



EXPLANATORY NOTES

Financial Provisions Act (Northern Ireland) 2014

Chapter 6

FINANCIAL PROVISIONS ACT (NORTHERN IRELAND) 2014

EXPLANATORY NOTES

INTRODUCTION

1. These explanatory notes relate to the Financial Provisions Act (Northern Ireland) 2014 which received Royal Assent on 28 April 2014. They have been prepared by the Department of Finance and Personnel in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by the Assembly.
2. The notes need to be read in conjunction with the Act. They do not, and are not meant to be, a comprehensive description of the Act. So where a section or part of a section or Schedule does not seem to require an explanation or comment, none is given.

BACKGROUND AND POLICY OBJECTIVES

3. The Act 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 make amendments to the Rates (Northern Ireland) Order 1977;
 - 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; and
 - To provide a statutory basis for the Department of Justice to provide for the constitution, functions, procedures and financing of two bodies providing services for the police.

CONSULTATION

4. The Act is technical and non-controversial in nature and therefore no consultation was required.
5. The changes made by sections 3 and 4 of the Act 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 Acts or to add the provisions to some other suitable legislative vehicle. It was concluded that the provisions would not justify separate Acts and the most appropriate method of dealing with the provisions was through the Financial Provisions Act promoted by the Department of Finance and Personnel.

OVERVIEW

7. The Act consists of 14 Sections and a Schedule.

COMMENTARY ON SECTIONS

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

Section 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.

Section 2: Grants payable in relation to expenses

This section 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.

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

This section 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.

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

This section provides for the repeal of Articles 23 and 24 of the Rates (Northern Ireland) Order 1977. These Articles have not been used and have been dormant in the legislation. Article 23 currently states that if a landlord defaults, Land and Property Services can recover the rates due from the tenant. The other provision, Article 24, relates to a power to allow the Department to step in and act as landlord should there be an issue of default. The Department considers that these provisions are both outdated and unusable.

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

This section amends Article 26 of the Rates (Northern Ireland) Order 1977 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.

Section 6: Discount on rates on dwellings

This section amends Article 30 of the Rates (Northern Ireland) Order 1977 (discount on rates on dwellings) 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.

Section 7: Temporary reduction of rates for specified hereditaments

This section 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.

Section 8: Payment of interest on funds held in Court

Section 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.

Section 9: Statutory power to charge for costs

This section 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.

Section 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.

Section 11: Statutory footing and empowering statutory authority

This section 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.

Section 12: Repeals

The accompanying Schedule lists provisions for the repeal of statutory provisions related to sections 1, 4 and 8.

Section 13: Commencement

Section 13 provides for commencement orders that are required to bring into force the whole or part of the Act at a date later than the day after Royal Assent.

Section 14: Short Title

This section sets out the title of the Act.

HANSARD REPORTS

8. The following table sets out the dates of the Hansard reports for each stage of the Act’s passage through the Assembly.

STAGE	DATE
Introduction of the Act to Committee for Finance and Personnel – pre-introduction briefing	5 June 2013
Introduction to the Northern Ireland Assembly	17 June 2013
Second stage debate in the Assembly	1 July 2013
Committee stage	1 July – 13 December 2013

*These Notes refer to the Financial Provisions Act (Northern Ireland) 2014 (c.6)
which received Royal Assent on 28 April 2014*

STAGE	DATE
Committee's Report on the Act (NIA Bill 22/11-15)	13 December 2013
Consideration stage in the Assembly	11 February 2014
Further consideration stage in the Assembly	24 February 2014
Final stage in the Assembly	4 March 2014
Royal Assent	28 April 2014

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