



Department of
**Enterprise, Trade
and Investment**
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Insolvency Service

Consultation

Debt Relief Scheme - Proposals to Amend the Limits for Eligibility

Consultation on Policy

17 September 2015

Closing Date for Responses: 12 November 2015

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Purpose of this Consultation

Legislation has been made in England and Wales to increase the limits on the total debts and the property which a debtor can have to be eligible for a debt relief order.

The purpose of this consultation is to seek views as to whether the corresponding limits for being eligible for a debt relief order in Northern Ireland should be similarly increased.

How to Respond:

Responses to this consultation document should be sent to:

By post to:

Eileen Glenn
Insolvency Service
Department of Enterprise, Trade and Investment
Fermanagh House
Ormeau Avenue, Belfast BT2 8NJ

Or by e-mail to Eileen glenn@detini.gov.uk

All responses should include the name and postal address of the respondent.

Please state whether you are responding as an individual or representing the views of an organisation. If responding on behalf of an organisation, please make it clear who the organisation represents and, where applicable, how the views of members were assembled.

It would be very helpful if you could present your views in the form of responses to the individual questions asked in the document.

An acknowledgement will be sent to confirm receipt of each response.

If you have any questions about the consultation document you can contact Eileen Glenn –

Tel: 028 9054 8583, or e-mail: Eileen.Glenn@detini.gov.uk

If you have any comment or complaint about the way this consultation was conducted, it should be sent to:

Richard Monds
Director of Insolvency
Insolvency Service
Department of Enterprise, Trade and Investment
Fermanagh House
Ormeau Avenue
Belfast BT2 8NJ

A copy of the Code of Practice on Consultation is at Annex 6.

Hard copies of this consultation document are available from Eileen Glenn at the address shown above. Request for copies in other formats, e.g. large print, Braille, disc, audio cassette and other

languages will also be considered.

A list of those organisations and individuals consulted is in Annex 1. We would welcome suggestions as to others who may wish to be involved.

TIMETABLE FOR RESPONSES

This consultation will close on 12 November 2015 and responses to this consultation should be forwarded to reach the Department at the address above on or before that date. It will not be possible to consider responses received after 12 November 2015.

Publication of Responses

The Department of Enterprise, Trade and Investment will publish a summary of responses on its website legislation page at www.insolvencyservice.detini.gov.uk/consultations after the consultation period has ended. Your response, and all other responses to the consultation, may also be disclosed on request.

The Department can only refuse to disclose information in exceptional circumstances. If we are asked to disclose responses under freedom of information, account will be taken of any requests for confidentiality. However, it is unlikely that information provided by a consultee would be regarded as confidential other than in very particular circumstances.

The Freedom of Information Act gives the public a right of access to any information held by a public authority, in this case the Department of Enterprise, Trade and Investment. This right of access to information includes information provided in response to a consultation.

However, the Department is responsible for deciding whether any information provided by you in response to this consultation, including information about your identity, should be made public or be treated as confidential. If you do not want all or part of your response or information about your identity to be made public, please state this clearly in your response by marking your response as 'CONFIDENTIAL', and include an explanation as to the reason. Any confidentiality disclaimer that may be generated by your organisation's IT system or included as a general statement in your fax cover sheet will be taken to apply only to information in your response for which confidentiality has been specifically requested.

We will handle any personal data you provide appropriately in accordance with the Data Protection Act 1998.

For further information about confidentiality or responses, please contact the Information Commissioner's Office, or see the web-site at:

<http://www.ico.gov.uk>

INTRODUCTION

1. A Debt Relief Scheme has been set up in Northern Ireland similar to one in operation in England and Wales with the aim of providing affordable relief from debt for individuals who could not afford to petition to be made bankrupt.
2. There are conditions for being eligible to apply for debt relief. This consultation paper deals with proposals to change two of the main ones, the total indebtedness and the value of the assets a debtor can have.
3. The group most directly affected by the proposed changes in this paper will be individuals burdened by debt which they cannot afford to pay who would be eligible to apply under the Debt Relief scheme if the eligibility limits were to be raised as proposed. Others affected will include debt advisors, debt charities and creditors.
4. We plan to make a Statutory Rule to increase the limits on total indebtedness and the value of the assets a debtor can have to be eligible for the scheme in line with changes made to the limits applying in England and Wales.
5. This consultation is to establish your views on these plans.

BACKGROUND

6. People burdened by debt which they cannot pay can obtain relief by petitioning the High Court to be made bankrupt. This results in the making, by the Court, of a Bankruptcy Order. A Bankruptcy Order protects the individual from action by their creditors, usually for a period of one year. At the end of that period the person is said to be discharged from their bankruptcy. Discharge releases the individual from any liability for debts to unsecured creditors incurred before the date of their bankruptcy, subject only to certain statutory exceptions such as unpaid fines or liability in connection with family proceedings. A trustee, who can be either a private sector insolvency practitioner or the official receiver, will administer the bankruptcy. They will take possession of and sell any assets which belonged to the bankrupt, subject to certain exceptions such as clothing, ordinary household furniture and tools or vehicles which the bankrupt needs for use in their employment or business.
7. There is a cost to petition to be made bankrupt. The individual has to pay a deposit, currently £525, to the Department of Enterprise Trade and Investment (“the Department”) as security for the fee payable to the Official Receiver for the performance of his duties. They will also have to pay a Court fee of £115 though this can be waived by the Court depending on the debtor’s circumstances.
8. Debt relief schemes have been set up both in England and Wales and in Northern Ireland to offer relief for people with relatively low levels of debt who cannot afford the cost of petitioning to be made bankrupt. The scheme in England and Wales started in April 2009, the one in Northern Ireland in June 2011. The scheme in Northern Ireland operates in a broadly similar way to that for England and Wales.
9. Debt Relief Orders are made by the Official Receiver and the court is not normally involved. The debtor applies for a Debt Relief Order through a debt adviser who is an approved intermediary. Approval is by one of 7 competent authorities designated by the Department.

The application form is usually completed by the intermediary on behalf of the bankrupt. Only the intermediary can submit the form. The intermediary is not allowed to charge any fee for this service.

10. Submission is done electronically. The completed form is sent to the Insolvency Service Debt Relief Order team. The debtor then has to pay a £90 fee to the Department. This is the only cost to the debtor.
11. Once the Department has received the £90 fee the application is processed by the Debt Relief Team. They will check that the debtor meets the various conditions for being eligible for the scheme. If the conditions are met the Official Receiver will make a Debt Relief Order.
12. A Debt Relief Order provides a stay on action by creditors listed in the Debt Relief Order, unless with leave from the Court, for a period of twelve months. At the end of the twelve months these debts are discharged. Unlike bankruptcy, a debt has to be listed, or to use the proper term, scheduled in the Order, otherwise the stay of action and discharge will not apply.
13. In the four years since the Northern Ireland debt relief scheme came into operation, over 2,000 people have benefitted from debt relief.

THE PROPOSALS

To raise the eligibility ceilings applying to the amount of debt and the value of the assets a debtor can have in line with what has been done in England and Wales.

Present position

14. Among the conditions which a debtor must meet to be eligible to apply for a Debt Relief Order are,
 - i. That the total amount of their debt, other than unliquidated debts and excluded debts, does not exceed the amount specified by order under Article 362(1)(b) of the Insolvency (Northern Ireland) Order 1989. The amount currently specified is £15,000.
 - ii. That the value of their property does not exceed the amount specified by order under Article 362(1)(b). The amount currently specified is £300.

These amounts have remained unchanged since the debt relief scheme was set up in June 2011.

