EXPLANATORY MEMORANDUM TO

The Rates (Exemption for Automatic Telling Machines in Rural Areas) Order (Northern Ireland) 2015

S.R. 2015 No. 47

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 individual automatic telling machine (ATM) in a designated rural area. The exemption will apply to any ATMs which are valued individually, for example those located outside petrol stations or on high streets. ATMs located in banks, building societies or shops tend to be valued as part of the property and so are therefore unlikely to be eligible.

2.2. Article 2 of the Statutory Rule specifies a later date of 1st April 2016 for the purposes of the definition of "relevant year" in Article 42(1G) of the 1977 Order with the result that the exemption will continue until 31st March 2016.

2.3. Article 3 revokes the Rates (Exemption for Automatic Telling Machines in Rural Areas) Order (Northern Ireland) 2013 which extended the exemption until 31st March 2015.

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 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(1F) and (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. This Order will shortly be replaced by a new Order to take account of changes in local government districts.

4. Consultation

4.1. The exemption was initially introduced in 2007 following a wider 2005 consultation into rate reliefs for business and discussions around the introduction of a general Rural Rate Relief Scheme. 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 31st March 2010.

4.2. A policy evaluation for the scheme, undertaken in 2009 found that the number of ATMs in rural areas had increased by 16 per cent. As part of this evaluation the Department carried out a targeted consultation with key stakeholders, including the Consumer Council, all of whom were supportive of retaining the exemption. As a result the scheme was extended until 31st March 2013.

4.3. Following a further policy evaluation completed in October 2012 which found that there had been a further small increase in the number of rural ATMs the then Minister took the decision to continue with the scheme at least until the end of the current budget period, which was 31 March 2015.

4.4. The Minister has decided to retain the scheme until April 2016, in tandem with the 2015/16 budget period.

5. Equality Impact

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

6. Regulatory Impact

6.1. An assessment conducted in advance of the scheme's implementation found that, as the exemption is automatically awarded to eligible ATMs, there would be no additional administrative cost to business. It also indicated that the ATM exemption scheme would have a positive effect on small rural businesses. That work also concluded that the scheme was unlikely to have a major impact on competition, as it would not create a competitive advantage for any specific provider of the service. The Department considers that these findings remain valid in light of how the scheme has operated to date.

7. Financial Implications

7.1. When the rural ATMs exemption was introduced in 2007 the relief was not anticipated to cost more than £100,000 per annum in lost revenue. The average relief per ATM was £1,515. The estimated initial cost of the scheme was deemed to be £66,040.

7.2. Given that the number of ATMs has increased during the lifetime of the scheme the estimated cost in revenue foregone terms is now considered to be around £130,000 per annum.

8. Section 24 of the Northern Ireland Act 1998

8.1. It is the view of the Department of Finance and Personnel that this Order is 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.