# EXPLANATORY MEMORANDUM TO

## Draft Rates (Deferment) (Revocation and Savings) Regulations (Northern Ireland) 2012

### 1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department of Finance and Personnel ("the Department") to accompany the draft Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2. The Statutory Rule will be made under Article 29A of the Rates (Northern Ireland) Order 1977 ("the 1977 Order") and is required to be laid before and approved by a resolution of the Northern Ireland Assembly.

### 2. Purpose

2.1. The purpose of the Statutory Rule will be to revoke, with savings, the Rates (Deferment) Regulations (Northern Ireland) 2010 (S.R. 2010 No. 63) ("the 2010 Regulations") which came into operation on 1st April 2010.

2.2. Regulations 1 and 2 of the draft Statutory Rule contain the citation, commencement and interpretation provisions.

2.3. Regulation 3 will revoke the 2010 Regulations subject to savings provisions.

### 3. Background

3.1. A new domestic rating system, based on capital values, was introduced by direct rule Ministers on 1st April 2007. This followed the completion of a review initiated by the previous Northern Ireland Executive and taken forward under the direct rule administration. As part of this earlier review of rating policy consideration was given to introducing a rates deferment scheme for owner occupier pensioners, using the equity in their home as security.

3.2. There had been mixed support for a deferment scheme emerging from the public consultation in 2004. The decision was therefore taken to provide the returning Executive with a legislative enabling power, provided for through the Rates (Amendment) (Northern Ireland) Order 2006, that would allow such a measure to be brought forward by a future devolved government, should it be considered worthwhile.

3.3. The policy was then reconsidered by the newly devolved Northern Ireland Executive in 2007 as part of its further review of the rating system. The outcomes of that review were announced to the Northern Ireland Assembly on 27 November 2007 and, as part of a range of measures, the Executive agreed that a rates deferment scheme should be introduced for those of pensionable age who own and occupy their own homes. Under this scheme those with sufficient equity in their property could, on entering into a contractual agreement with the Department, defer payment of their annual rates bills (generally until their death or the property is sold).

3.4. The scheme came into operation on 1st April 2010 through the 2010 Regulations. On implementing the scheme the Finance Minister stated that he would undertake an evaluation of it within a couple of years to examine how many people it helps and how effectively it provides value for money.

3.5. The evaluation of the scheme commenced in October 2011 and the Department sought views from both key stakeholders and the Finance and Personnel Committee. The evaluation found that take up for the rates deferment scheme has been much lower than anticipated. As a result the scheme is not considered to be cost effective nor provides value for money. In light of this the decision was taken that the scheme would be closed to new applicants.

3.6. Savings provisions are being brought forward so that those currently deferring rates, or who apply by 31 March 2012 and subsequently enter into a deferment agreement by 30 September 2012, can continue to do so and are unaffected by closure of the scheme. Provision is also made to protect partners and surviving partners of persons who have entered into a deferment agreement.

## 4. Consultation

4.1. A public consultation paper, which sought views on the scheme's policy detail, was published on 24 June 2008 in order to inform the drafting of the 2010 Regulations and the final policy in relation to the scheme. The findings of that consultation were published in January 2009.

4.2. A copy of all consultation documents, responses received from consultees and the associated consultation reports, setting out the decisions on the way forward, can be accessed at http://www.dfpni.gov.uk/rating-review

4.3. As part of this evaluation of the scheme key stakeholders were consulted and asked to provide their views on it. Respondents included Access to Benefits, Advice NI, Age NI, the Communication Workers Union NI Regional Advisory Committee and the NI Local Government Association. The views expressed were mixed.

4.4. During consultation some concerns were expressed about the eligibility criteria for the scheme. It was acknowledged by some that the scheme would be of interest to a small number, and should remain open, while others suggested that consideration would have to be given to the sustainability of the scheme in terms of whether it is the best use of funds. The views of the Finance and Personnel Committee were also considered prior to final decisions being taken.

4.5. Having taken account of the views expressed during the targeted consultation, and the findings of the evaluation that the scheme does not provide value for money, the decision has been taken to close the scheme (with savings provisions).

## 5. Equality Impact

5.1. An Equality Impact Assessment (EQIA) was carried out in respect of the proposals contained in the June 2008 consultation paper as part of a wider Integrated Impact Assessment.

5.2. Unsurprisingly, the EQIA suggested that the scheme was more likely to benefit those aged 60 and over, persons without dependents, persons with a disability, females and those who are not married. However, the report had added that this outcome reflected the demographic profile of the target population for the scheme.

5.3. A copy of the full Integrated Impact Assessment can be found on the Review of Rating website at http://www.dfpni.gov.uk/rating-review

5.4. It is the Department's assessment that there are no new equality impacts in respect of these draft Regulations.

**6. Regulatory Impact**

6.1. A Regulatory Impact Assessment was not considered necessary as the proposal does not result in any costs or savings on business, charities or voluntary bodies.

**7. Financial Implications**

7.1. The financial impact of these draft Regulations, which will revoke the scheme, will be minimal.

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

8.1. It is the view of the Department that these draft Regulations are compatible with section 24 of the Northern Ireland Act 1998.

**9. EU Implications**

9.1. Not applicable.

**10. Parity or Replicatory Measure**

10.1. Not applicable.

**11. Additional Information**

11.1. Not applicable.