

EXPLANATORY MEMORANDUM TO

The Rate Relief (Energy Efficiency Homes Scheme) Regulations (Northern Ireland) 2010

S.R. 2010 No. 67

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of Finance and Personnel ("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 30D of the Rates (Northern Ireland) Order 1977 ("the 1977 Order") and is subject to the negative resolution procedure.

2. Purpose

- 2.1. The purpose of this Rule is to introduce a one-off reduction in rates for owner-occupiers who make certain energy efficiency improvements to their home. The aim of the scheme is to encourage households to invest in their homes, thereby improving the housing stock in Northern Ireland and contributing to the Executive's commitment to promote sustainable development.
- 2.2. Regulations 1 and 2 contains the citation, commencement and interpretation provisions.
- 2.3. Regulation 3 sets out the types of dwelling-house that are excluded from the scheme.
- 2.4. Regulation 4 provides for the amount of rates payable in respect of a qualifying dwelling-house to be reduced by a prescribed sum if cavity wall or loft insulation is installed to the standards set out in Schedule 1. A number of conditions provided for in regulation 3(7) apply and in most cases the reduction will be applied in the year in which an application is made under the Regulations.
- 2.5. Regulation 5 and Schedule 2 provide for how the prescribed sum is to be determined.
- 2.6. Regulations 6 and 7 make provision in relation to the application process and inspection process respectively. A reduction under these Regulations shall only be made if an application has been made to the Energy Saving Trust before 1st April 2015 and consent has been given to an inspection of the dwelling-house in question.
- 2.7. Regulations 8 and 9 provide for a review of a decision by the Department under these Regulations and for appeals to the Northern Ireland Valuation Tribunal.

3. Background

- 3.1. The decision to introduce a new rate rebate scheme for homeowners who bring their home up to modern standards of insulation was one of the

outcomes of the Executive review of domestic rating in 2007. This decision was taken, subject to further public consultation being carried out on the detailed policy proposals. The original idea arose from a proposal put forward by the World Wide Fund for Nature (WWF) during the consultation associated with that review.

4. Consultation

- 4.1. Policy proposals for the scheme were published in July 2008 and the consultation process was completed in September 2008. In general terms the vast majority of those who responded were supportive of the broad thrust of the proposals. Following careful consideration of the responses, final policy decisions were set out in the consultation report covering a range of other rating reforms arising from the Executive review referred to above. Announcements were made by the then Minister, Nigel Dodds, on 23 December 2008 and the report was published in January 2009.
- 4.2. It was decided that the Energy Efficiency Homes Scheme (as it is to be known) would be a stand-alone scheme administered by the Energy Saving Trust (EST) which currently administers the cash-back scheme on behalf of NIE, offering customers a common first point of contact.
- 4.3. Like the NIE cash-back scheme, the rebate would be awarded if loft or cavity wall insulation is installed in the property but the primary legislation should allow for the inclusion of other measures in the future should an evaluation of the scheme support its extension.
- 4.4. The scheme would not be extended to the social rented sector given that the Northern Ireland Housing Executive and Housing Associations already have similar policies in place for that sector and other similar schemes, both in NI and further afield in the UK and the Republic of Ireland, do not apply to that sector, but, in response to concerns expressed by the Committee for Finance and Personnel, the primary legislation should allow for its inclusion in the future should circumstances change.
- 4.5. The primary legislation enabling the Department to introduce the Energy Efficiency Homes Scheme through subordinate legislation was approved on 30th July 2009 by the Executive for introduction in the Assembly by accelerated passage and received Royal Assent on 3rd November 2009. In light of the extent of previous consultation, no consultation on the Regulations was undertaken.

5. Equality Impact

- 5.1. An Equality Impact Assessment published in January 2009 as part of the final Integrated Impact Assessment for the Executive Review of domestic rating found that the scheme would be more likely to benefit persons over 60, families without dependents and those from a Protestant community background, as these groups are less likely to live in properties with full cavity wall insulation. This reflects the differing socio economic characteristics of these groups and it is the Department's considered view, informed by consultation, that this policy will not give rise to inequality of opportunity for any group. The Department intends to undertake an early policy evaluation, in about 2 year's time and the effect of any differential impact can be better gauged at that stage.

6. Regulatory Impact

6.1. Not applicable.

7. Financial Implications

7.1. It is estimated that the scheme will cost around £560,000 plus ongoing administration costs including £58,000 in year one for the Energy Saving Trust (EST) who will administer the scheme and £25,000 for LPS IT system changes.

8. Section 24 of the Northern Ireland Act 1998

8.1. It is the view of the Department that these Regulations are compatible with section 24 of the Northern Ireland Act 1998.

9. EU Implications

9.1. Not applicable.

10. Parity or Replicatory Measure

10.1. There are no directly equivalent Statutory Instruments. However, the original proposal put forward by WWF was based on a similar council tax rebate scheme which is operated administratively by some local authorities in England. The Scottish Assembly also recently passed legislation which makes it mandatory for all local authorities in Scotland to establish a council tax rebate scheme, which involves giving a minimum £50 rebate to those that make energy efficiency improvements to their home. Whilst the requirement is mandatory, local authorities have a great deal of discretion and flexibility as to the make up of their scheme.

11. Additional Information

11.1. Not applicable.