

17 Oct 2005

Juliet Whitford
Company Law Branch
DETI
1st Floor, Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3BS

Dear Juliet

NICVA Response to DTI Company Law Reform White Paper and the future responsibility for companies legislation that applies to Northern Ireland

NICVA (Northern Ireland Council for Voluntary Action) welcomes the opportunity to respond to the DETI consultation on DTI Company Law Reform White Paper and the future responsibility for companies legislation that applies to Northern Ireland.

NICVA is the umbrella body for the voluntary and community sector in Northern Ireland. It provides almost 1,000 members with information, advice and training on a wide range of issues from management consultancy and finance, through policy development and lobbying. NICVA adopts a community development approach, attempting to empower local communities to pursue their own needs and agendas.

In this instance NICVA can only provide general comments on the relevant policy areas of the White Paper. The response is based on NICVA's consultation work, and the papers it produced in 2004 and 2005 in relation to DETI's consultations, 'Community Interest Company' and 'Modernising Company Law Draft Companies (Audit, Investigations and Community Enterprise) (Northern Ireland) Order March 2005'.

General Comments

NICVA welcomes more clarity around the role and responsibilities of Directors and requirement for them to disclose publicly their home address.

NICVA welcomes the proposals to modernise the legislative framework, make Company Law more flexible and make it more accessible to all users. The powers proposed in this consultation ie to restate and reform the law through secondary legislation, should allow

for improved flexibility and accessibility. NICVA also agrees with the proposal to retain the processes of consultation when such changes are made.

NICVA welcomes government's intention to ensure that key operational provisions relating to companies are clearly and logically set out together in one place. We would hope that both the reform of Company Law and Charity law will ultimately help our members in accessing, understanding and using legislation that affects them. We would hope that one practical outcome of this would be a general acceptance and move toward the production of governing documents in plain English.

NICVA welcomes any legislation and regulation which help safeguard its members and the wider voluntary and community sector. We offer advice on good practice in numerous areas including good governance. We would like to see reviews or changes in Company Law benefit and reflect the needs of our sector eg a new Combined Code of Practice for non-executive directors for our sector. This is increasingly important at a time when perceived risks associated with being a non-executive director are growing.

In response to the proposal (General provision) within the White Paper NICVA welcomes the introduction of the Community Interest Company (CIC). However NICVA is not in favour of the CIC structure being promoted as a distinct brand for social enterprises as there is a danger that the structure may then be perceived as the only legal form used by social enterprises. The CIC will not suit all organisations, for example, some charities will continue to run social enterprises. NICVA believes that social enterprise may be better promoted as an activity which may be run by either a CIC or a charity as opposed to a 'brand'

NICVA would be keen to see DETI consult with the Department for Social Development in relation to the development of the Charitable Incorporated Organisation (CIO) and the review of Charity Legislation in Northern Ireland. It is anticipated that this proposed structure (CIO) would lend itself to the needs of our sector - of which 43% (approx. 2150 organisations) stated their legal status to be company limited by guarantee (source: NICVA State of the Sector III, 2002). In relation to the review of Charity Legislation in Northern Ireland, it is anticipated that a Charity Commission for Northern Ireland will be introduced together with a register of charities and more robust regulation of charities here.

In response to the second issue raised by Angela Smith MP in relation to the future responsibility for companies legislation that applies to Northern Ireland, NICVA welcomes the proposal for future company law to be made on a UK-wide basis; thus extending to Northern Ireland without the need for future separate legislation. NICVA welcomes the proposed harmonisation between the current Northern Ireland and GB company registries and also the commitment for a registrar to remain in Northern Ireland providing a local interface for companies here. It is anticipated that a local registrar would allow for ease of identification of Northern Ireland companies by a unique reference or code which distinguishes Northern Ireland companies from a general UK-

wide list. NICVA also welcomes the proposal to provide a more effective and accessible service.

Please do not hesitate to contact me if you have any queries on the above.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Paula Reynolds".

Paula Reynolds
Director of Member Services

