

FINANCIAL PROVISIONS

EXPLANATORY AND FINANCIAL MEMORANDUM

INTRODUCTION

1. This Explanatory and Financial memorandum has been prepared by Department of Finance and Personnel in order to assist the reader of the Bill and to help inform debate on it. It does not form part of the Bill and has not been endorsed by the Assembly.
2. The Memorandum needs to be read in conjunction with the Bill. It does not, and is not meant to be, a comprehensive description of the Bill. So where a clause or part of a clause or schedule does not seem to require an explanation or comment, none is given.

BACKGROUND AND POLICY OBJECTIVES

3. The Bill contains a number of miscellaneous financial provisions:
 - To repeal the Development Loans (Agriculture and Fisheries) Act (Northern Ireland) 1968;
 - To enable the Department of Agriculture and Rural Development to pay grants to certain harbour authorities in relation to expenses;
 - To allow flexibility in relation to the payment of interest on funds held in Court;
 - To provide statutory power to the Housing Executive to charge for costs;
 - To ensure consistency in relation to the accounts and audits of Health and Social Care bodies;
 - To provide statutory basis for the Department of Justice to provide for the constitution, functions, procedures and financing of two bodies providing services for the police; and
 - To make amendments to the Rates (Northern Ireland) Order 1977.

CONSULTATION

4. The Bill is technical and non-controversial in nature and therefore no consultation was required.
5. The changes made by clauses 3 and 4 of the Bill are however made with the support of a consultation process undertaken by the Department of Finance and Personnel in 2013 on the wider policy issue of landlord liability.

OPTIONS CONSIDERED

6. The options available were either for the responsible Departments to take the provisions forward through their own Bills or to add the provisions to some other suitable

legislative vehicle. It was concluded that the provisions would not justify separate Bills and the most appropriate method of dealing with the provisions was through the Financial Provisions Bill promoted by the Department of Finance and Personnel.

OVERVIEW

7. The Bill consists of 14 Clauses and a Schedule.

COMMENTARY ON CLAUSES

Comments are not given where the wording is self-explanatory.

Clause 1: Repeal of the Development Loans (Agriculture and Fisheries) Act (Northern Ireland) 1968

Due to a lessening demand for loans and the need to reduce Government expenditure, the Department of Agriculture and Rural Development, after consultation with the Ulster Farmers' Union, ceased accepting loan applications after 30 November 1979. There is no principal outstanding on any loans and all loans advanced to the Agricultural Loan Fund from the Consolidated Fund have been paid in full. The legislation is no longer required and needs to be repealed.

Clause 2: Grants payable in relation to expenses

This clause amends the Harbours Act (Northern Ireland) 1970 to enable the Department of Agriculture and Rural Development to provide grant-in-aid in respect of operational costs incurred by the Northern Ireland Fishery Harbour Authority in executing its statutory functions. Prior to the proposed amendment, the Department could only provide financial assistance by way of loan or grant.

Clause 3: Rating of owners instead of occupiers in certain cases

This clause makes an amendment to remove the tenancy requirement stipulated within Article 20(1)(c)(i) of the Rates (Northern Ireland) Order 1977 for properties with a capital value which does not exceed £150,000.

Clause 4: Repeal of Articles 23 and 24 of the Rates (Northern Ireland) Order 1977

This clause provides for the repeal of Articles 23 and 24 of the Rates (Northern Ireland) Order 1977.

Clause 5: Power of Department of Finance and Personnel to require information

This clause amends Article 26 of the Rates (Northern Ireland) Order 1977 so as to permit the Department of Finance and Personnel to require an occupier or owner of a property or a person paying rent in respect of a property, to furnish information to the Department for rating purposes.

Clause 6: Discount on rates on dwellings

This clause amends Article 30 of the Rates (Northern Ireland) Order 1977 (discount on rates on dwellings) so as to permit its application to certain properties in the capital value list in respect of which rates are chargeable under Article 25A of the Rates (Northern Ireland) Order 1977.

Clause 7: Temporary reduction of rates for specified hereditaments

This clause amends Article 31C of the Rates (Northern Ireland) Order 1977 temporary reduction of rates for specified hereditaments) to allow for a reduction under that provision to take the form of a reduction by a specified amount as well as a specified percentage. Currently the provision only permits a reduction by a specified percentage.