15. They are the same amounts as currently apply under the scheme in England and Wales. These also have remained unchanged since the scheme in England and Wales was set up. The limit on the total amount of debt was intended to restrict access to the scheme to those with low levels of unsecured debt rather than allowing debtors to discharge “excessive” sums.
16. The £15,000 and £300 limits were first proposed for England and Wales in a consultation in March 2005. The following table shows what these amounts would have been in April 2015, had they been increased in line with inflation, since 2005, since 2009, which was the year that the scheme in England and Wales became operational, and since 2011, which was the year the Northern Ireland scheme became operational.

Limits adjusted for inflation up to April 2015

Inflation Adjustment	Limit on total debt	Limit on total assets
Current Limits	£15,000	£300
GDP deflator (2011)	£16,039	£321
CPI (2011)	£16,086	£322
GDP deflator (2009)	£16,900	£328
CPI (2009)	£17,363	£347
GDP deflator (2005)	£18,735	£378
CPI (2005)	£19,238	£385

17. The following table gives an indication of the impact which raising the limit on total debt to be eligible for the debt relief scheme in isolation might have on the number of people applying to be made bankrupt in Northern Ireland.

Estimated total debt in bankruptcy cases in Northern Ireland for 2014/15

Range	Number in range	Proportion (of total, excluding blank entries)
£0-15000	174	13%
15001-16000	7	1%
16001-17000	15	1%
17001-18000	22	2%
18001-19000	10	1%
19001-20000	11	1%
20001-22500	36	3%
22501-25000	19	1%
25001-27500	29	2%
27501-30000	23	2%
30001+	954	71%
Blank	44	3%
Total	1344	100%

18. This shows that if the sole eligibility criterion for a DRO was total debt, of the 1,300 bankruptcy cases for which we have data on the level of debt, 174 could qualify for the DRO route at the current £15,000 limit (but they might of course not meet the other criteria). The table also shows the number of people with debts falling within various ranges between £15,000 and £30,000. If the ceiling was raised to 20,000 an additional 5% of bankrupts would qualify for a DRO on this basis.

19. The following table gives an indication of the impact which raising the limit on total assets to be eligible for the debt relief scheme in isolation might have on the number of people applying to be made bankrupt in Northern Ireland.

Estimated total assets in bankruptcy cases in Northern Ireland for 2014/15

Total value of assets	Number in range	Proportion in range (of total, excluding those not entering a value)
£0-300	1088	81%
301-500	23	1.71%
501-1000	19	1.41%
1001-1500	4	0.30%
1501-2000	13	0.97%
2001-2500	6	0.45%
2501-3000	3	0.22%
3001-3500	0	0.00%
3501-4000	43	3.20%
4001-4500	5	0.37%
4501-5000	3	0.22%
5001+	93	7%
Blank	44	3%
Total	1344	100%

20. Ignoring the blank entries where no asset record was entered for the debtor, 84% of bankruptcy cases for year 2014/15 had an asset value within the DRO range of £0 to £300. Increasing the asset level to £1,000 would add a further 3% of bankruptcies (if they met the other criteria).

21. Finally we have combined the asset and debtor data in bankruptcy to consider the upper bounds of how many cases could be included if the limits were changed simultaneously.

Number of bankruptcy cases in Northern Ireland during 2014/15 below both a total debt and total asset limit (but not necessarily meeting the income test for a DRO).

Change	Estimated Debts	Assets	Number of cases (1300 cases show both an asset and debt)	% of cases (out of 1300 cases)	Number of cases (ratioed to 1344 bankruptcies)
Current Limits	<£15,000	<£300	160	12%	165
GDP deflator (2011)	<£16,039	<£321	169	13%	175
CPI (2011)	<£16,086	<£322	172	13%	178
GDP deflator (2009)	<£16,900	<£328	181	14%	187
CPI (2009)	<£17,363	<£347	189	15%	195
GDP deflator (2005)	<£18,735	<£378	213	16%	220

CPI (2005)	<£19,238	<£385	215	17%	222
	<£20,000	<£500	225	17%	233
	<£25,000	<£1,000	280	22%	289
	<£30,000	<£2,000	328	25%	339

22. This table looks at various permutations – including the impact of changing the limits in line with two inflation measures. We have 1,300 bankruptcy cases where values for both the assets and debt levels have been recorded. The fourth column shows the number of cases, out of these valid cases, falling below the various total debt and total asset limits, while the fifth column shows these as a percentage of the cases where both debt and asset figures are available. For example, 160 cases representing 12% of the 1,300 cases, in bankruptcy, sit below the current DRO limit of £15,000 debt and £300 eligible assets. The final column shows how many cases this implies for the full 1,344 bankruptcy cases in 2014/15 and assumes missing data matches the pattern of data we have collected. This is provided to give a real indication of the actual effect of any change.

Proposed Changes

23. Normal practice is, in the absence of good reason, to keep insolvency legislation in Northern Ireland in parity with that applying in England and Wales. This ensures that those affected by insolvency are treated the same as they would be in England and Wales and simplifies matters for creditors from outside Northern Ireland.

24. In England and Wales the Insolvency Proceedings (Monetary Limits) (Amendment) Order 2015 (S.I. 2015 No. 26) made on 14 January 2015 will increase the eligibility limits from 1 October 2015 as follows,

- i. The total amount of debt, other than unliquidated debts and excluded debts, which a debtor can have will be increased from £15,000 to £20,000; and
- ii. The value of the property which a debtor can have will be increased from £300 to £1,000.

25. We propose, therefore, to increase the corresponding limits for eligibility for the Northern Ireland debt relief scheme to the same amounts, that is £20,000 and £1,000.

26. Increasing the limits for the Northern Ireland scheme will require legislation.

Equality and Rural Proofing

27. Equality screening has not shown that any of the proposals would adversely affect the section 75 groups.

28. Rural impact screening has not shown any adverse effect on those living in rural areas.

Consultation Questions

29. Consultees are, therefore, invited to provide their views on the following specific questions relating to the proposed changes. A response proforma is provided at Annex 5.

Q.1. Do you agree that the total amount of debt, other than unliquidated debts and excluded debts which a debtor can have to be eligible to apply for a Debt Relief Order under the Northern Ireland debt relief scheme should be increased to the same amount as will apply in England and Wales from 1 October 2015, that is £20,000?

Q.2. If you do not agree that the limit should be increased to £20,000 what limit do you think should apply?

Q.3. If you think that a different limit should apply in Northern Ireland, what are your reasons?

Q.4. Do you agree that the total value of the property which a debtor can have to be eligible to apply for a Debt Relief Order under the Northern Ireland debt relief scheme should be increased to the same amount as will apply in England and Wales from 1 October 2015, that is £1,000?

Q.5. If you do not agree that the limit should be increased to £1,000 what limit do you think should apply?

Q.6. If you think that a different limit should apply in Northern Ireland, what are your reasons?

List of consultees

Abbey National PLC
Accountant in Bankruptcy Scotland
Advice NI
Advice Services Alliance
Alliance & Leincester PLC
Arthur Cox, Solicitors
Arthur Guinness & Sons
Association of Chartered Certified Accountants
The Attorney General for Northern Ireland
Bank of Ireland
Bank of Ireland Commercial Finance
The Bankruptcy Association
Barclays Bank PLC
Bass Ireland
Belfast Solicitor's Association
BK Binney Ltd
Blackhorse Personal Finance
British Bankers Association
BT
The Catholic Bishops for Northern Ireland
Chartered Institute of Management Accountants
Child Maintenance and Enforcement Division of the Department for Social Development
Civil Law Reform Division of the Departmental Solicitors Office
Civil Service Benevolent Fund
Cleaver, Fulton Rankin, Solicitors
Clerk of Petty Sessions, Laganside Courts
Community Relations Council
Concordia
Confederation of British Industry
Consumer Credit Counselling Service
Consumer Credit Trade Association
Construction Employers Federation
Corporation of Insurance, Financial and Mortgage Advisers
The Countryside Agency
The Crown Solicitor for Northern Ireland
Departmental Solicitors Office
DETI Committee
DETI Equality Consultation list
Disability Action
The District Judge (Magistrates Court)
Engineering Employers Federation
Equality Commission for Northern Ireland
Executive Council of the Inn of Court of Northern Ireland
Experian Northern Ireland
Federation of Master Builders

