbyterian Mutual Society (Financial Assistance to Members) Scheme 2011; interprets certain terms relating to it and provides for the appointment of a person to assist the Administrator.
- 2.3 Articles 2 and 3 define the recipients of the financial assistance and the purposes of the Scheme. Article 4 specifies that the financial assistance will take the form of a sum of up to £50 million paid by the Department to the Administrator who, in turn, will make payments to shareholders. It also provides for any person appointed to assist the Administrator to be paid from this sum.
- 2.4 Article 5 contains provision for a separate agreement between the Department and the Administrator in respect of terms and conditions. Article 6 identifies particular conditions which will apply, including reporting, accounting and audit arrangements. Article 7 provides for the Department to determine arrangements for the repayment of £25 million of the £50 million sum.

#### **3. Background**

- 3.1 The 2009 Act gives the First Minister and deputy First Minister (FM/dFM), acting jointly, authority to determine that exceptional circumstances exist; that it is desirable to provide financial assistance

to prevent, control or mitigate any aspect or effect of those circumstances and that such assistance ought to be provided in accordance with a scheme or schemes.

- 3.2 The 2009 Act also makes provision for the First and deputy First Minister, acting jointly, to designate a relevant department in relation to the provision of financial assistance of that kind.

**4. Matters of special interest to the Committee for Enterprise, Trade and Investment**

- 4.1 None

**5. Consultation**

- 5.1 Normal consultation procedures are not relevant in this case.

**6. Position in GB**

- 6.1 The exceptional circumstances identified by the First Minister and deputy First Minister in their joint determination include the financial crisis which impacted on the whole of the UK and globally. Increased protection provided by Government to UK financial institutions was confined to those regulated by the Financial Services Authority (FSA). Specific arrangements were therefore made for PMS.

**7. Equality Impact**

- 7.1 Not applicable.

**8. Regulatory Impact**

- 8.1 A Regulatory Impact Assessment has not been produced as there is no impact on the wider business community or on charities or voluntary bodies.

**9. Financial Implications**

- 9.1 The sum of £50 million paid to the Administrator of PMS has been approved in the Budget passed by the Assembly on 9 March 2011.

**10. EU Implications**

- 10.1 None

**11. Section 24 of the Northern Ireland Act 1998**

- 11.1 The Regulations are compatible with section 24 of the Northern Ireland Act 1998.