

Title: <ul style="list-style-type: none"> Tourism: The Grading Inspection of Certified Tourist Establishments (Fees) Regulations (Northern Ireland) 2023 	Regulatory Impact Assessment (RIA)	
	Date: 18 th July 2023	
	Type of measure: Secondary Legislation	
Lead Department or Agency: <ul style="list-style-type: none"> Department for the Economy (DfE) 	Stage: Final draft	
	Source of intervention: Domestic NI	
Other Departments or Agencies: <ul style="list-style-type: none"> Tourism Northern Ireland (TNI) 	Contact details: Stewart Matthews	
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Summary Intervention and Options

What is the problem under consideration? Why is government intervention necessary? (7 lines maximum) Tourism NI (TNI) operates a voluntary Quality Assurance Grading Scheme (QGS) for certified tourist establishments, where a fee is charged for the associated grading inspections for the purposes of assigning a grade rating of between one to five stars. However, following an initial review, it has been determined that the QGS's fee structure, which has been in place for a number of years, must be placed on a statutory footing by prescribing it into Regulations under Article 20(1)(b) of The Tourism (Northern Ireland) Order 1992. Following this, the QGS has been paused, where the introduction of the prescribed fees will enable the Scheme to resume. If intervention is not made, there will be substantial reputational impacts for DfE, TNI and member businesses.	
What are the policy objectives and the intended effects? (7 lines maximum) The key policy objective is to allow Tourism NI to resume its QGS at minimal additional cost to DfE and TNI. This will be achieved by prescribing TNI's existing QGS fee structure, which has been charged by TNI to industry operators for a number of years, into Regulations. The fees prescribed in this Statutory Rule will remain in place until such time as TNI has had an opportunity to review the QGS fee structure in light of the attendant costs. Once this fee review has been completed, and subjected to a public consultation, it is intended that this Statutory Rule will be amended with an updated and fully cost recovering fee structure.	
What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base) (10 lines maximum) <ol style="list-style-type: none"> Do nothing / Do not resume the QGS and close it with immediate effect: This option would result in all Accommodation Star Grades ceasing at the end of each industry operator's Membership Year, and potentially result in a loss of income and business for these industry operators due to reduced footfall. Resume the QGS without levying any fees...: This option would enable the QGS to resume but not allow TNI to levy any fees until such time as TNI has had an opportunity to review the QGS fee structure in light of the attendant costs, and an updated fee structure prescribed into Regulations. TNI would, however, be responsible for covering the operational costs for the Scheme until such Regulations are prescribed. Prescribe TNI's current QGS fee structure into Regulations and resume the Scheme with fees levied (Preferred Option): This option would put the QGS's existing fee structure on a statutory footing and allow the Scheme to resume as normal (until a revised fee structure is put into Regulations). 	
Will the policy be Reviewed? It will be reviewed	Set Review date: September 2023

Cost of Preferred (or more likely) Option		
Total outlay cost for business £m	Total net cost to business per year £m	Annual cost for implementation by Regulator £m
£0.0675m	£0.0675m	£0.1m

Does Implementation go beyond minimum EU requirements?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
Is this measure likely to impact on trade and investment?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
Are any of these organisations in scope?	Micro Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Small Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	Medium Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Large Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

The final RIA supporting legislation must be attached to the Explanatory Memorandum and published with it.

Approved by: David Malcolm Date: 18th July 2023

ECONOMIC ASSESSMENT

Costs (£m)	Total Transitional (Policy)		Average Annual (recurring) (excl. transitional) (constant price)	Total Cost (Present Value)
	(constant price)	Years		
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate	£0		£0	£0

Description and scale of key monetised costs by ‘main affected groups’ Maximum 5 lines
 There would be no further monetised costs for industry operators or TNI under this option as there would no longer be a Scheme to participate in / operate. However, existing members of the QGS would be required to cease promoting their Accommodation Star Grades / Quality Accolades on websites and in marketing materials, thereby incurring some unexpected costs, but based on the principle of proportionate effort, these have not been quantified.

Other key non-monetised costs by ‘main affected groups’ Maximum 5 lines
 As a result of closing the QGS, industry operators may see a loss of footfall, particularly from out-of-state visitors, corporate and independent customers who use Star Grades when determining which property to book. As a result, this may consequently lead to such customers deciding to use other locations outside of Northern Ireland if this option were pursued. There would also be implications for the nine TNI staff who currently deliver this QGS, e.g. redirecting / retraining them to other work.

