

**EXPLANATORY MEMORANDUM TO**  
**THE POSTAL ADMINISTRATION RULES (NORTHERN IRELAND) 2021**  
**2021 No. 257**

**1. Introduction**

- 1.1. This Explanatory Memorandum has been prepared by the Department for the Economy to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under the Insolvency (Northern Ireland) Order 1989, as applied by the Postal Services Act 2011 ("the Act") and is subject to the negative resolution procedure.

**2. Purpose**

- 2.1. The purpose of these Rules is to provide the procedure to underpin the special administration regime applicable to companies which provide a universal postal service but are subject to a postal administration order.
- 2.2. The special administration regime exists to help ensure that a universal postal service is provided, in accordance with standards set out in the universal postal service order, should a company designated as a universal postal service provider be at risk of entering insolvency proceedings. This follows precedents in the energy and water industries.

**3. Background**

- 3.1. Part 3 of the Act provides the regulatory framework that applies to all postal operators. It permits OFCOM to make a universal postal service order and designate postal operators as universal service providers. A universal postal service order sets out a description of the services that OFCOM consider should be provided in the United Kingdom as a universal postal service and the standards with which those services are to comply. At present Royal Mail is the only designated universal service provider.
- 3.2. Part 4 of the Act contains provision for a special administration regime (a postal administration). Under the standard administration process, the primary focus would be on obtaining the best possible recovery for creditors. Under a postal administration, the objective of the administrator is to secure the continued provision of the universal postal service, should a universal service provider be at risk of entering insolvency proceedings.
- 3.3. Given that the Act enabled the sale of Royal Mail shares, it is considered necessary to put a postal administration regime in place.
- 3.4. The Rules are based on the Insolvency Rules (Northern Ireland) 1991 which contain the detailed provisions for the formal insolvency procedures of the Insolvency (Northern Ireland) Order 1989 which are well known and understood by insolvency practitioners. The provisions of the Rules only differ from the corresponding provisions of the Insolvency Rules

(Northern Ireland) 1991 where the circumstances of a postal administration dictate a different approach to proceedings.

#### **4. Consultation**

- 4.1. There was no public consultation on the Rules. They are integral to the postal administration regime contained in the Act. However, the Department for the Economy consulted Companies House and the Enforcement of Judgments Office on the implementation of the Rules.
- 4.2. The Department also consulted the Insolvency Rules Committee which has agreed to the making of these Rules.

#### **5. Equality Impact**

- 5.1. An Equality Impact Assessment has not been prepared for this instrument. It is considered that it fully complies with section 75 of the Northern Ireland Act 1998.

#### **6. Regulatory Impact**

- 6.1. There is no impact on businesses, charities or voluntary bodies.
- 6.2. The impact on the public sector is minimal and would only become an issue in the unlikely event of a company which is a universal service provider getting into financial difficulty.
- 6.3. A Regulatory Impact Assessment has not been prepared for this proposal. The Impact Assessment for the Postal Services Act (URN10/1204) can be found at <http://www.parliament.uk/documents/impact-assessments/IA10-129.pdf>.

#### **7. Financial Implications**

- 7.1. N/A

#### **8. Section 24 of the Northern Ireland Act 1998**

- 8.1. The Department has considered its obligations under section 24 of the Northern Ireland Act 1998 and is satisfied that the Rules are not incompatible with the Convention rights, are not incompatible with retained EU law, do not discriminate against a person or class of person on the grounds of religious belief or political opinion; and do not modify an enactment in breach of section 7 of the Northern Ireland Act 1998.

#### **9. EU Implications**

- 9.1. Not applicable

#### **10. Parity or Replicatory Measure**

- 10.1. The Act extends to the whole of the United Kingdom. Equivalent Rules are in force for England and Wales and Scotland.

#### **11. Additional Information**

- 11.1. Not applicable