

**FINANCIAL PROVISIONS
(NORTHERN IRELAND) ORDER 2004**

S.I. 2004 No. 3326 (N.I. 22)

EXPLANATORY MEMORANDUM

BACKGROUND AND POLICY OBJECTIVES

2. In general terms, the main purpose of a Financial Provisions Order is to handle routine financial matters that have no impact on the overall quantum of Government expenditure in Northern Ireland. On this occasion, the Order includes four such matters, namely to;
 - authorise the Department of the Environment to incur expenditure on sustainable development;
 - authorise the Department for Employment and Learning to incur expenditure relating to employment and industrial relations law and practice;
 - authorise the Department of Culture, Arts and Leisure to incur expenditure on events; and
 - enable certain value for money reports of the Comptroller and Auditor General to be laid before the House of Commons while the Assembly is suspended.
3. The Order on this occasion also provides for the closure of Ulster Savings, a matter on which the Department elected to undertake a consultation exercise in order to seek views from individual members of the public and persons and bodies in the wider public sector, including the voluntary, business and community sectors. In May 2004, the Minister of Finance and Personnel approved a proposal to provide for the closure of Ulster Savings and the handling of balances in respect of Ulster Savings certificate holdings not repaid at closure.
4. Ulster Savings certificates were first introduced for sale to the public in 1922 to raise funds for capital projects in Northern Ireland Local Authorities. For several decades, the certificates made a useful contribution to the Northern Ireland public sector borrowing requirement as well as providing a popular form of saving for the public. However, by the 1970s, competition from other forms of borrowing and saving had significantly reduced the certificate's usefulness and popularity.
5. In 1990, a policy review confirmed an ongoing decline in their public interest and their contribution to the borrowing requirement. The review concluded that no other factor could be identified to justify the cost of their continued operation. In 1991, a number of measures were taken to start a phased winding up of their operation, including a decision to stop the sale of new certificates. A further measure taken in 1997 stopped reinvestment of existing certificate holdings. In tandem, the administrative infrastructure supporting their operation was gradually scaled down over the years to the point where there are now only five staff in the Department's Ulster Savings Branch located at Coleraine.

This Explanatory Memorandum refers to the Financial Provisions (Northern Ireland) Order 2004No. 3326 (N.I. 22)

6. Extensive publicity has been made of the winding up to assist staff to repay as many certificate holders as possible. Advertisements in local newspapers and throughout the Post Office network first announced the cessation of sales of certificates in 1991. There was a further publicity campaign about the cessation of re-investment issues in 1997. Everyone contacting Ulster Savings Branch since 1991 has been apprised of the situation, and various mail shot exercises have been carried out to encourage certificate holders to make arrangements for their holdings. The point has now been reached where the vast majority of holders who can be contacted have been contacted, with the only remaining certificate holdings being those which have lain dormant for years and where it has not been possible to contact the holders.
7. In addition to providing the legal framework for the four other routine financial matters mentioned above, the Order seeks to bring closure to the process of winding up the operation of Ulster Savings first started in 1991. This will enable the closure of the Branch at Coleraine. It will also safeguard indefinitely an entitlement to the value of the remaining unclaimed certificate holdings at the point of the commencement of the Order, as well as ensuring adequate arrangements for repayment should any persons make applications against the remaining holdings after the Branch has closed.