EXPLANATORY MEMORANDUM TO

The Rate Relief (Education, Training and Leaving Care) (Revocation and Savings) Regulations (Northern Ireland) 2009

2009 No. 349

1. Introduction

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

1.2. The Statutory Rule is made under Article 30B and Article 42(2A) and (2B) of the Rates (Northern Ireland) Order 1977 (as amended) and is subject to the negative resolution procedure.

2. Purpose

2.1. The purpose of the Statutory Rule is to revoke Parts 1 to 3 of the Rate Relief (Education, Training and Leaving Care) Regulations (Northern Ireland) 2007 ('the 2007 Regulations') which brought the rate relief scheme for those in full time education, full time training, young people leaving care and persons under 18, ('the relief scheme') into effect on 1 April 2007.

2.2. The Statutory Rule also sets out savings provisions, lasting for a period of three years, which will enable the relief scheme to continue to apply during that period in respect of applications received before 1 December 2009 providing that the house specified in the application continues to be occupied wholly by eligible persons all of whom were in occupation prior to the closure date.

2.3. Extended savings provisions have also been made within the Statutory Rule to address the situation where an existing beneficiary has not completed his course by the three year cut-off date.

2.4. Part 4 of the 2007 Regulations (which provides for certain halls of residence to be exempt from rates) continues to have effect.

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

2.6. Regulation 3 of the Statutory Rule contains details of the revocation and the savings provisions that will be applied in relation to the 2007 Regulations.

3. Background

3.1. The relief scheme was introduced in April 2007 at the same time as wider changes to the domestic rating system including the move to capital values. The decision to revoke the relief scheme follows an evaluation carried out in 2008 by consultants FGS McClure Watters, which was commissioned by the Executive in light of views expressed during the consultation exercise associated with the Executive Review of Domestic Rating in 2007.

3.2. During that consultation doubts were expressed by many, including the Committee for Finance and Personnel, around both the efficiency and effectiveness of the scheme in terms of reaching the intended beneficiaries. In addition, many respondents either felt that students were not a priority group in need of blanket relief or that landlords in many cases were benefiting from the relief rather than students.

3.3. The evaluation carried out by FGS McClure Watters found that the scheme was not "fit for purpose" and should be revoked with appropriate savings provisions for those currently entitled to the relief. The outcomes of the evaluation were published in January 2009 and proposals were subsequently put to and agreed by the Executive to revoke the scheme and to investigate the option of redirecting any savings incurred as a result of revocation to a more targeted and effective support mechanism. This was announced on 3 August 2009 and key stakeholders informed.

4. Consultation

4.1. In addition to the consultation referred to above, FGS McClure Watters also consulted with a range of key stakeholders. This consultation process was separated into two parts. In the first stage, FGS McClure Watters met with a number of key stakeholder organisations in order to gather evidence to inform the evaluation. The aim also of this aspect of the process was to identify stakeholders' views in terms of what improvements could be made to the scheme and if there were any alternative options that existed as a replacement for the current scheme.

4.2. Following the results of the initial analysis and consultation, FGS McClure Watters then carried out a further consultation, again with key stakeholders. This second phase of the consultation process used the results of the initial analysis and evidence gathered to present possible options for amending or replacing the current scheme and to seek the views of the stakeholders on these. Key stakeholders were advised of the outcomes of the evaluation.

4.3. The Committee for Finance and Personnel also heard evidence from FGS McClure Watters on 12 November 2008 and were in broad agreement with the findings of the evaluation.

4.4. In light of the extent of prior consultation as described above, it was not considered necessary to consult again on the draft Regulations. However, the Department has consulted with several key stakeholders on the issue of when to close the scheme and a focused consultation is also planned in relation to a possible replacement option.

5. Equality Impact

5.1. Consideration has been given to compliance with section 75 of the Northern Ireland Act 1998. No equality issues have been identified by the Department in the making of this Statutory Rule.

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 the voluntary bodies.

7. Financial Implications

7.1. It is estimated that the level of funding that could be re-directed from the relief scheme to any replacement option is around £200,000 in the first year rising to around £700,000 by the fourth year.

8. Section 24 of the Northern Ireland Act 1998

8.1. It is the view of the Department that these 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.