Benefits (£m)	Total Transitional (Policy)		Average Annual (recurring) (excl. transitional) (constant price)	Total Benefit (Present Value)
	(constant price)	Years		
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate	£0		£0	£0

Description and scale of key monetised benefits by ‘main affected groups’ Maximum 5 lines
 Industry operators and TNI would no longer have any participation / operational costs associated with the QGS as the TNI Scheme would no longer be available. This would save industry operators the voluntary annual fee they pay and allow TNI to reallocate the Scheme’s operational budget to other areas.

Other key non-monetised benefits by ‘main affected groups’ Maximum 5 lines
 There are no key non-monetised benefits associated with this option.

Key Assumptions, Sensitivities, Risks Maximum 5 lines
 A decision not to regulate and to close the QGS would be extremely unpopular with industry operators and would have a reputational risk for both DfE and TNI. Such a decision would also attract significant negative media coverage and make TNI the only Tourist Board in the UK without their own Common Standards Quality Scheme.

BUSINESS ASSESSMENT

Direct Impact on business (Equivalent Annual) £m				
Costs: £0	Benefits: £0	Net: £0		

Cross Border Issues

How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland) Maximum 3 lines
 Tourist Boards in England, Scotland, Wales and the Republic of Ireland all run similar Schemes to TNI’s QGS. If this option were pursued, this would leave only The AA with the ability to assign star gradings for industry operators in Northern Ireland, therefore leaving NI as the only region without a Tourist Board Grading Scheme.

Summary: Analysis and Evidence

Policy Option 2

Description: Resume the QGS without levying any fees (until such time as a full fee review is completed by TNI and a revised / fully cost recovering fee structure is prescribed into Regulations, subject to a public consultation)

ECONOMIC ASSESSMENT

Costs (£m)	Total Transitional (Policy)		Average Annual (recurring) (excl. transitional) (constant price)	Total Cost (Present Value)
	(constant price)	Years		
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate	£0		£0	£0

Description and scale of key monetised costs by 'main affected groups' Maximum 5 lines
 This option would cost TNI circa £100k per annum (draft figure) as they would have to fully cost the Scheme out of their own allocated budget, putting a further strain on their limited budgetary resources. There is no cost to business under this option as fees would not be levied. Once a revised and fully cost recovering fee structure is prescribed into Regulations (estimated timescale 6 - 12 months), the cost of participating in the QGS for industry operators may increase, however, as TNI's fee review is ongoing, it is not possible at this stage to indicate what monetary cost this will have on industry operators.

Other key non-monetised costs by 'main affected groups' Maximum 5 lines
 There is potential that some current participants of the QGS, who previously paid for their star grading, may feel aggrieved if new participants get their new / first star grading free of charge. This could potentially lead to negative media coverage and potentially see the withdrawal of some participants from the Scheme.

Benefits (£m)	Total Transitional (Policy)		Average Annual (recurring) (excl. transitional) (constant price)	Total Benefit (Present Value)
	(constant price)	Years		
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate				

Description and scale of key monetised benefits by 'main affected groups' Maximum 5 lines
 There are no key monetised benefits associated with this option.

Other key non-monetised benefits by 'main affected groups' Maximum 5 lines
 This option would allow participating businesses to benefit from the resuming of the QGS and retain the benefits associated with the Scheme. Participants would therefore retain their Star Grades, enabling them to continue to attract new business on a regional, national, and global level. These benefits remain even after a potential increase in fees in due course. This option also enables TNI to continue marketing NI as a compelling visitor destination with an independent and respected quality mark, benefiting NI Accommodation Sector businesses.

Key Assumptions, Sensitivities, Risks Maximum 5 lines
 There is a small chance that running the QGS without charging any fees, as a temporary measure, would attract some media coverage. This risk is heightened in the medium term if fees are introduced at a higher rate than before. Temporarily not charging fees may also lead to an unforeseen increase in new Applications to the Scheme, increasing TNI's financial burden / obligation in the short term.

