HOUSE OF LORDS

Secondary Legislation Scrutiny Committee

3rd Report of Session 2017–19

Universal Credit (Housing Costs Element for claimants aged 18 to 21) (Amendment) Regulations (Northern Ireland) 2017

Correspondence: Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

Includes 4 Information Paragraphs on 5 Instruments

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Secondary Legislation Scrutiny Committee

The Committee was established on 17 December 2003 as the Merits of Statutory Instruments Committee. It was renamed in 2012 to reflect the widening of its responsibilities to include the scrutiny of Orders laid under the Public Bodies Act 2011.

The Committee's terms of reference are set out in full on the website but are, broadly, to scrutinise —

(a) every instrument (whether or not a statutory instrument), or draft of an instrument, which is laid before each House of Parliament and upon which proceedings may be, or might have been, taken in either House of Parliament under an Act of Parliament;

(b) every proposal which is in the form of a draft of such an instrument and is laid before each House of Parliament under an Act of Parliament,

with a view to determining whether or not the special attention of the House should be drawn to it on any of these specified grounds:

(a) that it is politically or legally important or gives rise to issues of public policy likely to be of interest to the House;

(b) that it may be inappropriate in view of changed circumstances since the enactment of the parent Act;

(c) that it may inappropriately implement European Union legislation;

(d) that it may imperfectly achieve its policy objectives;

(e) that the explanatory material laid in support provides insufficient information to gain a clear understanding about the instrument's policy objective and intended implementation;

(f) that there appear to be inadequacies in the consultation process which relates to the instrument.

The Committee may also consider such other general matters relating to the effective scrutiny of secondary legislation as the Committee considers appropriate, except matters within the orders of reference of the Joint Committee on Statutory Instruments.

Members

Lord Faulkner of Worcester
Lord Goddard of Stockport
Baroness Gould of Potternewton
Lord Haskel
Lord Hodgson of Astley Abbots
Rt Hon. Lord Janvrin
Lord Kirkwood of Kirkhope
Baroness O'Loan
Lord Sherbourne of Didsbury
Rt Hon. Lord Trefgarne *(Chairman)*
Baroness Watkins of Tavistock

Registered interests

Information about interests of Committee Members can be found in the last Appendix to this report.

Publications

The Committee's Reports are published on the internet at www.parliament.uk/seclegpublications

The National Archives publish statutory instruments with a plain English explanatory memorandum on the internet at http://www.legislation.gov.uk/uksi

Information and Contacts

Any query about the Committee or its work, or opinions on any new item of secondary legislation, should be directed to the Clerk to the Secondary Legislation Scrutiny Committee, Legislation Office, House of Lords, London SW1A 0PW. The telephone number is 020 7219 8821 and the email address is hlseclegscrutiny@parliament.uk.

Third Report

INSTRUMENT DRAWN TO THE SPECIAL ATTENTION OF THE HOUSE

Universal Credit (Housing Costs Element for claimants aged 18 to 21) (Amendment) Regulations (Northern Ireland) 2017 (SR 2017/142)

Date laid: 7 July 2017

Parliamentary procedure: negative

1. These Regulations apply to Northern Ireland the same restrictions on people under 22 years' old claiming Housing Benefit that were applied in Great Britain by SI 2017/252. Our 28th Report of last Session[1] considered a number of issues about that legislation, in particular the concerns raised by Shelter about the way landlords would react and about a "Catch 22" situation, where claimants could not get housing until their benefit claim was approved but could not obtain benefit until they had housing. **Those same concerns will apply to these Northern Ireland Regulations, so we also draw them to the special attention of the House on the ground of policy interest.**

2. At the time of publishing our 28th Report, we wrote to the Department for Work and Pensions (DWP) expressing our disappointment that the guidance, which would dictate whether someone in this age group would be eligible for the listed exceptions, was not laid alongside the Regulations. The then Minister gave a helpful response and undertook to make other Departmental colleagues aware of the Committee's view.[2] Regrettably DWP has proved to have a short memory and we are told only that "the guidance will be amended for staff and Decision Makers in advance of the instrument becoming operational" (EM para 9.1).[3] Once again this neglects the need of the claimant and advisory groups, like Shelter or Citizens Advice, to understand how the benefit will operate. Although this case should be less acute, as we assume they will be able to look at the material published for England and Wales, we are aware that the housing market in Northern Ireland operates differently. The EM similarly neglects to mention what publicity will be directed at landlords in Northern Ireland to ensure they properly understand the new arrangements: it does not appear to us that the "test and learn" approach mentioned in DWP's letter to us is yet being applied to its Parliamentary paperwork.

