EXPLANATORY MEMORANDUM TO

The Rates (Exemption for Automatic Telling Machines in Rural Areas) Order (Northern Ireland) 2010

S.R. 2010 No. 17

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 42(1G) of the Rates (Northern Ireland) Order 1977 ("the 1977 Order") and is subject to the affirmative resolution procedure.

2. Purpose

2.1. The Statutory Rule will extend the current rates exemption for any automatic telling machine (ATM) shown as a separate entry in the Valuation List in a designated rural area. ATMs located as part of banks or building societies tend to be valued as part of the property and as such would be ineligible.

2.2. Article 2 of the Statutory Rule specifies a later date of "1st April 2013" for the purposes of the definition of "relevant year" within Article 42(1G) of the 1977 Order.

3. Background

3.1. In 2007 the Department introduced a package of rural relief measures aimed at businesses in rural areas. These arose following a wider consultation into rate reliefs for businesses, which was carried out in 2005.

3.2. Among the rural relief measures introduced by Direct Rule Ministers was a full exemption from rates for ATMs which were located in rural areas. This measure was introduced through Article 25 of the Rates (Amendment) (Northern Ireland) Order 2006 which inserted a new Article 42(1G) into the Rates (Northern Ireland) Order 1977.

3.3. A list of designated rural wards where ATMs would be eligible for relief was identified and provided for within The Rates (Automatic Telling Machines) (Designation of Rural Areas) Order (Northern Ireland) 2006.

4. Consultation

4.1. The exemption was introduced in 2007 following a wider 2005 consultation into rate reliefs for business. At that time it was decided that the exemption for rural ATMs should only last for a period of three years, that is up to 31 March 2010.

4.2. In October 2009 a policy evaluation for the scheme was undertaken and it was found that the number of ATMs in rural areas had increased by 16%. As part of this evaluation the Department carried out a targeted

consultation with several stakeholders, including the Consumer Council, all of whom were supportive of retaining the exemption. As a result and with the support of the Committee of Finance and Personnel the decision has been taken to extend the scheme for a further three years to 31 March 2013.

5. Equality Impact

5.1. The impact of the policy on section 75 groups has been examined as part of the evaluation. No significant differential impacts were identified.

6. Regulatory Impact

6.1. An initial Regulatory Impact Assessment in March 2005 suggested that the administrative cost of applying the exemption would be negligible. It also found that the ATM scheme was unlikely to have any detrimental impact on small businesses, and may actually assist small rural businesses, through improved access. It was considered unlikely to have a major impact on competition, as it would not create a competitive advantage for any specific provider of the service. We consider that these findings remain current.

7. Financial Implications

7.1. When the scheme was introduced in 2007 the relief was not anticipated to cost more than £100,000 per annum in lost revenue. The actual cost in revenue foregone terms is almost £80,000 per annum.

8. Section 24 of the Northern Ireland Act 1998

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

9. EU Implications

9.1. The scheme does not give rise to any issues of competition between member states and therefore is not considered to be State Aid. If deemed to be so, however, the de-minimis provisions would apply. There are no other relevant European Regulations or Directives.

10. Parity or Replicatory Measure

10.1. There are no directly equivalent Statutory Instruments in GB.

11. Additional Information

11.1. Not applicable.