BUSINESS ASSESSMENT

Direct Impact on business (Equivalent Annual) £m			
Costs: £0m	Benefits:	Net:	

Cross Border Issues

How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland) Maximum 3 lines
 In 2020, Visit Wales made the decision to operate their national Quality Scheme free of charge. However, Visit England, Visit Scotland, Failte Ireland and The AA all continue to operate fee-based Schemes.

Summary: Analysis and Evidence

Policy Option 3

Description: Prescribe TNI's current QGS fee structure into Regulations and resume the Scheme with fees levied (until such time as a full fee review is completed by TNI and a revised / fully cost recovering fee structure is prescribed by amending these Regulations, subject to a public consultation) (Preferred Option)

ECONOMIC ASSESSMENT

Costs (£m)	Total Transitional (Policy)		Average Annual (recurring) (excl. transitional) (constant price)	Total Cost (Present Value)
	(constant price)	Years		
Low	Optional		£65,000 Optional	£65,000 Optional
High	Optional		£70,000 Optional	£70,000 Optional
Best Estimate			£67,500	£67,500

Description and scale of key monetised costs by 'main affected groups' Maximum 5 lines
The cost to business from these Regulations is equivalent to the existing QGS fees. This is estimated, based on previous years receipts, as £65k - £70k per annum. Only one year of costs has been included given the acknowledgement that the fees are currently under review and may increase in order to attain full cost recovery in the next 6 - 12 months. As in Option 2, the operating cost of the QGS is approximately £100k per annum, therefore from a public sector perspective, there is a potential shortfall of approximately £30 - 35k per annum. For TNI, the QGS will continue to run with a small deficit until such time the revised fee structure is put in place.

Other key non-monetised costs by 'main affected groups' Maximum 5 lines
There are no key non-monetised costs associated with this option.

Benefits (£m)	Total Transitional (Policy)		Average Annual (recurring) (excl. transitional) (constant price)	Total Benefit (Present Value)
	(constant price)	Years		
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate				

Description and scale of key monetised benefits by 'main affected groups' Maximum 5 lines
There are no key monetised benefits associated with this option.

Other key non-monetised benefits by 'main affected groups' Maximum 5 lines
This option would allow participating businesses to benefit from the resuming of the QGS and retain the Schemes associated benefits. Participants would therefore retain their Star Grades, enabling them to continue to attract new business on a regional, national, and global level. These benefits remain even after a potential increase in fees in due course. This option also enables TNI to continue marketing NI as a compelling visitor destination with an independent and respected quality mark, benefiting NI Accommodation Sector businesses.

Key Assumptions, Sensitivities, Risks Maximum 5 lines
There is minimal risk of negative media attention by resuming the QGS exactly as before via this Option. However, there are a series of unknowns associated in the medium to longer term with the future revised fee structure and therefore we are unable at this stage to estimate the industry's reaction, leading to the potential for some negative media attention. It is intended that any fee increase being subject to a public consultation will reduce any potential shock and provide MPMNI context behind the increase.

BUSINESS ASSESSMENT

Direct Impact on business (Equivalent Annual) £m		
Costs: £0.0675m	Benefits:	Net:

Cross Border Issues

How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland) Maximum 3 lines
Visit England, Visit Scotland, Failte Ireland and The AA all operate fee-based Schemes. However, in 2020, Visit Wales made the decision to operate their national Quality Scheme free of charge.

Problem under consideration

The Northern Ireland Tourist Board (NITB), commonly referred to as Tourism NI (TNI), operates a voluntary Quality Assurance Grading Scheme (QGS) for the serviced Accommodation Sector (comprising of Hotels, Guest Houses, B&B's, Self-Catering establishments, Hostels, Campus Accommodation and Guest Accommodation) under Article 21 of The Tourism (Northern Ireland) Order 1992 ("the 1992 Order").

As part of the QGS, a fee is charged for a grading inspection to be undertaken of a certified tourist establishment, conducted by an officer of TNI at the request of that establishments proprietor, for the purposes of assigning a grade rating of between one to five stars. However, following an initial review, it has been determined that the QGS's fee structure, which has been in place for a number of years, must be placed on a statutory footing by prescribing it into Regulations under Article 20(1)(b) of the 1992 Order. The QGS has been paused pending the introduction of the prescribed fees.