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1 28th Report, Session 2016–17 (HL Paper 131).
2 29th Report, Session 2016–17 (HL Paper 145).
3 It will be published on www.nidirect.gov.uk

CORRESPONDENCE

Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692)

3. In our last Report,[4] we drew attention to this instrument and two others which give effect to updated global standards for combating money laundering, terrorist financing and other threats to the international financial system. The instruments will have a significant impact: in all, over three and a half million businesses are covered by these Regulations but no figures on the likely cost of the legislation were included in the Explanatory Memorandum (EM) and HM Treasury only published the final Impact Assessment (IA) more than two weeks after the Regulations were laid. We felt this showed a lack of appropriate concern by the Government over the Parliamentary scrutiny of secondary legislation and we wrote to the Minister to seek his comments. The correspondence is published at Appendix 1.

4. While the Minister's response is persuasive about the need for meeting the transposition deadline, we are less convinced by his reason for the delay in the IA: if the Regulatory Policy Committee is an independent body why were its analytical processes interrupted by the General Election? Even if the final IA was not available, we do not understand why HM Treasury could not have put "provisional" or "indicative" figures in the EM to assist Parliament.

4 2nd Report, Session 2017–19 (HL Paper 8).

INSTRUMENTS OF INTEREST

Draft Pension Schemes Act 2015 (Transitional Provisions and Appropriate Independent Advice) (Amendment No.2) Regulations 2017

Pension Schemes Act 2015 (Transitional Provisions and Appropriate Independent Advice) (Amendment) Regulations 2017 (SI 2017/717)

5. Recently introduced freedoms allow people aged over 55, with defined contribution pension savings, flexibility under tax legislation over when and how they access those savings. Section 48 of the Pension Schemes Act 2015 required occupational and personal pension schemes to check that members with "safeguarded benefits" (broadly, benefits under salary-related defined benefit schemes, or defined contribution arrangements with certain guarantees) have taken appropriate independent advice before transferring, converting or taking lump sum payments from those benefits. Other Regulations[5] provide an exception to this requirement if the value of a person's safeguarded benefits is £30,000 or less. Following consultation the valuation method has been simplified to allow schemes to apply whichever calculation methodology they already use for the purpose of calculating statutory transfer values.

6. As a result of another consultation, this instrument also refines the information that schemes must send to inform all members with safeguarded-flexible benefits of their guarantees, to require the use of a tailored communication with a personalised 'risk warning'. This personalised risk warning must include a narrative section explaining the guarantee, its features and how it can be exercised or surrendered. It must also include a projection of the income the guarantee might provide, relative to the income a pension pot of the same size would purchase on the open market. The annual net impact of the package of measures contained in this instrument is estimated to be a saving of £1.6 million: the estimated costs of the new requirement to send risk warnings are outweighed by the benefits to pension providers of being able to adopt a simpler and less burdensome process for valuing members' benefits. **We commend the Department for Work and Pensions for its consultations on this matter resulting in pragmatic changes which appear likely to provide a better service at less cost.**

Insolvency Amendment (EU 2015/848) Regulations 2017 (SI 2017/702)

7. The Department for Business, Energy and Industrial Strategy (BEIS) has laid these Regulations in order to facilitate the application of "the recast EU Insolvency Regulation"[6] which deals with cross-border jurisdiction, cooperation, recognition and enforcement of insolvency proceedings in the EU. BEIS says that the recast EU Insolvency Regulation introduces new procedures for undertakings as an alternative to secondary proceedings and for the coordination of proceedings involving members of a group of companies. SI 2017/702 makes amendments to the Insolvency Act 1986 and a number of statutory instruments to ensure consistency with the recast EU Insolvency Regulation. We enquired how voluntary arrangements could be

5 Pension Schemes Act 2015 (Transitional Provisions and Appropriate Independent Advice) Regulations 2015 (SI 2015/742)

6 EU Regulation No. 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings.

effective and received the explanation from BEIS published at Appendix 2. It is possible that we did not fully understand the explanation but we did not find it persuasive.