Federation of Small Businesses
First Trust
Food Standards Agency
General Consumer Council for Northern Ireland
Halifax Bank of Scotland & Ireland
HBOS
HM Council of County Court Judges
HM Revenue & Customs
Housing Executive
HSBC Bank PLC
Human Rights Commission
Information Commissioner's Office
Insolvency Practitioners
Insolvency Practitioners Association
Insolvency Rules Advisory Committee
Insolvency Service (GB)
Institute of Chartered Accountants – Ulster Society
Institute of Chartered Secretaries & Administrators
Institute of Directors, Northern Ireland
Institute of Professional Legal Studies (QUB)
Inter Trade, Ireland
Invest NI
Irish Banking Federation
Irish League of Credit Unions
Judge Deeny
Land & Property Services
Law Centre (NI)
Law Society of Northern Ireland
Lloyds TSB plc
Lombard & Ulster
The Lord Chief Justice
Marks & Spencer Financial Services PLC
The Master in Bankruptcy
The Master, Enforcement of Judgments Office
The Master, Family Division
Members of the Northern Ireland Assembly, MPs and MEPs, NI political parties
The Ministry of Defence
Money Advice Trust
National Federation of Builders
National Housebuilding Council
NIC/ICTU
NIIB Group Ltd.
North/South Ministerial Council
Northern Bank Ltd.
Northern Ireland Association of Citizens Advice Bureaux
Northern Ireland Association for the Care and Resettlement of Offenders
Northern Ireland Bankers Association
Northern Ireland Chamber of Commerce and Industry
Northern Ireland Chamber of Trade
Northern Ireland Council for Voluntary Action

Northern Ireland Courts and Tribunals Service
Northern Ireland Electricity
Northern Ireland Finance House Association
Northern Ireland Food and Drink Association
Northern Ireland Independent Retail Trade Association
Northern Ireland Judicial Appointments Commission
Northern Ireland Law Commission
Northern Ireland Legal Services Commission
Northern Ireland Local Government Association
Northern Ireland Office
Northern Ireland Ombudsman
Northern Ireland Water
Northern Ireland Youth & Family Courts Association
Official Assignee, Dublin
Office of the First and Deputy First Minister
Office of the Legislative Counsel
Participation & the Practice of Rights Project
The Police Service of Northern Ireland
Provident Financial Services
Provident Personal Credit Ltd.
Registrar of Companies, Belfast
Registrar of Companies, Cardiff
Registrar of Companies, Edinburgh
RFS Ltd.
Road Haulage Association
School of Law, Queens University of Belfast
School of Law, University of Ulster
Shopcheck Financial Services Ltd
Society of Local Authority chief Executives
Stock Exchange - NI Regional Advisory Group
Student Loan Company
Stubbs Gazette
Ulster Bank Ltd.
Ulster Community Investment Trust
Ulster Farmers Union
Ulster Federation of Credit Unions
Ulster Society of Chartered Certified Accountants
The Victim's Unit
Welcome Financial Services Ltd.
Woolwich PLC

Consultees on the Department of Enterprise, Trade and Investment equality consultation list, copies of which will be made available on request.

	Regulatory Impact Assessment (RIA)
Title: Proposed increase in amounts of unsecured debt and assets a debtor can have before becoming ineligible for a Debt Relief Order	Date: 28/04/15
	Type of measure: Secondary Legislation
Lead department or agency: DETI	Stage: Initial
	Source of intervention: Domestic NI
Other departments or agencies: N/A	Contact details: Eileen Glenn
	028 90548583

Summary Intervention and Options

What is the problem under consideration? Why is government intervention necessary? (7 lines maximum)
This impact assessment describes the impact of a proposed legislative change to raise the upper limits which apply in the case of two of the entry criteria for Debt relief Orders, maximum debt owed and maximum total assets. Debt Relief Orders (DRO) were introduced in 2011 to help the most vulnerable debtors access debt relief. Changes in prices and wages since then mean that the targeted group of vulnerable debtors may need to change. Government intervention is the only mechanism that can update the entry criteria for a DRO.

What are the policy objectives and the intended effects? (7 lines maximum)
To ensure that the ceilings on debt owed and total assets are set at the right level so that they neither exclude individuals who should be able to access the debt relief scheme nor allow entry to it in cases where debts and assets are of such a magnitude that other remedies such as bankruptcy would be more appropriate.
To bring the eligibility criteria for debt owed and total assets into line with changes being made in England and Wales.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base) (10 lines maximum)
Option 1: Do nothing: A sub-group of the most vulnerable debtors will not be able to access low cost debt relief.
Option 2 (preferred option) : Change the entry criteria for a DRO from £15,000 of qualifying debt to £20,000 and from £300 in assets to £1,000

Will the policy be reviewed? It will be reviewed **If applicable, set review date:** 10/2021

Cost of Preferred (or more likely) Option		
Total outlay cost for business £m	Total net cost to business per year £	Annual cost for implementation by Regulator £
0	£146	0

Does Implementation go beyond minimum EU requirements?	NO <input checked="" type="checkbox"/>	YES <input type="checkbox"/>
Are any of these organisations in scope?	Micro Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Small Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	Medium Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Large Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

The final RIA supporting legislation must be attached to the Explanatory Memorandum and published with it.

Summary: Analysis and Evidence

Policy Option 1

Description: Changes to the entry parameters for Debt Relief Orders

ECONOMIC ASSESSMENT (Option 1)

Costs (£)	Total Transitional (Policy) (constant price)	Years	Average Annual (recurring) (excl. transitional) (constant price)	Total Cost (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate	0		£26,846	£223,268

Description and scale of key monetised costs by ‘main affected groups’ Maximum 5 lines
 There is a cost to competent authorities for administering the additional demand for DROs of around £26,700 per year. Creditors will lose out on a small amount of dividend payment estimated to be less than £146 per year.

Other key non-monetised costs by ‘main affected groups’ Maximum 5 lines
 There are no non-monetised costs.

Benefits (£)	Total Transitional (Policy) (constant price)	Years	Average Annual (recurring) (excl. transitional) (constant price)	Total Benefit (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate	0		£53,305	£443,317

Description and scale of key monetised benefits by ‘main affected groups’ Maximum 5 lines
 Debtors following a DRO route instead of a bankruptcy route will save £53,305 in reduced costs.

Other key non-monetised benefits by ‘main affected groups’ Maximum 5 lines
 Annual benefit to debtors of £1.28m. Effective debt relief can provide a number of non- monetised benefits including better relationships with family and friends, improvements in mental health and better employment prospects. Creditors may benefit by not incurring the cost of debt recovery where this will exceed the amount recovered.

Key Assumptions, Sensitivities, Risks Maximum 5 lines
 There is a risk that the actual change in the number of debt relief orders might prove to be significantly different from what has been forecast leading to potentially larger costs to creditors and competent authorities than anticipated. There is also a small risk that providing greater access to inexpensive debt relief could lead to more reckless borrowing by individuals.

BUSINESS ASSESSMENT (Option 1)

Direct Impact on business (Equivalent Annual) £m			
Costs:£146	Benefits:0	Net:-£146	

Cross Border Issues (Option)

How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland)

Maximum 3 lines

Identical changes to the eligibility limits for debt relief are being made in England and Wales.