Clause 8: Payment of interest on funds held in Court

Clause 8 will allow the Department of Justice (with the concurrence of DFP) to make provision as to the payment of interest on funds in court by way of departmental Direction. The Court Funds office (CFO) is responsible for the management of funds held in court on behalf of minors and patients who are deemed incapable of managing their own affairs. CFO applies interest to funds held which are set out in the Court Funds Rules (Northern Ireland) 1979 and can only be adjusted by way of a new Statutory Rule which can take from 8 to 12 weeks. Funds are placed in deposit accounts or short term and long term investment accounts which earn interest in accordance with Bank of England base rates. CFO applies interest in accordance with the 1979 rules. Differences between base rates and CFO rates can lead to either a surplus or deficit where the deficit is recovered from the Consolidated Fund. CFO interest rates in England and Wales can be amended by way of a Ministerial direction which allows the Courts Funds Office in that jurisdiction to react more efficiently to changes in Bank of England base rates.

Clause 9: Statutory power to charge for costs

This clause empowers the Northern Ireland Housing Executive (HE) to charge the purchaser of land from the HE for its administrative and transaction costs relating to the sale. Under Article 88 of the Housing (Northern Ireland) Order 1981, the HE has statutory authority to dispose any land held by it which is not required for social housing. For each piece of land sold, the HE bears administration and transaction costs but does not have the specific statutory authority to charge the purchaser for its costs. This clause will enable the HE to recover the costs incurred by it in relation to the disposal of any land.

Clause 10: Consistency between Accounts and Audit of Health and Social Care Bodies

Consistency between the Audit and Accountability (Northern Ireland) Order 2003 and the Health and Social Care (Reform) Act (Northern Ireland) 2009 is required to allow the Comptroller and Auditor General (C&AG) to carry out data matching exercises for the purposes of assisting in the prevention and detection of fraud. Since the Audit and Accountability Order has not been updated to refer to the restructured health and social care

bodies, an amendment to Article 4D (6)(b)(i) of the Audit and Accountability (Northern Ireland) Act 2003 is required to correspond to the references in the Health and Social Care (Reform) Act (Northern Ireland) 2009, which will maintain consistency with the definition of a 'relevant NHS body' (for the purposes of data matching) in the other jurisdictions of the United Kingdom.

Clause 11: Statutory footing and empowering statutory Authority

This clause provides a statutory basis for the funding by the Department of Justice of the Northern Ireland Police Fund (NIPF) and the Police Rehabilitation and Retraining Trust (PRRT) and to allow the Department to make regulations, subject to negative resolution, regarding the constitution, functions, procedures and financing of the bodies.

Clause 12: Repeals

The accompanying Schedule lists provisions for the repeal of statutory provisions related to clauses 1, 2B and 3.

Clause 13: Commencement

Clause 13 shows where further commencement orders are required to bring into force the whole or part of an Act at a date later than the day after Royal Assent for this bill.

Clause 14: Short Title

This clause sets out the title of the Act.

FINANCIAL EFFECTS OF THE BILL

8. The provisions included in the Bill are routine and therefore do not have any notable financial implications. The Department does not consider that the Bill will place any substantive financial burden on the public purse, nor on the general public.
9. There will be a modest estimated revenue cost of around £240,000 associated with clause 6 of the Bill.

HUMAN RIGHTS ISSUES

10. No effect on this area.

EQUALITY IMPACT ASSESSMENT

11. Since this Bill applies equally to everyone within Northern Ireland, it has been screened out of the Equality Impact Assessment programme.

SUMMARY OF THE REGULATORY IMPACT ASSESSMENT

12. As there is no adverse impact on businesses, voluntary organisations or charities a regulatory impact assessment was not considered necessary.
13. The provision at clause 3 aims to reduce the administrative burden on landlords and tenants alike.

LEGISLATIVE COMPETENCE

14. The Minister of Finance and Personnel had made the following statement under Standing Order 30:

“In my opinion the Financial Provisions Bill would be within the legislative competence of the Northern Ireland Assembly.”