8. BEIS laid SI 2017/702 on 23 June and brought it into force three days later. In the accompanying Explanatory Memorandum, BEIS says that the instrument needed to come into force on 26 June, on the same day as the recast EU Insolvency Regulation. BEIS added that the drafting of the instrument was "complex and technically difficult" because it covers reserved and devolved insolvency law across three jurisdictions of the United Kingdom; and that, as a result, "we have been unable to settle the instrument in time to comply with the 21 day rule". We sought additional information from BEIS about the timing of its preparations to finalise and lay these Regulations, and we are publishing that information as Appendix 2. The Department has told us: "We sincerely regret that we underestimated the time and complexity of the project, which meant that Parliament did not have the normal 21 day period to examine the regulations before they came into force. We will ensure that we learn from this for the future by building in scope for unexpected developments within the planning timetable, where at all possible".

9. **In July 2016, we were assured by the Rt Hon. Ben Gummer MP, then Cabinet Office Minister, that the civil service would implement an "improvement package for secondary legislation support".[7] The handling of these Regulations suggests that there remains significant scope for improvement, and we shall be drawing this case to the attention of those responsible for the improvement package.**

South Tees Development Corporation (Establishment) Order 2017 (SI 2017/718)

10. This Order establishes the "South Tees Development Corporation" ("the Corporation"), as a Mayoral Development Corporation under section 197 of the Localism Act 2011, which is the first such corporation outside London. It encompasses industrial areas in Redcar and Cleveland Council, including the former SSI steelworks site. The Government and local leaders in the Tees Valley announced a devolution deal for the area in October 2015. Following the first mayoral election, on 4 May 2017, the Mayor took office on 8 May 2017 and notified his intention to establish the Corporation in the Tees Valley Combined Authority. The Corporation's boundary is depicted on the map that accompanies the Order. As well as the wider industrial area and infrastructure, following consultation it was agreed to extend the proposed area into the Coatham Marshes, which is managed by the Tees Valley Wildlife Trust. The Wildlife Trust confirmed their support for this which would allow regeneration and environmental management work to be taken forward in a holistic manner.

7 We published correspondence with the Minister in our 9th Report of Session 2016–17 (HL Paper 46).

Loans for Mortgage Interest Regulations 2017 (SI 2017/725)

11. The Support for Mortgage Interest scheme (SMI) was designed to provide short-term help to prevent benefit claimants from having their homes repossessed by making a contribution towards owner-occupier payments (principally mortgage interest payments) during periods of unemployment, sickness or retirement. The Department for Work and Pensions (DWP) states that the housing market has changed significantly since SMI was introduced in 1948 and the net effect is now that claimants are receiving money from the tax payer to fund the acquisition of an appreciating capital asset without any requirement to pay it back. These Regulations propose to convert SMI into an interest bearing loan, which will be repayable from any remaining equity when the property is eventually sold (or earlier if the claimant is able and so wishes). The amount of loan available will be limited to a maximum of £200,000 capital outstanding for working age and £100,000 for pension age claimants. Interest on the loan will be set at the forecast gilt rate of borrowing (currently 1.7%). DWP estimate that this will save in the region of £150 million a year (which includes an estimated write off of bad debts at 9%). Help with other housing costs (such as service charge and ground rent) will continue to be made by means of the income-related benefit schemes. As now, the interest on the mortgage payment will be paid directly to the lender. Special arrangements will be made for claimants who are vulnerable or lack mental capacity. DWP state the current SMI scheme would be unsustainable if mortgage interest rates were to rise and it is best to make the change to loans while mortgage interest rates are low.

12. The first new loans and transitions to the new scheme will take effect from 6 April 2018. As part of that process claimants will also have to take part in a telephone conversation with a third-party provider (SERCO) that will give more detailed information about the loan payments and alternative options that claimants may wish to explore to help them meet their owner-occupier payments, including their mortgage commitments. In making these arrangements we remind DWP of the need to ensure that applications do not rely exclusively on telephone and online contact, there are those who will require a face to face explanation from someone who understands the process rather than a telephone operator speaking from a script.