Evidence Base

There is discretion for departments and organisations as to how to set out the evidence base. It is however desirable that the following points are covered:

- Problem under consideration;
- Rationale for intervention;
- Policy objective;
- Description of options considered (including do nothing), with reference to the evidence base to support the option selection;
- Monetised and non-monetised costs and benefits of each option (including administrative burden);
- Rationale and evidence that justify the level of analysis used in the RIA (proportionality approach);
- Risks and assumptions;
- Direct costs and benefits to business;
- Wider impacts (in the context of other Impact Assessments in Policy Toolkit Workbook 4, economic assessment and NIGEAE)

Problem under consideration

The overall aim of the proposed legislative change is to protect the most vulnerable consumers with debt problems. To achieve this objective it is proposed to change two of the debt relief order eligibility limits.

If a person has debt problems there are various options to help them make arrangements with their creditors:

The debtor can contact his/her creditors and negotiate an agreement to repay all or some of the debts owed; The debtor can apply to a lender for a loan to reorganise or clear his/her debts; the debtor can go to a debt management company who will negotiate with his/her creditors and manage his/her payments to them. The arrangement the company negotiates for the debtor with his/her creditors is called a debt management plan (DMP); the debtor can ask the Enforcement of Judgments Office to make an administration order under which the debtor must make weekly, monthly or quarterly payments from his/her income to the office, which shares them among his/her creditors, in proportion to the amounts he/she owes them; The debtor can go to an insolvency practitioner who will prepare, negotiate and administer an Individual Voluntary Arrangement (IVA) for him/her to repay his/her creditors; the debtor can become bankrupt The debtor can obtain a Debt Relief Order.

Debt Relief Orders (DRO) - assist a lot of the neediest people with their over-indebtedness but there is a need to review the eligibility criteria for a DRO because of changes to prices and income.

This impact assessment will describe the impact of changes to the maximum amounts of debt and assets which an individual can have to be eligible for a DRO. Debt Relief Orders were introduced in June 2011 and were aimed at providing much needed debt relief to a specific group of individuals in financial difficulty, i.e. those with a low level of liabilities (£15,000), no assets over and above a nominal amount (£300) and no surplus income with which to pay creditors (£50), and for whom bankruptcy is a disproportionate remedy. The process and structure of going through a DRO was made as simple as possible to ensure the cost of entry, which has been set to cover costs, would not exclude debtors. The entry fee is £90. It was also

designed to support the financial rehabilitation of debtors as its low cost provided debtors with an incentive to address their debt issues earlier. It is an administrative rather than a court based procedure and can only be obtained once every 6 years. The applications can only be processed by financial intermediaries working for one of the recognised competent authorities. After 12 months the debtor emerges debt free with no payments made to creditors. In the four years since debt relief orders were introduced, over 2,000 people have received debt relief.

Number of DROs since the system was introduced in June 2011

Year	Orders Made
July 2011/31 March 12	172
2012/13	537
2013/14	618
2014/15	535
Grand Total	1862

Rationale for intervention

Government intervention is necessary to update the eligibility limits for Debt Relief Orders. The Debt Relief scheme was set up using the same limits as apply under the scheme in England and Wales and these were based on 2005 price levels. Changes to wages, prices and income since that time are likely to mean that some of the intended target population are no longer eligible for a DRO. Updating the legislation will overcome this problem.

Reviewing the eligibility for a DRO will enable more people, who meet the entry criteria, to have a 'fresh start' from their indebtedness by unburdening them from their debts after 12 months. Effective debt relief provided by DROs has wider social and economic impact than just debt relief. There is a consensus of opinion between academics and the advice agencies on the links between financial distress and stress and anxiety (and even more serious mental health issues), relationship problems and the consequential detrimental impact on the family. These additional social costs of indebtedness can be corrected in some part by a Government intervention.

Policy objective

The overall aim of the legislation is to provide the best mechanism for people to obtain debt relief. This is to be achieved via changes to be made to the eligibility limits in line with changes being made in England and Wales which have been made following a review of the regime.

The DRO regime provides debt relief for the most needy in society as an alternative to bankruptcy. Following on from the introduction of DROs in England and Wales in 2009, the aim of the review carried out was to make sure that the regime was working as intended and to determine if any changes needed to be made to ensure that it was achieving what it was originally set up to do. The review was needed to guarantee that the insolvency regime was providing the most vulnerable people with the opportunity to start again in an appropriate way without overly punitive measures being imposed on

them. This will provide a more proportionate way of resolving debt problems for low asset cases and at the same time strike the right balance between the rights of creditors to repayment and debtors to receive relief from debt, both of which will increase the overall efficiency of the insolvency regime.

Description of options considered (including do nothing)

Do nothing: The option would mean that many of the most needy and vulnerable in society would continue not to have access to low cost debt relief when they have no means, or prospect, of repaying their debts.

Preferred option: Change the limits under the criteria for Debt Relief Orders

The Debt Relief scheme for Northern Ireland was modelled on the one in England and Wales. It is targeted at people in identical circumstances in both jurisdictions. The limits on total debts and total assets were set at the same amounts as those applying in England and Wales. The amounts which apply in England and Wales are going to be increased on 1 October 2015. Corresponding adjustment needs to be made to the limits which apply under the Northern Ireland scheme.

This will result in the limits being increased as follows:

	Current	Amount following proposed increase
Qualifying debt limit	£15,000	£20,000
Asset limit	£300*	£1,000*

*Excludes certain items such as a motor vehicle (up to £1,000), approved pensions and basic belongings such as clothes, bedding and furniture.

The preferred option delivers increases in real terms in the level of assets and debts that are eligible for inclusion in a DRO. The new levels should not lead to a significant burden on the competent authorities through having to meet extra demand for their services. Larger increases would place a significant burden on the competent authorities as well as lead to larger losses to creditors.

The proposed legislation will not make any other changes to the DRO scheme.

Monetised and non monetised costs and benefits of preferred option.

This section contains a description of the likely costs and benefits of the preferred option by the main affected groups. The preferred option would have an impact on 6 groups: debtors, creditors, insolvency practitioners, competent authorities, the Insolvency Service and the High Court. This impact assessment will discuss the benefits and costs for each of these groups from the proposed changes to legislation affecting Debt Relief Orders.

Benefits

Benefits to Debtors

Access to Debt Relief Orders

The main benefit from increasing the qualifying limit for DROs would be that a greater number of vulnerable people facing financial difficulty with relatively small levels of debt and minimal assets would be able to access debt relief by the simple and cheap process of a DRO. Currently these people may be excluded from bankruptcy or other remedies due to the cost, lack of income or not fulfilling the criteria for a DRO. Analysis by the Insolvency Service estimates that the additional number of people who will be able to access a Debt Relief Order as a result of the changes is around 73 per year. In the absence of data on the debt levels of these individuals we have to assume that the midpoint between the previous debt levels and the new one, £17,500, is a fair reflection of the debt level. Using this midpoint implies an annual benefit to these debtors of £1.28m.

As well as new people being able to access debt relief orders a number of people with low levels of liabilities will no longer need to use bankruptcy as a method of debt relief. Using historical administrative data it is possible to get an indicative estimate of the number of debtors who would switch from bankruptcy to a DRO. The number is estimated to be in the region of 108 per year. Of these it is estimated that 11 would have ended up being made bankrupt on foot of a creditor petition so that the number who would switch from petitioning for their own bankruptcy to applying for a debt relief order would be 97. Each would potentially save up to £550, being the £525 deposit plus the £115 court fee, less the £90 cost to apply for a DRO.

The court fee is often reduced or waived in cases of hardship/ During 2014 91% of individuals made bankrupt on their own petition had to pay the deposit and court fee in full, 0.073% had to pay the deposit and half the court fee and 8.9% had to pay only the deposit.

The following calculation shows the estimated annual benefit to be £53,305.

