

## **EXPLANATORY MEMORANDUM TO**

### **The Rates (Increased Relief for Recreational Hereditaments) Regulations (Northern Ireland) 2016**

**S.R. 2016 No. 359**

#### **1. Introduction**

- 1.1. This Explanatory Memorandum has been prepared by the Department of Finance (“the Department”) to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Article 31(5A) and (5B) of the Rates (Northern Ireland) Order 1977 (S.I.1977/2157 (N.I.28)) (“the 1977 Order”) and under Article 61(2A) is subject to the affirmative resolution procedure.

#### **2. Purpose**

- 2.1. Article 31 of the 1977 Order states that the Department can provide that the reduction in the normal rate provided under Article 31 may be increased from 80% to 100% in cases prescribed in Regulations.
- 2.2. These Regulations prescribe the specific cases in respect of which the reduction in the rate shall be increased to 100%.
- 2.3. Regulation 1 contains the citation, commencement and interpretation provisions.
- 2.4. Regulation 2 provides that the reduction in the normal rate in accordance with Article 31(3) and (4) of the 1977 Order shall be 100% for a hereditament that
  - (a) is occupied by a community amateur sports club; and
  - (b) is not a hereditament-
    - (i) on which a person may under licence (other than an occasional licence) or a protection order sell intoxicating liquor by retail; or
    - (ii) in respect of which a club is registered under the Registration of Clubs (Northern Ireland) Order 1996 (S.I. 1996/3159 (N.I. 23)).
- 2.5. An interpretation provision is also provided to ensure the use of the terms “occasional licence” and “protection order” are consistent with their meaning in the Licensing (Northern Ireland) Order 1996 (S.I. 1996/3158 (N.I.22)).

#### **3. Background**

- 3.1. The provision in the Rates (Amendment) Act (Northern Ireland) 2016 (2016 c.6) (“the 2016 Act”) to allow the Department to increase rates reduction under Article 31 of the 1977 Order was developed against a backdrop of alternative policy proposals and consultation undertaken as part of the Rates (Relief for Community Amateur Sports Clubs) Bill [NIA Bill 59/11-16] which fell at second stage on 20th October 2015. Stakeholders and other Departments had raised issues to the Department on the consequences and risks associated with that Bill’s proposals.
- 3.2. The Department did however recognise the merit in aspects of the Private Members Bill proposals. The 2016 Act therefore secured an enabling power to afford the Department the opportunity to undertake targeted specific consultation for an 8 week period on the use of that power in order to set out the details of the scheme in subordinate legislation.

#### **4. Consultation**

- 4.1. A specific Departmental consultation exercise ran between 2 March and 9 May 2016 in order to help supplement known views from stakeholders in this area. These Regulations have been drafted to reflect the Minister's decisions in light of both that final consultation exercise and the iterative process with stakeholders that preceded it.

#### **5. Equality Impact**

- 5.1. The Department conducted an Equality Impact Assessment as part of the initial Integrated Impact Assessment exercise and published this alongside the consultation paper on the policy proposals. No new material impacts were identified in relation to the specific policy given effect to by these Regulations.

#### **6. Regulatory Impact**

- 6.1. The Department conducted a Regulatory Impact Assessment as part of the initial Integrated Impact Assessment exercise and published this alongside the consultation paper on the policy proposals. No new material impacts were identified in relation to the specific policy given effect to by these Regulations. It should be noted that the policy put forward in these Regulations has been developed with an awareness of the adverse impact that a policy with a more general application may have had on the hospitality industry in Northern Ireland.

#### **7. Financial Implications**

- 7.1. The provision of additional exemption for hereditaments which fall within the prescribed cases under regulation 2 will not exceed a cost of £750,000 per annum.

#### **8. Section 24 of the Northern Ireland Act 1998**

- 8.1. It is the view of the Department of Finance that this Order is compatible with section 24 of the Northern Ireland Act 1998 (1998 c.47).

#### **9. EU Implications**

- 9.1. In the Department's assessment no new EU implications arise in the context of these Regulations.

## **10. Parity or Replicatory Measure**

- 10.1. There is no direct parity or replicatory measure associated with the policy underpinning these Regulations.

## **11. Additional Information**

- 11.1. Not applicable.