INSTRUMENTS NOT DRAWN TO THE SPECIAL ATTENTION OF THE HOUSE

Draft instrument subject to affirmative approval

Pension Schemes Act 2015 (Transitional Provisions and Appropriate Independent Advice) (Amendment No. 2) Regulations 2017

Draft instruments subject to annulment

Leeds (Electoral Changes) Order 2017

Newcastle upon Tyne (Electoral Changes) Order 2017

South Lakeland (Electoral Changes) Order 2017

Instruments subject to annulment

SI 2017/702	Insolvency Amendment (EU 2015/848) Regulations 2017
SI 2017/715	Human Medicines (Amendment) Regulations 2017
SI 2017/717	Pension Schemes Act 2015 (Transitional Provisions and Appropriate Independent Advice) (Amendment) Regulations 2017
SI 2017/718	South Tees Development Corporation (Establishment) Order 2017
SI 2017/722	First-tier Tribunal and Upper Tribunal (Chambers) (Amendment) Order 2017
SI 2017/723	Tribunal Procedure (Amendment) Rules 2017
SI 2017/725	Loans for Mortgage Interest Regulations 2017
SI 2017/727	Renewable Heat Incentive Scheme and Domestic Renewable Heat Incentive Scheme (Amendment) Regulations 2017
SI 2017/728	Coroners and Justice Act 2009 (Alteration of Coroner Areas) Order 2017
SR 2017/116	Social Security (Miscellaneous Amendments) Regulations (Northern Ireland) 2017
SR 2017/143	Discretionary Financial Assistance (Amendment) Regulations (Northern Ireland) 2017
SR 2017/144	Universal Credit Housing Costs (Executive Determinations) (Amendment) Regulations (Northern Ireland) 2017
SR 2017/145	Universal Credit (Benefit Cap Earnings Exception) (Amendment) Regulations (Northern Ireland) 2017
SR 2017/146	Universal Credit (Miscellaneous Amendments and Transitional and Savings Provisions) Regulations (Northern Ireland) 2017
SR 2017/147	Universal Credit (Reduction of the Earnings Taper Rate) (Amendment) Regulations (Northern Ireland) 2017
SR 2017/148	Employment and Support Allowance (Miscellaneous Amendments and Transitional and Savings Provision) Regulations (Northern Ireland) 2017

APPENDIX 1: CORRESPONDENCE: MONEY LAUNDERING, TERRORIST FINANCING AND TRANSFER OF FUNDS (INFORMATION ON THE PAYER) REGULATIONS 2017 (SI 2017/692)

Lord Trefgarne, Chairman of the Secondary Legislation Scrutiny Committee, to Stephen Barclay MP, Economic Secretary to HM Treasury

I am writing as Chairman of the House of Lords Secondary Legislation Scrutiny Committee which, at its meeting yesterday, considered a number of instruments including the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692). The Committee decided to draw this instrument, along with two other sets of Regulations, to the special attention of the House. Our Report will be published tomorrow and in it we express concern about two matters:

- First, that the Government laid this very significant instrument before Parliament without, at the same time, providing a final impact assessment; and
- Second, that there was less than a week between the instrument being laid and it being brought into force, thereby greatly inhibiting the scope for effective Parliamentary scrutiny.

We would welcome your assurance that these lapses will not be repeated in the future.

12 July 2017

Stephen Barclay MP to Lord Trefgarne

Thank you for your letter of 12 July about your concerns in relation to the laying of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the MLRs). In particular, you highlighted that:

- the Government laid the MLRs before Parliament without, at the same time, providing a final impact assessment; and
- there was less than a week between the MLRs being laid and being brought into force, thereby inhibiting the scope for effective Parliamentary scrutiny.

As you will know, the UK was legally obliged to transpose Directive (EU) 2015/849 (the Fourth Money Laundering Directive or 4MLD) by 26 June 2017. Meeting this deadline was also imperative in order to minimise uncertainty for businesses that had prepared for implementation on this date. Additionally, the related and interlocking Regulation (EU) 2015/847 (the Fund Transfer Regulation) took effect directly in UK law on 26 June. Delaying the implementation of 4MLD would therefore have created a fragmented and less effective anti-money laundering regime in the UK, and put the Government in breach of its legal obligations.

So as to ensure that our transposition of 4MLD was risk-based and proportionate, the Government consulted on both our policy intention (for eight weeks from September 2016) and on draft legislation (for four weeks from March 2017). Following these consultations, the Government intended to lay the MLRs on or before 5 June, so as to comply with the 21 day rule and ensure that Parliament would have sufficient time to consider the secondary legislation before it took effect. Regrettably, the dissolution of Parliament prior to the General Election on 8 June, meant that it was not possible to lay the MLRs within this timeframe. For the reasons set out above, the Government laid the MLRs as soon as possible after the election to meet our legal obligations and prevent uncertainty for industry.