Benefit to debtors from lower fees from entering a DRO

Annual savings for debtors paying deposit and court fee in full	£48,400
(91% of 97 = 88. £550 X 88 = £48,400)	
Annual savings for debtors paying none of the court fee	£3,915
(9% of 97 = 9 £435 X 9 = £3,915)	

Less cost to the 11 debtors who would previously have relied on being made bankrupt by a creditor applying for a DRO (£90 X 11)	£990
Total saving to debtors	£53,305

Improving access to debt relief will provide a number of non monetised benefits for example allowing debtors to achieve a quicker and cheaper solution to their problem. Furthermore, there is a consensus of opinion between academics and the advice agencies on the links between financial distress and stress and anxiety (and in some cases more serious mental health issues), relationship problems, and the consequential detrimental impact on the family.

Benefits to creditors

The cost of recovering debt forms part of a creditor's business expenses. Creditors incur costs from administration of debt recovery systems or by using specialist collection agencies.

Creditors should only be incurring the cost of recovering debt if the value to be recovered exceeds the costs of collection. However in low asset, debt and income cases the actual debt recovered is likely to be very small and would generally exceed the cost of recovery. Creditor groups may commence bankruptcy

proceedings to try and bring a resolution to a long running debt collection process after exhausting all other means of solving the issue. There are occasions when bankruptcy is used as part of the debt collection process in order to bring about an investigation of the debtors estate because of the creditor's belief that the debtor may have not been truthful about available assets or income.

Benefit to the public sector (judicial system)

Debt Relief Orders are an administrative rather than a court based system. Making more cases eligible for DROs instead of bankruptcy will reduce the burden on the judicial system. Both creditor and debtor court fees charged are designed to cover the court cost and so are neutral in terms of cost impact on the judicial system.

Costs:

Costs to Competent Authorities from changes to Debt Relief Orders

Debt advice can be provided through a number of channels but only a limited number of financial intermediaries working for 1 of the 7 competent authorities recognised by the Department of Enterprise, Trade and Investment are authorised to process applications for DROs.

Increasing the number of people who are eligible for a DRO should lead to an increase in demand from debtors for DROs. Competent authorities are responsible for processing DRO applications and any increase in applications would either have to be met by existing capacity or through investment by competent authorities in additional authorised intermediaries. Competent authorities have told us it is very difficult to estimate the cost of administering a DRO application with CAs using different delivery systems but an estimate of around £200-£300 per case would cover an average case. Using this estimate and the forecasted increase in DRO applications we estimate that the cost to competent authorities of the increase in demand would be between £21,600 and £32,400.

Question 1. (for Competent Authorities) Do you foresee that the proposed increases in debt and assets levels for eligibility for the Debt Relief scheme will result in other costs for your authority eg for training staff or making changes to your IT system?

Question 2. (for Competent Authorities) If you believe that there will be other costs please provide an estimate of what these will be and state whether they will be one-off or recurring costs.

Question 3. Do you agree with the estimated cost of between £200 and £300 for administering a DRO application? If not please provide your estimate of the cost.

Costs to Creditors

Changes to DRO limits

After accounting for the costs of completing the process the office holder administering the bankruptcy proceeding distributes whatever assets are left over to creditors. The amount distributed will of course depend on the level of assets. The lack of any assets for debtors in a DRO means that a DRO differs by completely writing off all debts included in the order and so no distribution is made to creditors. Following the changes to eligibility this means that some cases that would have previously qualified for bankruptcy would now qualify for a DRO. The cases that would transfer would have to have relatively low levels assets

(£1,000 or less) to qualify for a DRO. These assets would be completely used up in the administration fee (£1,050) that the Insolvency Service's charges against the estate in all bankruptcy cases meaning that there would be no assets to distribute to creditors. Therefore there will no cost to creditors of these cases transferring from bankruptcy to DROs.

Access to Debt Relief Orders

Under the benefits to debtors section it was estimated that current cost of bankruptcy was preventing some people from accessing a debt solution and following the increases in the DRO limits new people would now be able to access a debt solution. The number of new people able to access a DRO was estimated to be 73. The average annual benefit to debtors from having access to a DRO for the first time was estimated to be £1.28m. There is not an equivalent cost to creditors in economic terms because debt is already allocated and effectively has sunk value.

The actual lost money to creditors will be a small fraction of this lost debt. Analysis of Insolvency Service administrative data shows that low asset cases return on average around £2 per case to creditors. Using this as an approximate estimate of the lost dividend payment to creditors and multiplying by the number of debtors now able to access debt relief orders gives the following,

£2 x 73 giving an annual cost to creditors of around £146. This money will now stay with debtors.

Office holders distribute funds to a range of creditors according to a prioritisation set out in statute. The groups include secured creditors (often banks), preferential creditors such as former employees, floating charge holders (again usually banks) and unsecured creditors including HMRC and other businesses. All of these groups will be impacted by the loss of funds

Risks and assumptions

There is a risk that the estimate of the increase in demand for DRO applications is below the level that can be reasonable met by competent authorities. A larger increase in demand would result in applications being processed slower and debtors taking longer to receive debt relief. A substantial increase would require significant new capacity, the cost of which to competent authorities would have to be covered via new funding streams.

There is a risk that the number of cases transferring from bankruptcy to a DRO is greater than expected which could lead to a greater impact on Insolvency Service income. If the transfers are greater than expected an operational deficit may occur in the Insolvency Service funding which may require additional tax payer funding in the short term or greater fee increases which would ultimately be paid by creditors and debtors.

There is a risk that making it is easier for individuals to rid themselves of problem debts may lead to individuals borrowing more recklessly, this moral hazard may worsen individuals indebtedness instead of helping them. The Insolvency Service thinks the risk of this is low as a similar concern was raised when DROs were initially introduced in 2011 and we are not aware of any evidence linking reckless borrowing with the availability of DROs.

Summary of direct costs and benefits to business calculations

The legislation deregulates the debtor market by providing an expansion in a cheaper form of debt relief for those with little or no ability to repay their debts. The deregulation for debtors places an additional burden on competent authorities responsible for meeting the extra demand for DROs.

Competent Authorities will incur a small direct cost from the legislation because of the increased burden on financial intermediaries. This is estimated at between £21,600 and £32,400.

A description of the impacts on business are below:

An ongoing cost to competent authorities for processing additional applications for DROs of £27,000.

An ongoing cost to business creditors from new debtors able to access DROs of £146.

Overall Annual Cost

Additional cost of administering DRO applications	£26,700
Lost dividend income from debtors able to access debt relief for the first time	£146

Wider impacts

Equality impact assessment

An equality impact screening has shown that the policy would not have a differential impact on any of the section 75 groups..

The policy has been assessed as having no wider impacts other than those discussed.

DETI EQUALITY SCREENING FORM

Part 1. Policy scoping

The first stage of the screening process involves scoping the policy under consideration. The purpose of policy scoping is to help prepare the background and context and set out the aims and objectives for the policy, being screened. At this stage, scoping the policy will help identify potential constraints as well as opportunities and will help the policy maker work through the screening process on a step by step basis.

Public authorities should remember that the Section 75 statutory duties apply to internal policies (relating to people who work for the authority), as well as external policies (relating to those who are, or could be, served by the authority).

Information about the policy

Name of the policy

The Insolvency (Monetary Limits) (Amendment) Order (Northern Ireland) 2016

Is the policy:

- new
- existing
- revised

What is it trying to achieve? (intended aims/outcomes)

A Debt Relief Scheme became operational in Northern Ireland in June 2011. The scheme is modelled on a similar scheme in operation in England and Wales and is intended to give individuals who cannot afford the cost of petitioning for bankruptcy the opportunity of obtaining relief from debt.

The only cost involved in obtaining a Debt Relief Order is a £90 application fee whereas there is a £525 deposit and a £115 court fee to petition for bankruptcy.

There are strict eligibility conditions for the Debt Relief Scheme. The main ones are that the total level of indebtedness must not exceed £15,000, the debtor must not have more than £300 in assets and their surplus income must not exceed £50 in the month. Legislation has been made in England and Wales to increase two of these limits as from 1 October 2015. The limit on total indebtedness is being increased to £20,000 and the limit on total assets to £1,000.

