These notes refer to the Loans to Ireland Act 2010 (c.41)
which received Royal Assent on 21 December 2010

LOANS TO IRELAND ACT 2010

EXPLANATORY NOTES

INTRODUCTION

1. These Explanatory Notes relate to the Loans to Ireland Act 2010 which received Royal Assent on 21 December 2010. They have been prepared by HM Treasury in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by Parliament.

2. The Notes need to be read in conjunction with the Act. They are not, and are not meant to be, a comprehensive description of the Act. So where a section or part of a section does not seem to require any explanation or comment, none is given.

SUMMARY AND BACKGROUND TO ACT

3. In November 2010, the Government agreed in principle to make a bilateral loan to Ireland, as part of an international package of measures to provide financial assistance to Ireland. The Act authorises HM Treasury to make payments in respect of loans to Ireland out of money provided by Parliament. Statutory authority for such expenditure is required in accordance with the Concordat of 1932 between the Government and the Public Accounts Committee.[1]

TERRITORIAL EXTENT AND APPLICATION

4. The Act extends to England and Wales, Scotland and Northern Ireland.

COMMENTARY

5. Section 1 provides that there may be paid out of money provided by Parliament sums required by HM Treasury for the purpose of making loans to Ireland by the UK. The maximum amount of payments that HM Treasury may make (excluding repayments), in the 5 year period beginning 9 December 2010, is £3,250 million. HM Treasury has an order-making power under *subsection (4)* to increase that limit. Where HM Treasury increases that limit solely for the purpose of taking into account exchange rate fluctuations between sterling and the euro during any part of the period between 9 December 2010 and the 30th day after the Act received Royal Assent, the order is not subject to any Parliamentary procedures. Otherwise, any order increasing the financial limit on lending is subject to affirmative procedure in the House of Commons.

6. *Subsection (9)* provides that section 1 ceases to have effect after 8 December 2015.

7. Section 2 provides that HM Treasury is under a duty to report to the House of Commons at six monthly intervals. The details required to be included in the reports are listed in *subsection (3).* The effect of *subsection (4)* is that a report is not required for a reporting period if (a) during that period there have been no loan disbursements, no loan repayments and no interest payments, and (b) there is no amount of principal and no interest outstanding at the end of that period.

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1 See Annex 2.1 of *Managing Public Money*, http://www.hm-treasury.gov.uk/d/mpm_annex2.1.pdf.

8. *Subsection (5)* provides for section 2 to cease to have effect on a date after 31 March 2016 in circumstances where, as a result of *subsection (4)*, there is no requirement to prepare a report.

COMMENCEMENT

9. The Act came into force on Royal Assent.

HANSARD REFERENCES

10. The following table sets out the dates and Hansard references for each stage of this Act's passage through Parliament.

Stage	*Date*	*Hansard reference*
House of Commons		
Introduction	9 December 2010	Vol. 520 Col. 539
Second Reading	15 December 2010	Vol. 520 Cols. 929 - 975
Committee	15 December 2010	Vol. 520 Cols. 976 - 1000
Report	15 December 2010	Vol. 520 Col. 1000
Third Reading	15 December 2010	Vol. 520 Col. 1000 - 1004
House of Lords		
Introduction	15 December 2010	Vol. 723 Col. 680
Second Reading	21 December 2010	Vol. 723 Cols. 1020 – 1029, and 1033 - 1055
Third Reading	21 December 2010	Vol. 723 Col. 1055
Royal Assent		
House of Lords	21 December 2010	Vol. 723 Col. 1090
House of Commons	21 December 2010	Vol. 520 Col. 1438