Unfortunately, the Regulatory Policy Committee (RPC) process was also affected by the General Election. This meant that we did not have the final RPC opinion on our impact assessment by the time we laid the MLRs. We published this impact assessment as soon as possible once we received the RPC's 'fit for purpose' opinion. This confirmed that the Government had done sufficient analysis on the costs and benefits of the MLRs (Impact Assessment found here: http://www.legislation.gov.uk/ukia/2017/118). As you may be aware, the Government had previously published a draft impact assessment in September 2016 alongside the policy consultation on the implementation of 4MLD.

My officials have alerted me to a similar issue where the General Election purdah period has also had an impact on finalisation of the impact assessment for the implementation of the Payment Services Directive 2. The Government will shortly be laying the Payment Services Regulations 2017, which implement the Directive. Whilst a final impact assessment for implementation of the Directive has been submitted to the RPC, the Government will not be able to publish an impact assessment that has been through RPC scrutiny alongside the Regulations. The Government has taken the decision to publish without a final impact assessment to ensure industry and regulators have sufficient time to make the necessary changes required ahead of the Regulations coming in to force on 13 January 2018, with some aspects of the Regulations coming into force in August 2017 to support industry and regulators' preparation, while ensuring sufficient scrutiny of the impacts by the RPC. The Government will publish an impact assessment once it has received a fit-for-purpose opinion from the RPC.

The Government does of course greatly value Parliamentary scrutiny of its policies. To demonstrate our commitment to observe this rule whenever possible, HM Treasury is part of the Cabinet Office capability work to improve Government handling of secondary legislation. We are introducing new prioritisation and planning processes over the summer which will minimise the chance of the 21 day rule being breached in the future. I am also pleased to let you know that, in my role as the Economic Secretary to the Treasury, I will be acting as the new Secondary Legislation Champion and will be monitoring the department's performance and progress over the next few months.

I hope the above has gone some way to allay your concerns. Thank you once again for getting in touch.

17 July 2017

APPENDIX 2: INSOLVENCY AMENDMENT (EU 2015/848) REGULATIONS 2017 (SI 2017/702)

Additional Information from the Department for Business, Energy and Industrial Strategy

Q1: When was it clear that this instrument would need to come into force on 26 June 2017? Why did the Government not set a deadline for "settling the instrument" in good time to meet the 21- day rule? Did the Government not consider bringing the SI into force at a later date than 26 June, in order to meet the 21 day rule?

A1: Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast) came into force on 26 June 2015. The Regulation provides that the majority of the provisions shall apply in Member States from 26 June 2017.

Originally, the Government's intention was that the statutory instrument (S1) would extend to England and Wales only and the reserved aspects of Scottish insolvency legislation. The timetable set for preparing and making the regulations factored in the necessary period for the SI to lay before Parliament for the customary 21 days. However, as explained in the Explanatory Memorandum, the drafting was extended to cover devolved corporate insolvency law in Scotland at the request of the Scottish Government and both corporate and personal devolved legislation in Northern Ireland at the request of the Department for Economy in Northern Ireland (given the absence of a devolved government). This had not been foreseen at the original planning stage for the SI Due to the technical complexities of amending the different legislation in each of the three jurisdictions and the necessary co-ordination with legal advisers and officials in the different government departments, the drafting and approval process took much longer than anticipated. This meant that regrettably the instrument was not "settled" in order for it to be laid before Parliament for 21 days.

Consideration was given to whether the SI might be brought into force at a later date, but there were concerns that this could have potentially created difficulties for stakeholders and the courts, which would have been undesirable. **The Regulation introduces new legal provisions for voluntary coordination of group insolvency proceedings** (where more than one member of the group is subject to insolvency) and undertakings, where an insolvency office-holder offers an undertaking to creditors in another Member State where assets are located, to prevent the opening of secondary insolvency proceedings which would add unnecessary cost. The statutory instrument amends domestic legislation in each of the three jurisdictions to provide procedural rules to facilitate operation of these new policy areas. If the SI had not been implemented by the due date, these procedures would not have been in place and there would have been a risk that the Courts could be required to resolve tensions between EU and domestic legislation. This would have created uncertainty and the likelihood of additional cost for stakeholders. Therefore, in the interests of ensuring a smooth transition to the new arrangements, the Government determined that it would not be sensible to delay the date of coming into force.

We sincerely regret that we underestimated the time and complexity of the project, which meant that Parliament did not have the normal 21 day period to examine the regulations before they came into force. We will ensure that we learn from this for the future by building in scope for unexpected developments within the planning timetable, where at all possible.

Q2: What views were expressed in response to consultations, in particular the targeted consultation in 2017?