The Insolvency Service in Northern Ireland proposes to increase the corresponding limits for its scheme by the same amount.

The proposed increases include elements to take account of inflation and increases in real terms. The fact that the limits are being increased above inflation will allow more people to access the scheme.

Are there any Section 75 categories which might be expected to benefit from the intended policy? If so, explain how.

Putting the limit on total indebtedness up to £20,000 and the limit on total assets up to £1,000 has the potential to benefit any individual resident in Northern Ireland who:-

- wishes to seek relief from debt which they cannot pay;
- would not be eligible for the Debt Relief scheme as it stands because they have debts in excess of the current £15,000 limit or have more than £300 in assets; and
- whose debts and assets would fall within the new £20,000 and £1,000 limits.

There is no reason for the Department to believe that increasing the debt and asset limits as proposed would have any adverse implications, for any of the section 75 groups.

Who initiated or wrote the policy?

DETI

Who owns and who implements the policy?

DETI

Implementation factors

Are there any factors which could contribute to/detract from the intended aim/outcome of the policy/decision?

No.

If yes, are they

- financial
- legislative
- other, please specify _____

Main stakeholders affected

Who are the internal and external stakeholders (actual or potential) that the policy will impact upon?

- ✓ Staff
- ✓ service users (ie individuals who are ineligible for the Debt Relief Scheme at the current limits on debt and assets but who would be eligible under the proposed revised limits.)
- ✓ other public sector organisations
- ✓ voluntary/community/trade unions
- other, please specify _____

Other policies with a bearing on this policy

There is a separate proposal to raise the limit at which a creditor can petition to have a debtor made bankrupt from £750 to £5,000. This can be expected to lead to a decrease in the number of debtors being relieved of their debt burdens through being made bankrupt on petitions lodged and paid for by their creditors.

Raising the ceilings on eligibility for debt relief will give some of the individuals who would otherwise be left in debt an opportunity of unburdening themselves from it.

Available evidence

Evidence to help inform the screening process may take many forms. Public authorities should ensure that their screening decision is informed by relevant data.

What evidence/information (both qualitative and quantitative) have you gathered to inform this policy? Specify details for each of the Section 75 categories.

Section 75 category	Details of evidence/information
Religious belief	The application form for the Debt Relief Scheme includes a question about religious belief. However, answering this question is optional. Statistics to date are that 715 applicants declared themselves to be Protestants, 487 Roman Catholics and 193 neither Protestant nor Roman Catholic. It is impossible to draw any accurate conclusions from these figures as 769 people did not answer the question. There is no reason to believe that raising the eligibility limits as proposed will affect the religious make- up of applicants to the scheme.
Political opinion	No evidence/information available.
Racial group	We have statistics on applicants to date in terms of their ethnicity but these are, again, distorted by the large number of applicants who did not answer about this matter. There is no reason to believe that the proposed changes to the eligibility limits will have any adverse impact on any racial group.
Age	We have statistics on the applicants by age. Applicants range in age from 18 to 73+ with the majority falling into the range 23 to 57 years. There is no reason to believe that the proposed changes to the eligibility limits will alter the current profile in any way.
Marital status	We have statistics on applicants in terms of their marital status. They show that the largest group were single people. There is no reason to believe that the proposed changes will affect the proportions of people applying to the Debt Relief scheme in terms of their marital status.
Sexual orientation	No statistics are available on this subject. However, there is no reason to believe that there would be any difference between the proportions of heterosexual, homosexual, bisexual and asexual people applying to the scheme under the existing limits and those who would apply once the eligibility limits are raised.
Men and women generally	We do know that 60% of applications to date have been from women as against 40% from men. Changing the eligibility limits as planned is not expected to affect that ratio.
Disability	We have statistics on disability, but these are distorted by the number of applicants who did not provide information. There is

	no reason to believe that the proposed changes to the eligibility limits will result in the proportion of disabled among additional applicants to the scheme being any different from that for applicants under the scheme as it stands.
Dependants	The proportion of applicants with no dependents to those with dependents is 63% to 37%. There is no reason to believe that the ratios for additional applicants, following the proposed changes to the scheme, would be any different.

Part 2. Screening questions

Introduction

In making a decision as to whether or not there is a need to carry out an equality impact assessment, the public authority should consider its answers to the questions 1-4 detailed below.

If the public authority's conclusion is **none** in respect of all of the Section 75 equality of opportunity and/or good relations categories, then the public authority may decide to screen the policy out. If a policy is 'screened out' as having no relevance to equality of opportunity or good relations, a public authority should give details of the reasons for the decision taken.

If the public authority's conclusion is **major** in respect of one or more of the Section 75 equality of opportunity and/or good relations categories, then consideration should be given to subjecting the policy to the equality impact assessment procedure.

If the public authority's conclusion is **minor** in respect of one or more of the Section 75 equality categories and/or good relations categories, then consideration should still be given to proceeding with an equality impact assessment, or to:

- measures to mitigate the adverse impact; or
- the introduction of an alternative policy to better promote equality of opportunity and/or good relations.

In favour of a 'major' impact

- a) The policy is significant in terms of its strategic importance;
- b) Potential equality impacts are unknown, because, for example, there is insufficient data upon which to make an assessment or because they are complex, and it would be appropriate to conduct an equality impact assessment in order to better assess them;
- c) Potential equality and/or good relations impacts are likely to be adverse or are likely to be experienced disproportionately by groups of people including those who are marginalised or disadvantaged;
- d) Further assessment offers a valuable way to examine the evidence and develop recommendations in respect of a policy about which there are concerns amongst affected individuals and representative groups, for example in respect of multiple identities;
- e) The policy is likely to be challenged by way of judicial review;
- f) The policy is significant in terms of expenditure.

In favour of 'minor' impact

- a) The policy is not unlawfully discriminatory and any residual potential impacts on people are judged to be negligible;
- b) The policy, or certain proposals within it, are potentially unlawfully discriminatory, but this possibility can readily and easily be eliminated by making appropriate changes to the policy or by adopting appropriate mitigating measures;
- c) Any asymmetrical equality impacts caused by the policy are intentional because they are specifically designed to promote equality of opportunity for particular groups of disadvantaged people;

d) By amending the policy there are better opportunities to better promote equality of opportunity and/or good relations.

In favour of none

- a) The policy has no relevance to equality of opportunity or good relations.
- b) The policy is purely technical in nature and will have no bearing in terms of its likely impact on equality of opportunity or good relations for people within the equality and good relations categories.

Taking into account the evidence presented above, consider and comment on the likely impact on equality of opportunity and good relations for those affected by this policy, in any way, for each of the equality and good relations categories, by applying the screening questions detailed below and indicate the level of impact on the group i.e. minor, major or none.