Rationale for intervention

The QGS currently has approximately 565 participants, who because of the current stalemate, face losing their Accommodation Star Grades at the end of their Membership Year. Furthermore, there are approximately fourteen new businesses (as of May 2023) who have applied to participate in the QGS, but until the Scheme is resumed, a grading inspection cannot be completed and their Applications remain on hold.

If DfE does not intervene, there will be substantial reputational impacts for DfE, TNI and member businesses. There would also be a negative impact on attracting business and competitiveness, particularly from out-of-state visitors, corporate and independent customers who make use of Star Grades when determining which property to book.

The rationale for intervention is therefore to allow TNI to resume the QGS with the power to levy a fee, as quickly as possible, and to enable them to resume marketing Northern Ireland as a compelling visitor destination with an independent and respected quality mark which sets industry benchmarking at a regional and national level. DfE intervention here is to place the QGS's current fee structure, which has been in place for a number of years, on a statutory footing until such time as TNI has had an opportunity to review the QGS fee structure in light of the attendant costs. Any such review will be subject to a public consultation which will seek the views of the participating establishments and the wider public / tourism sector.

Policy Objective

The key policy objective is to allow Tourism NI to resume its Quality Assurance Grading Scheme (QGS) at minimal additional cost to DfE and TNI. This will be achieved by prescribing TNI's existing QGS fee structure, which has been charged by TNI to industry operators for a number of years, into Regulations. The fees prescribed in this Statutory Rule will remain in place until such time as TNI has had an opportunity to review the QGS fee structure in light of the attendant costs. Once this fee review has been completed, and subjected to a public consultation, it is intended that this Statutory Rule will be amended with an updated and fully cost recovering structure.

Description of options considered (including do nothing), with reference to the evidence base to support the option selection

Option 1: Do nothing / Do not resume the QGS and close it with immediate effect

While the 'Do nothing' option would require no new legislation to be introduced, and would result in the removal of the Scheme's associated costs for DfE, TNI and industry operators, this option would provide no benefit to the Northern Ireland economy and also result in all Accommodation Star Grades ceasing at the end of each industry operator's Membership Year. This would be received badly by the

industry and result in significant reputational damage to DfE and TNI, along with attracting negative media attention both nationally and internationally.

Existing members of the QGS would also be required to cease promoting their Accommodation Star Grades / Quality Accolades on websites and in marketing materials, thereby incurring some additional and unexpected costs. This Option would also make TNI the only Tourist Board in the UK without their own Common Standards Quality Scheme, which would also have implications for the nine TNI staff who currently deliver the QGS, e.g. redirecting / retraining them to other work.

By doing nothing / not resuming the QGS and closing it with immediate effect, this could potentially result in a loss of income and business for industry operators, particularly from out-of-state visitors, corporate and independent customers who make use of Star Grades when determining which property to book. This may consequently lead to such customers deciding to use other locations outside of Northern Ireland. This would likely see discontentment from accommodation businesses, especially from those which TNI have advised DfE have already committed financially to improvements to increase their star gradings, resulting in a potential risk of challenge from those businesses if this Option were pursued and the QGS not resumed / permanently closed.

The ability to market Northern Ireland as a compelling visitor destination, with an independent and respected quality mark, would also be compromised, and in turn, negatively impact TNI's ability to support Northern Ireland's wider tourism and investment objectives. Certain markets are also Star Grade sensitive, where this Option would result in NI being unable to successfully bid for certain national and international events.

Option 2: Resume the QGS without levying any fees (until such time as a full fee review is completed by TNI and a revised / fully cost recovering fee structure is prescribed into Regulations, subject to a public consultation)

This option would enable the QGS to resume and operate as before, i.e., with an annual grading inspection based on the Common Standards criteria, with the exception that fees would not be levied in the short term (until such time as TNI has had an opportunity to review the QGS fee structure in light of the attendant costs and an updated fee structure prescribed into Regulations based on full cost recovery in line with MPMNI). This would allow industry operators to retain their Accommodation Star Grades and the benefits associated with the Scheme.

Additionally, no new legislation would be required until such time as TNI has completed their fee review. Once this revised fee structure has been identified and prescribed into Regulations, subject to a public consultation which will seek the views of the participating establishments and the wider public / tourism sector, TNI would then be able to resume charging a fee for their QGS / grading inspections.