A2: The consultation carried out in advance of the publication of the proposed new EU Insolvency Regulation in 2012 indicated that UK stakeholders were generally content that the then existing EU legislation on cross-border insolvency proceedings (Regulation (EC) No 1346/2000) worked, and that achievable modifications to improve the working of it would be welcomed. A further call for evidence was published in February 2013, which was used to inform the Government's decision on whether to opt in to the new EU Regulation. We received responses from trade organisations, insolvency practitioners, lawyers and academics. The responses were universally supportive of the proposals and of the UK opting-in to the negotiations and the amended EU Regulation

With regard to consultation on the Insolvency Amendment (EU 2015/848) Regulations, the principles of the legislation had already been established in the EU Regulation 2015/848. While our Regulations were complex and technical in their nature, they did not involve any significant policy choices.

However, we sought views on an initial draft of the regulations from a small group of insolvency professionals with specialist expertise in cross-border insolvency proceedings, as well as seeking views on some specific implementation questions. The group was broadly content with our proposed approach to the application of the EU Regulation.

Q3: In the second paragraph of your response to question 1 you say "The Regulation introduces new legal provision for voluntary coordination of group insolvency proceedings…" The Committee would like clarification of how these provisions can be voluntary if they are contained in legislation.

Q4: I see that para 7.4 of the EM refers rather to "a non-binding proceeding so individual office-holders can choose whether or not to participate in the coordination, and even if they do participate, they can depart from the coordinator's plans at any time". The Committee also asked if they are voluntary, how can they be effective, because it is in this type of group insolvency that unreasonable delays to creditors occur. If they are non-binding and participants are not obliged to follow the coordinator's plans what advantage does this add?

A: The provisions relating to group coordination proceedings are contained in Art 61 to 77 of Regulation 848/2015 (the Regulation) so are directly applicable in the UK. These articles are voluntary in the sense that:

(1) No-one is obliged to request a group coordination order;

(2) An individual insolvency practitioner can object to the company (for which they are appointed as insolvency office-holder) participating in the co-ordination proceedings (Art 64); and

(3) Even if they do participate, the insolvency practitioner may choose not to follow the coordinator's plan and recommendations in whole or in part (Art 70).

The group coordinator does not have powers to override the decisions of the office-holders in proceedings that are coordinated or to direct how those proceedings are conducted. A coordinator will have need to be able to show that recommendations or a plan that are good for the creditors of the group companies as a whole are also good for the creditors of specific companies in order to persuade the office holders to follow them.

Although the Regulation contains the legal framework in respect of group coordination proceedings there are some aspects where national law is needed to provide for the processes involved or because the Regulation leaves matters to national law. So the new rule 21.12 inserted into the Insolvency (England and Wales) Rules 2016 by the UK Regulations sets out the information which must be contained in an application by an insolvency practitioner to a court in England and Wales for a coordination order. New rule 21.13 specifies what must be contained in an order. The purpose of these rules is to ensure that the court receives the right information and that the order is clear about which proceedings are coordinated, and which are excluded. Rule 21.14 requires an office-holder acting in proceedings that are coordinated to send a copy of the order to the registrar of companies where it will be publicly available. New rule 21.15 sets out to whom and when an office-holder who does not follow the coordinator's recommendation or a group coordination plan must report that decision with reasons. These are matters which Article 70(2) of the Regulation left to Member States to determine. Equivalent provision is made for Scotland and Northern Ireland.

By setting out a framework for coordination within the Regulation and the UK Regulations, we provide a clear, consistent and efficient process which insolvency office-holders can choose to use if they wish. This will encourage participation in attempts to coordinate proceedings if office-holders see the time and cost-saving benefits and better outcomes such as improved chances of a coordinated cross-border business rescue.

Furthermore, as these provisions are contained in the Regulation they enable the coordinator and the coordination proceedings to be automatically recognised in other Member States.

4 and 14 July

APPENDIX 3: INTERESTS AND ATTENDANCE

Committee Members' registered interests may be examined in the online Register of Lords' Interests at www.publications.parliament.uk/pa/ld/ldreg.htm . The Register may also be inspected in the Parliamentary Archives.

For the business taken at the meeting on 18 July 2017, Members declared no interests.

Attendance:

The meeting was attended by Baroness Gould of Potternewton, Lord Haskel, Lord Kirkwood of Kirkhope, Lord Sherbourne of Didsbury and Lord Trefgarne.