Screening questions

1 What is the likely impact on equality of opportunity for those affected by this policy, for each of the Section 75 equality categories? minor/major/none		
Section 75 category	Details of policy impact	Level of impact? minor/major/none
Religious belief	Eligibility for a Debt Relief Order depends on whether certain objective, quantified financial criteria are met. The application of these criteria has resulted in a certain religious mix of applicants. There is no reason to believe that increasing the limits on the total debts and total assets which an individual can have to be eligible for the scheme will have any impact in terms of the religious make- up either of applicants to the scheme or those excluded from it due to not meeting the new criteria.	None.
Political opinion	The Department has no reason to believe that increasing the limits on total debts and total assets for eligibility for the Debt Relief Scheme will have any impact, either adverse or favourable in terms of political opinion.	None
Racial group	The Department has no reason to believe that increasing the limits on total debts and total assets for eligibility for the Debt Relief Scheme will have any impact, either adverse or favourable, in terms of racial group.	None
Age	The Department has no reason to believe that increases to the limits on total debts and total assets for eligibility for the Debt Relief Scheme will either favour or disadvantage any age group.	None
Marital status	The Department has no reason to believe that increases to the limits on total debts and total assets for eligibility for the Debt Relief Scheme will have any differential impact in terms of marital status.	None
Sexual orientation	The Department has no reason to believe that increasing the limits on total debts and total assets for eligibility for the Debt Relief Scheme will make it easier or harder for persons of differing	None

	sexual orientations to obtain a Debt Relief Order.	
Men and women generally	The Department has no reason to believe that increasing the limits on total debts and total assets for eligibility for the Debt Relief Scheme will have any impact on the ratio of men to women applying for and obtaining Debt Relief Orders.	None
Disability	The Department has no reason to believe that increasing the limits on total debts and total assets for eligibility for the Debt Relief Scheme will have any impact on disabled persons' ability to access the Debt Relief Scheme.	
Dependants	The Department has no reason to believe that increasing the limits on total debts and total assets for eligibility for the Debt Relief Scheme will have any impact on the relative ease with which persons with dependants and those without are able to access the scheme.	None

2 Are there opportunities to better promote equality of opportunity for people within the Section 75 equalities categories?		
Section 75 category	If Yes , provide details	If No , provide reasons
Religious belief	No.	Setting limits on the amount of debt and the amount of assets one can have to be eligible for the Debt Relief Scheme does not lend itself to adjustment to promote better equality of opportunity. Any attempt to set different limits for members of different faiths would likely amount to unlawful discrimination.
Political opinion	No.	The same argument applies as for the first category.
Racial group	No.	The same argument applies as for the first category.
Age	No.	It would be possible to have a reduced fee for people over a certain age or even to remit the fee altogether. However any such concessions would be counter to one of the principles behind the scheme which is that it should be simple to administer and be of low cost. Moreover, the scheme is intended to be self-financing so that an increased fee would have to be charged to younger people to offset the loss of income. The fee is a one-off payment so reducing it would not result in any major benefit to older people.

Marital status	No.	The same argument applies as for the first category.
Sexual orientation	No.	The same argument applies as for the first category.
Men and women generally	No.	The same argument applies as for the first category.
Disability	No.	The same argument applies as for the first category.
Dependants	No.	The same argument applies as for the first category.

3 To what extent is the policy likely to impact on good relations between people of different religious belief, political opinion or racial group?		
Section 75 category	Details of policy impact	Level of impact minor/major/none
Religious belief	The decision to apply for a Debt Relief Order is one which has to be taken by the individual. They will make that decision following advice from an intermediary who is a member of a debt advice organisation acting as a competent authority for the purpose of administering the scheme. The scheme is open to anyone burdened by debt which they cannot pay regardless of their religious belief, if any. Our proposal to increase the limits for eligibility to the scheme will not therefore have any impact on relations between people of different religious beliefs.	None.
Political opinion	Similar reasoning applies as in the case of the first category.	None.
Racial group	Similar reasoning applies as in the case of the first category.	None.

4 Are there opportunities to better promote good relations between people of different religious belief, political opinion or racial group?		
Good relations category	If Yes , provide details	If No , provide reasons
Religious belief		As the decision to apply for a Debt Relief Order is a matter solely of individual choice there is no scope for promoting good relations between people of different faiths.
Political opinion		Similar reasoning applies as in the case of the first category.
Racial group		Similar reasoning applies as in the case of the first category.

Additional considerations

Multiple identity

Generally speaking, people can fall into more than one Section 75 category. Taking this into consideration, are there any potential impacts of the policy/decision on people with multiple identities?

(For example; disabled minority ethnic people; disabled women; young Protestant men; and young lesbians, gay and bisexual people).

Provide details of data on the impact of the policy on people with multiple identities. Specify relevant Section 75 categories concerned.

It is certain that all applicants to the Debt Relief Scheme, as it stands, will fall into more than one of section 75 categories. All will be either male or female, all will be either married, single, divorced etc. Others may happen to fall into a combination of categories. The Department has no reason to believe that the proposed changes to the eligibility limits will have any impact on the profile of applicants to the scheme in these terms.

Part 3. Screening decision

If the decision is not to conduct an equality impact assessment, please provide details of the reasons.

This policy is not expected to have any adverse impact on any of the section 75 groups.

All public authorities' equality schemes must state the authority's arrangements for assessing and consulting on the likely impact of policies adopted or proposed to be adopted by the authority on the promotion of equality of opportunity. The Commission recommends screening and equality impact assessment as the tools to be utilised for such assessments. Further advice on equality impact assessment may be found in a separate Commission publication: Practical Guidance on Equality Impact Assessment.

All policies need to be proofed or have their impact assessed against a wide range of criteria, including equality, rural & environmental impact assessments. OFMdfM has developed a Policy Toolkit to provide practical guidance on the policy development process in NI. Part 4 of the toolkit provides a practical framework on impact assessments. The toolkit is available at <http://www.ofmdfmi.gov.uk/policy-toolkit>.

Mitigation

When the public authority concludes that the likely impact is 'minor' and an equality impact assessment is not to be conducted, the public authority may consider mitigation to lessen the severity of any equality impact, or the introduction of an alternative policy to better promote equality of opportunity or good relations.

Can the policy/decision be amended or changed or an alternative policy introduced to better promote equality of opportunity and/or good relations? If so, give the **reasons** to support your decision, together with the proposed changes/amendments or alternative policy.

The proposed changes to the eligibility criteria for the Debt Relief Scheme are not expected to have any differential impact on any of the section 75 groups. There is, therefore, no need for mitigation. The proposed changes do not lend themselves to being used to promote good relations.

Part 4. Monitoring

Section 75 places a requirement on DETI to have equality monitoring arrangements in place in order to assess the impact of policies and services etc; and to help identify barriers to fair participation and to better promote equality of opportunity.

Outline what data you will collect in the future in order to monitor the impact of this policy/decision on equality, good relations and disability duties.

Equality	Good Relations	Disability Duties
As is the case currently, applicants will be asked to answer questions, the answers to which will provide data on the numbers falling into the section 75 groups.	As there is no scope to use the scheme to further good relations, no data on this issue can be collected.	Applicants will continue to be asked to state if they are disabled.

Part 5. Disability Duties

Under the Disability Discrimination Act 1995 (as amended by the Disability Discrimination (Northern Ireland) Order 2006), public authorities, when exercising their functions, are required to have due regard to the need:

- **to promote positive attitudes towards disabled people; and**
- **to encourage participation by disabled people in public life.**

Does this policy/legislation have any potential to contribute towards promoting positive attitudes towards disabled people or towards encouraging participation by disabled people in public life? If yes, please give brief details.

There is no scope for the policy/legislation to be used in this way.

Part 6. Consideration of Human Rights

The Human Rights Act (HRA) 1998 brings the European Convention on Human Rights (ECHR) into UK law and it applies in Northern Ireland. Indicate below (place an X in the appropriate box) any potential **adverse impacts** that the policy/decision may have in relation to human rights issues.

N/A. The policy does not have any adverse impact in terms of human rights.

Right to Life	Article 2	<input type="checkbox"/>
Prohibition of torture, inhuman or degrading treatment	Article 3	<input type="checkbox"/>
Prohibition of slavery and forced labour	Article 4	<input type="checkbox"/>
Right to liberty and security	Article 5	<input type="checkbox"/>
Right to a fair trial	Article 6	<input type="checkbox"/>
Right to no punishment without law	Article 7	<input type="checkbox"/>
Right to respect for private and family life, home and correspondence	Article 8	<input type="checkbox"/>
Right to freedom of thought, conscience and religion	Article 9	<input type="checkbox"/>
Right to freedom of expression	Article 10	<input type="checkbox"/>
Right to freedom of peaceful assembly and association	Article 11	<input type="checkbox"/>
Right to marry and to found a family	Article 12	<input type="checkbox"/>
The prohibition of discrimination	Article 14	<input type="checkbox"/>
Protection of property and enjoyment of possessions	Protocol 1 Article 1	<input type="checkbox"/>
Right to education	Protocol 1 Article 2	<input type="checkbox"/>
Right to free and secret elections	Protocol 1 Article 3	<input type="checkbox"/>

Please indicate any ways which you consider the policy positively promotes human rights.