Whilst this Option would remove any costs for industry operators in the short term, TNI would be responsible for covering the operational costs for the Scheme out of its own allocated budget in the interim, currently estimated to be circa £100k per annum (draft figure). Given the estimate that these Regulations (subject to public consultation) may not be in place until approximately the start of the next financial year, this would be a significant financial commitment imposed on TNI which would put a further strain on its already limited and reduced budgetary resources. Given the financial pressures TNI are currently facing as a result of a reduced budget, and DoF's reluctance to approve running the Scheme without levying any fees, this option is not desirable for DfE, DoF or TNI.

There is also a small probability that running the QGS without charging any fees, as a temporary measure, would attract some negative media coverage given the current budgetary climate. This risk would be heightened if new fees are introduced at a higher rate compared to those that existed before the Scheme was paused. In addition, temporarily not charging fees may lead to an unforeseen increase in new Applications to the Scheme in the short term, increasing TNI's financial burden / obligation.

Furthermore, in terms of the industry, it is possible that some current participants of the QGS, who previously paid for their star grading, may feel aggrieved if new participants get their new / first star grading free of charge. This could potentially lead to negative media coverage and potentially see the withdrawal of some participants from the Scheme.

Option 3 (Preferred Option): Prescribe TNI's current QGS fee structure into Regulations and resume the Scheme with fees levied (until such time as a full fee review is completed by TNI and a revised / fully cost recovering fee structure is prescribed by amending these Regulations, subject to a public consultation)

This Option would put the QGS's fee structure, which has been in place for a number of years, on a statutory footing by introducing new Fee Regulations using the powers contained in Article 20(1)(b) of the 1992 Order. This option would enable the QGS to resume and operate as before (i.e. with the same fees charged) in the short term until such time as TNI has had an opportunity to review the fee structure in light of the attendant costs. Once an updated and fully cost recovering fee structure has been identified, this Statutory Rule will be amended accordingly to aid the Scheme in fully cost recovering in the medium to longer term. This Option would allow industry operators to retain their Accommodation Star Grades and the benefits associated with the Scheme, as well as ensuring the Scheme's operational viability for the future.

This Option would have no new financial implications for industry operators in the short term as they would be charged the same rate of fees which they have been charged for the last number of years. This Option, as an interim measure, would also avoid TNI having to spend circa £100k per annum (draft figure) of their budget on running the Scheme. This will ensure that TNI can continue to recover part of the operational costs associated with the Scheme during this interim period (as opposed to receiving no income at all), reducing their financial burden. However, the Scheme will still potentially run with a deficit until the proposed Statutory Rule is amended with a revised and fully cost recovering fee structure.

There is minimal risk of negative media attention by resuming the QGS via this Option, as this intervention would solely be to place the QGS's current fee structure, which has been in place for a number of years, on a statutory footing until such time as TNI has had an opportunity to review the fee structure in light of the attendant costs. Any such review will be subject to a public consultation which will seek the views of the participating establishments and the wider public / tourism sector.

The Department has had extensive discussions with TNI in relation to the charging of fees for their grading inspections and the content of this Statutory Rule has been agreed with TNI. The Department of Finance (DoF) has also confirmed that it is content to proceed as proposed, pending TNI's review of the QGS fee structure.

Monetised and non-monetised costs and benefits of each option (including administrative burden)

Option 1: Do nothing / Do not resume the QGS and close it with immediate effect

As the QGS would close with immediate effect, there would be no further costs associated with participating in the Scheme for industry operators, nor would there be any further operational costs to DfE or TNI. However, existing members of the QGS would be required to cease promoting their Accommodation Star Grades / Quality Accolades on websites and in marketing materials, thereby incurring unexpected costs.

This Option could also potentially result in reduced revenue for businesses and the Northern Ireland economy, particularly from out-of-state visitors, corporate and independent customers who use Star Grades when determining which property to book. As a result, this may consequently lead to such customers deciding to use other locations outside of Northern Ireland.

Certain markets are also Star Grade sensitive, where this Option would result in NI being unable to successfully bid for certain national and international events, likely attracting negative media attention. The closure of the Scheme would also lead to implications for the nine TNI staff who currently deliver it, e.g. redirecting / retraining them for other work.

