

**EXPLANATORY MEMORANDUM TO**  
**THE INSOLVENCY PRACTITIONERS (RECOGNISED PROFESSIONAL BODIES)**  
**(REVOCATION OF RECOGNITION) ORDER 2021**

**2021 No. 110**

**1. Introduction**

- 1.1 This explanatory memorandum has been prepared by the Department for Business, Energy and Industrial Strategy and is laid before Parliament by Command of Her Majesty.
- 1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

**2. Purpose of the instrument**

- 2.1 Under the Insolvency Act 1986, the Secretary of State can by order designate organisations as Recognised Professional Bodies (RPB), that are responsible for the regulation of insolvency practitioners. An organisation's status as a RPB can be revoked by order, pursuant to section 391N of the Insolvency Act 1986. This instrument revokes the Association of Chartered Certified Accountants' (ACCA) designation as a RPB, under its previous name of the Chartered Association of Certified Accountants (its name was changed in 1996).

**3. Matters of special interest to Parliament**

*Matters of special interest to the Joint Committee on Statutory Instruments*

- 3.1 The order states both the commencement date and the date from which the order takes effect; they are both 1 March 2021. This is consistent with section 391N(4)(a) of the Insolvency Act 1986 which provides that the order states the date from which it takes effect.

*Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)*

- 3.2 As the instrument is subject to negative resolution procedure, there are no matters relevant to Standing Orders Numbers 83P and 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

**4. Extent and Territorial Application**

- 4.1 The territorial extent of this instrument is Great Britain.
- 4.2 The territorial application of this instrument is Great Britain.

**5. European Convention on Human Rights**

- 5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## 6. Legislative Context

- 6.1 A person can act as an insolvency practitioner if authorised to do so by virtue of membership of a professional body recognised under section 391 of the Insolvency Act 1986 (IA1986). The Secretary of State has the power to make an order under section 391 to designate a suitable organisation as a recognised professional body (“RPB”).
- 6.2 The Insolvency Practitioner (Recognised Professional Bodies) Order 1986 (S.I.1984/1764) is such an order and declares the Chartered Association of Certified Accountants, which has since changed its name to the ACCA, as a RPB. Section 391N of the IA 1986 allows a RPB to request the Secretary of State to revoke its RPB status. The Secretary of State can make the revocation by order if satisfied that it is appropriate in all the circumstances of the case to do so. If the Secretary of State decides to make a revocation order he must also publish a notice specifying the date from which the order is to take effect and the reasons for making the order in accordance with section 391N(3) of the IA1986.
- 6.3 The ACCA wrote to the Secretary of State on 20 February 2019 and asked for its status as a RPB to be revoked. The notice required by section 391N(3) is published on the Gov.uk website and is available at: [www.gov.uk/government/news/association-of-chartered-certified-accountants-application-to-cess-as-a-recognised-professional-body-for-insolvency-practitioners](http://www.gov.uk/government/news/association-of-chartered-certified-accountants-application-to-cess-as-a-recognised-professional-body-for-insolvency-practitioners). A hard copy is also available from the Insolvency Service at 16th Floor, 1 Westfield Avenue, Stratford, London, E20 1HZ.

## 7. Policy background

### *What is being done and why?*

- 7.1 Section 391 of the IA 1986 provides for the recognition, by the Secretary of State, of certain bodies to regulate the practice of a profession and meet other statutory requirements.
- 7.2 The ACCA is designated as a RPB by the Insolvency Practitioners (Recognised Professional Bodies) Order 1986. It has been responsible for the regulation of individuals licensed to act as insolvency practitioners.
- 7.3 The Insolvency Practitioners Association, another RPB, carried out regulatory functions on its behalf from 1 January 2017, under the terms of a collaboration agreement. The ACCA ceased to carry out any regulatory functions after 31 December 2019, whether directly or through the Insolvency Practitioners Association. All insolvency practitioners previously licenced by the ACCA, and who continue to act as such, are now licenced by other RPBs. The ACCA concluded that it was no longer commercially viable for it to carry on as a RPB and wrote to the Secretary of State requesting its RPB status be revoked.
- 7.4 The Secretary of State can revoke the designation at the request of the ACCA under section 391N of the IA 1986 if he is satisfied that this revocation is appropriate in all the circumstances. The Secretary of State is satisfied that this test is met and a notice stating the reasons has been published in accordance with the statutory requirements.
- 7.5 The order has effect from 1 March 2021. The Insolvency Practitioners (Recognised Professional Bodies) Order 1986 will remain in force after that date as it continues to designate four other RPBs.

## **8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union**

8.1 This instrument does not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act.

## **9. Consolidation**

9.1 There are no plans to consolidate the Insolvency Practitioners (Recognised Professional Bodies) Order 1986 (S.I.1984/1764).

## **10. Consultation outcome**

10.1 The Insolvency Service has not carried out a consultation. The ACCA notified its insolvency licence holders in July 2019 and November 2019 of its decision to request revocation of its status. All its licence holders, who wished to continue to practice as insolvency practitioners, moved to other RPBs.

10.2 Insolvency practitioner regulation is a reserved matter for Scotland and Wales. The Government has informed the Scottish Government of the Association of Chartered Certified Accountant's request that its recognition as an RPB be revoked.

## **11. Guidance**

11.1 There is no relevant guidance.

## **12. Impact**

12.1 There is no, or no significant, impact on business, charities or voluntary bodies.

12.2 There is no, or no significant, impact on the public sector.

12.3 An Impact Assessment has not been prepared for this instrument as there is no change in policy. It is an operational matter under the existing legislation.

## **13. Regulating small business**

13.1 The legislation does not apply to activities that are undertaken by small businesses.

## **14. Monitoring & review**

14.1 It is not intended to conduct any monitoring or review. It is open to the ACCA to apply for recognition as a RPB should it wish to do so in the future.

14.2 The regulation does not include a statutory review clause and, in line with the requirements of the Small Business, Enterprise and Employment Act 2015, Lord Callanan has made the following statement:

“A review would be disproportionate when taking into account the effect and impact of this instrument.”

## **15. Contact**

15.1 Mr Lee Hewlett at the Insolvency Service, telephone: 03003048194 or email: [Lee.Hewlett@insolvency.gov.uk](mailto:Lee.Hewlett@insolvency.gov.uk) can be contacted with any queries regarding the instrument.

15.2 Angela Crossley, Director of Strategy & Change at the Insolvency Service can confirm that this Explanatory Memorandum meets the required standard.

15.3 Lord Callanan at the Department for Business, Energy and Industrial Strategy can confirm that this Explanatory Memorandum meets the required standard.