N/A

If you find that the policy/proposal interferes with or limits one or more of the Convention rights, please complete the full 'Human Rights Act Impact Assessment' pro forma, which is available at www.ofmdfmi.gov.uk/human-rights, along with further information on compliance with the European Convention on Human Rights.

ANNEX 4 – RURAL IMPACT ASSESSMENT

Rural Impact screening for increase in limits for debt relief orders

Rural	Screening Questions	Response to Screening Questions		Full Impact Assessment Required		Justification / Key issues and groups to focus on
		Yes	No	Yes	No	
	1. Does the policy apply in rural areas and communities? IF NO: set out the reasons why If Yes: see (a) & (b)	x			x	The Department of Enterprise, Trade and Investment is proposing to make a statutory rule which will increase the limits on the total debts and assets which a debtor can have to be eligible for a debt relief order. This increase will apply equally to everyone in Northern Ireland regardless of where they live
	Screening Questions	Response to Screening Questions		Full Impact Assessment Required		Justification / Key issues and groups to focus on
		Yes	No	Yes	No	
	a. Does the policy have the potential to have a negative impact on rural areas and communities?		x		x	The policy will not negatively impact on any area and will apply equally to everyone in Northern Ireland regardless of their geographical location.
	b. Does the policy have the potential to have a positive impact on rural areas and communities?		x		x	The policy will apply equally to everyone in Northern Ireland regardless of their geographical location.
	CONCLUSION					That a rural impact assessment is not required

ANNEX 5: CONSULTATION RESPONSE FORM

Consultation on proposals to amend the limits for eligibility to the debt relief scheme

Consultation Response Form

The closing date for this consultation is 12 November 2015

Please feel free to use this form to record your responses and respond by email.

Name:

Organisation (if applicable):

Address:

[Email:

Please return completed form by email to:

eileen.glenn@detini.gov.uk

or by post to:

Eileen Glenn
Insolvency Service
Department of Enterprise, Trade and Investment
Fermanagh House
Ormeau Avenue
Belfast BT2 8NJ

Confidentiality and Data Protection

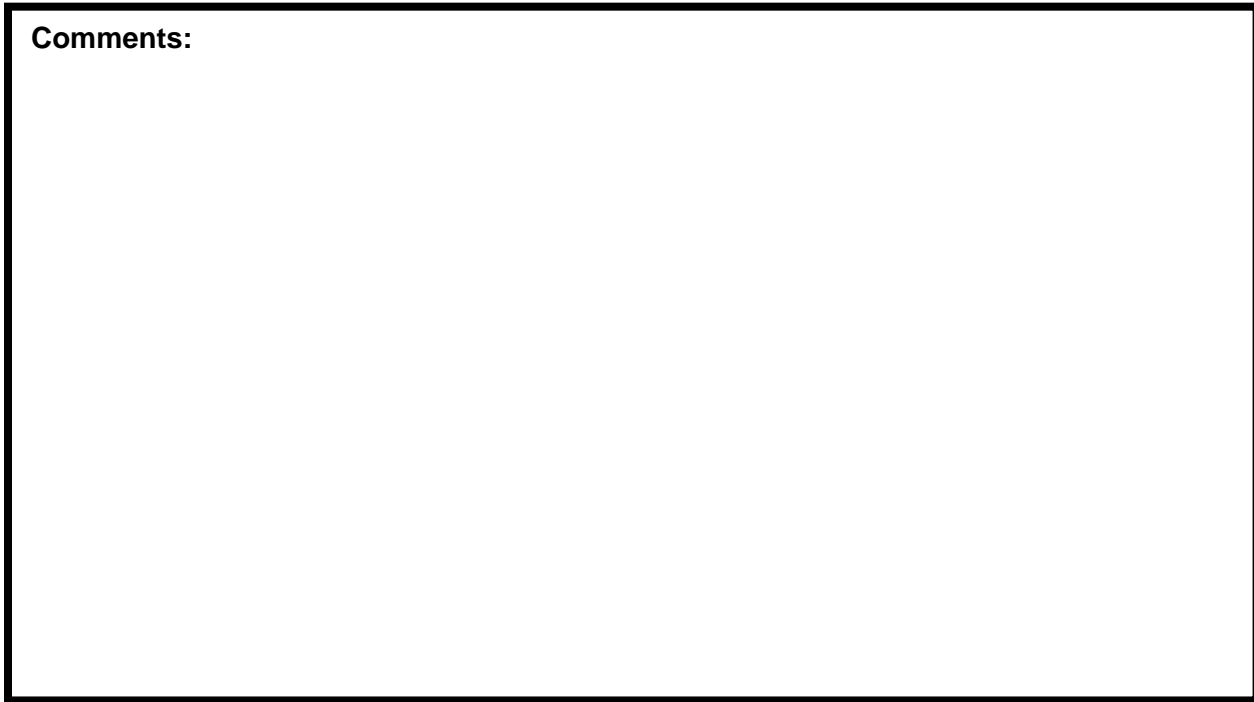
Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 1998 (DPA)). If you want information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system, or included as a general statement in your fax cover sheet, will not, of itself, be regarded as binding on the Department and will be taken to apply therefore only to information in your response for which confidentiality has been requested.

The Department will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Do you want us to keep your response confidential?

Please explain why you regard the information you have given as confidential:

Comments:



Question 1

Do you agree that the total amount of debt, other than unliquidated debts and excluded debts which a debtor can have to be eligible to apply for a Debt Relief Order under the Northern Ireland debt relief scheme should be increased to the same amount as will apply in England and Wales from 1 October 2015, that is £20,000?

Yes

No

Not sure

Comments:

Question 2

If you do not agree that the limit should be increased to £20,000 what limit do you think should apply?

Comments:

Question 3

If you think that a different limit should apply in Northern Ireland? What are your reasons?

Comments:

Question 4

Do you agree that the total value of the property which a debtor can have to be eligible to apply for a Debt Relief Order under the Northern Ireland debt relief scheme should be increased to the same amount as will apply in England and Wales from 1 October 2015, that is £1,000?

Yes No Not sure

Comments:

Question 5

If you do not agree that the limit should be increased to £1,000 what limit do you think should apply?

Comments:



Question 6

If you think that a different limit should apply in Northern Ireland, what are your reasons?

Comments:



Regulatory Impact Assessment

Question 7 (for Competent Authorities)

Do you foresee that the proposed increases in debt and asset levels for eligibility for the Debt Relief Scheme will result in other costs for your authority e.g. for training staff or making changes to your IT system?

Comments:

Question 8 (for Competent Authorities)

If you believe that there will be other costs please provide an estimate of what there will be and state whether they will be one-off or recurring costs?

Comments:

Question 9 (for Competent Authorities)

Do you agree with the estimated cost of between £200 and £300 for administering a DRO application? If not please provide your estimate of the cost

Comments:

Equality and Rural Proofing

Question 10

Do you agree that the proposals will not have any negative impact on any of the section 75 groups?

Yes

No

Not sure

Comments:

Question 11

Do you agree that the proposals will not have any negative impact on those living in rural areas?

Yes

No

Not sure

Comments:

Thank you for taking the time to let us have your views.

Annex 6

The Consultation Code of Practice Criteria

1. Formal consultation should take place at a stage when there is scope to influence the policy outcome.
2. Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.
3. Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals.
4. Consultation processes should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach.
5. Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained.
6. Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.
7. Officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

The complete code is available on the BERR web site, address <http://www.berr.gov.uk/files/file47518.pdf>