Option 2: Resume the QGS without levying any fees (until such time as a full fee review is completed by TNI and a revised / fully cost recovering fee structure is prescribed into Regulations, subject to a public consultation)

This Option would allow businesses to resume receiving the benefits of the QGS and allow industry operators to retain their Accommodation Star Grades. This Option would also remove any cost implications for businesses in the short term, i.e., they would not have to incur the annual grading inspection fee until a new Statutory Rule is put in place in the medium term to prescribe a revised, fully cost recovering, fee structure. However, to continue with the Scheme in 2023 / 2024 without levying any fees would cost TNI circa £100k per annum (draft figure), where this would have to be met from within TNI's budget allocation, putting a further strain on their already limited budgetary resources.

In the medium to longer term, once TNI's Fee Review is complete and a revised fee structure, based on the objective of full cost recovery, is prescribed into Regulations (subject to a public consultation), the cost of participating in the QGS for industry operators may increase. As this TNI fee review is currently ongoing, it is not possible at this stage to indicate what monetised cost this will have on industry operators, however, the benefits of the Scheme will remain unchanged and industry operators will continue to have the option of voluntarily participating in the Scheme after the completion of the fee review.

In terms of TNI, they will benefit from this revised fee structure as it will help reduce their financial burden from operating the Scheme and reduce the likelihood of the Scheme running a deficit in the medium to longer term, easing budgetary pressures. However, in the short term, resuming the QGS without any income being received is a significant financial undertaking, especially in the current budgetary climate.

Option 3 (Preferred Option): Prescribe TNI's current QGS fee structure into Regulations and resume the Scheme with fees levied (until such time as a full fee review is completed by TNI and a revised / fully cost recovering fee structure is prescribed by amending these Regulations, subject to a public consultation)

This Option would allow businesses to benefit from the resuming of the QGS and allow industry operators to retain their Accommodation Star Grades. As these Regulations will put the QGS's current fee structure on a statutory footing (subject to future amendment), there would be no new monetised costs for participants in this voluntary Scheme. This is because the Statutory Rule is prescribing a fee structure which has been in place for a number of years, and therefore participating businesses will not be exposed to any additional costs at the present time.

This Option, i.e., to prescribe the existing fee structure as an interim measure, will facilitate the resumption of the QGS and also allow TNI to recover approximately £65k - £70k (based on previous years receipts) of the estimated £100k per annum in operational costs for the Scheme. Therefore, from a public sector perspective, there is potential for a reduced shortfall of approximately £30 - 35k per annum when compared to TNI resuming the QGS without the power to levy fees in the short term (i.e., Option 2), significantly reducing the pressure on TNI's limited and reduced allocated budget during this period. This Option would also allow TNI to continue to gain income from the Scheme whilst internal and public consultations are taking place following the completion of TNI's fee review, further aiding some of TNI's budgeting pressures, especially if there was some slippage to the estimated timeframe for the revised fee structure to be prescribed into Regulations.

In the medium to longer term, once TNI's fee review is complete and a revised fee structure, based on the objective of full cost recovery, is prescribed into Regulations (subject to a public consultation which will seek the views of the participating establishments and the wider public / tourism sector), the cost of participating in the QGS for industry operators may increase. As this TNI fee review is currently ongoing, it is not possible at this stage to indicate what additional financial cost this will have on industry operators, however, the benefits of the Scheme will remain unchanged and industry operators will continue to have the option of voluntarily participating in the Scheme after the completion of the fee review.

In terms of TNI, they will benefit from this revised fee structure as it will help reduce the financial burden of operating the Scheme and reduce the likelihood of the Scheme running a deficit in the medium to longer term, easing budgetary pressures. Likewise, this Option will also ease their budgetary pressures in the short term by allowing part recovery until a revised fee structure can be put in place.

The Department of Finance (DoF) has also confirmed that it is content to proceed as proposed, pending TNI's review of the QGS fee structure.

Rationale and evidence that justify the level of analysis used in the RIA (proportionality approach)

The analysis included in this RIA is based upon a series of detailed discussions with Tourism Northern Ireland (TNI), DfE Tourism Policy and Liaison Branch, and the Department of Finance (DoF). The chosen approach (Option 3), which has been endorsed as the preferred option of DoF and TNI, has been selected to ensure that the QGS can be resumed as quickly as possible with minimal additional cost to DfE and TNI through the prescribing of Fee Regulations under Article 20(1)(b) of The Tourism (Northern Ireland) Order 1992.

