EXPLANATORY MEMORANDUM TO

THE HOME INFORMATION PACK (REDRESS SCHEME) (REVOCATION) ORDER 2007

2007 No. 1536

1. This explanatory memorandum has been prepared by the Department of Trade and Industry and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Description

This Order revokes the Home Information Pack (Redress Scheme) Order 2007, S.I. 2007/560 ("the 2007 Order").

3. Matters of special interest to the Joint Committee on Statutory Instruments

This Order is being laid before Parliament less than 21 days before it comes into force. It revokes the 2007 Order, which required estate agents in England and Wales to be members of an approved redress scheme for the purpose of dealing with complaints related to Home Information Packs (HIPs). The 2007 Order was due to come into force on 1st June 2007, together with other Regulations relating to Home Information Packs made by the Secretary of State for Communities and Local Government. As a result of the announcement by the Government on 22nd May to delay the introduction of HIPs, the 2007 Order, and the Regulations, must be revoked before 1st June.

4. Legislative Background

The 2007 Order was made under section 172 of the Housing Act 2004 (the Act), which provides that the Secretary of State may make an Order requiring every estate agent in England and Wales to be a member of an approved redress scheme for the purpose of HIP–related complaints. The 2007 Order gave effect to that requirement.

5. Territorial Extent and Application

This instrument applies in England and Wales.

6. European Convention on Human Rights

As the instrument is subject to the negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 Under section 155 of the Act, every person who markets residential property in England and Wales was to have been required to provide a HIP in relation to that property from 1st June 2007. In the majority of cases the person marketing the property would be an estate agent, and under section 172 of the Act they may be required to belong to a redress scheme, under which complaints relating to HIPs can be referred to an ombudsman

7.2 However, it has now been decided that the introduction of HIPs should be delayed until 1st August 2007, and then should only apply to properties with four or more bedrooms, with a view to being applied to other properties at a later date. Accordingly, the 2007 Order must be revoked as there will be no requirement to provide HIPs for the time being. Furthermore, the Consumers, Estate Agents and Redress Bill currently going through Parliament contains provisions under which estate agents may be required to join an approved redress scheme for handling all complaints relating to relevant estate agency work, which would include HIP-related complaints. It is intended that this requirement should apply, subject to Parliamentary progress and Royal Assent, from April 2008. With that in mind, the Government has decided that it will no longer be appropriate to require estate agents in England and Wales to join for a short period a redress scheme only dealing with complaints related to HIPs.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 The impact on the public sector is nil.

9. Contact

Natasha Chopra at the Department of Trade and Industry Tel: 0207 215 1106 or e-mail: natasha.chopra@dti.gsi.gov.uk can answer any queries regarding the instrument.