A high-level analysis has been included in this RIA because an amendment will be made to this Statutory Rule in the next 6-12 months following the conclusion of TNI's fee review (which has the objective of enabling full cost recovery). A further analysis will also be undertaken upon completion of the public consultation exercise with due regard to TNI's fee review.

Risks and Assumptions

There is an ongoing risk that TNI will see a significant withdrawal from the QGS if the Scheme is not resumed ASAP. By actioning Option 3, this will ensure that industry operators retain their Accommodation Star Grades and ensure that Northern Ireland remains a compelling visitor destination with an independent and respected quality mark.

From a financial perspective, there are a series of unknowns associated with the revised fee structure that will result from TNI's fee review. There is also potential that any significant increase in the fees charged for the QGS may be received badly by the industry and result in some negative media attention. However, it is accepted by DfE and TNI that implementing a fully cost recovering fee structure is an essential step to ensure that the Scheme can fully cover its operational recurring costs and bring the Scheme in line with MPMNI. In the event that the fees are increased after the full fee review, the fact that this will be the first increase in a number of years, and the fact that any fee increase will be subject to a public consultation, should reduce the likelihood / magnitude of industry concerns or negative media coverage.

Direct costs and benefits to business

Costs to business

There will be no new or additional cost implications for businesses who opt to participate in the QGS in the short term as a result of Option 3 as the Statutory Rule is prescribing a fee structure which has been in place for a number of years. Furthermore, as the fees relate to a voluntary, rather than a compulsory grading inspection, individual establishments will continue to be free to make their own business decisions as to whether or not they participate in the QGS.

However, in the medium to longer term, once TNI has completed their fee review, and a revised fee structure is prescribed into Regulations (subject to a public consultation), the cost of participating in the Scheme for businesses / industry operators may increase. However, as the review is currently ongoing, it is not possible at this stage to indicate what additional financial costs this will have on industry operators.

Benefits to business

As TNI require fees to be charged for the QGS to ensure the Scheme remains viable, and as DoF are reluctant to authorise the Scheme resuming without any fees being levied (even as an interim measure), the prescribing of this Statutory Rule will allow the highly valued QGS to resume and enable TNI to achieve part cost recovery (until the Statutory Rule is amended). The benefit of this to business is that the resuming of the QGS will allow industry operators to retain their Accommodation Star Grades and retain the benefits associated with the TNI Scheme. This benefit remains even after an amendment is made to the Statutory Rule which may increase the level of fees in due course.

The resuming of the operation of the QGS will enable TNI to continue providing customers with assurances over the objectivity and robustness of the Quality Assessment undertaken, and will allow it to continue marketing Northern Ireland as a compelling visitor destination with an independent and respected quality mark, benefiting NI Accommodation Sector businesses. The resumption of the QGS will also ensure that Northern Ireland businesses do not lose this mechanism for industry benchmarking at a regional and national level.

The Scheme is highly valued by Northern Ireland tourism accommodation businesses and is also a key part of Tourism NI's work to drive innovation and quality in the industry. Industry operators use this accolade to show that they are part of a recognised and independent national programme, committed to quality. For incoming tour operators, buyers and individuals, this endorsement gives customers the confidence that they are buying the products of a provider / business focussed on high quality customer service. It also enables operators to be benchmarked against competitors in other regions and nations. Continuing the Scheme will also support Northern Ireland's wider tourism and investment objectives, including bidding for internationally mobile events, supporting businesses and the industry.

Wider impacts (in the context of other Impact Assessments in Policy Toolkit Workbook 4, economic assessment and NIGEA)

The benefit of Option 3 is that it ensures that TNI's current fee structure for the QGS is put on a statutory footing and allows the highly valued QGS to resume. The prescribed fees will remain in place until such time as TNI has had an opportunity to review the QGS fee structure in light of the attendant costs. Any such review will be subject to a public consultation which will seek the views of the participating establishments and the wider public / tourism sector.

A Rural Needs Assessment, an Equality Impact Assessment and a Legal Aid Impact Assessment will also be completed alongside this Assessment.