

**EXPLANATORY MEMORANDUM TO
COMPULSORY ACQUISITION (INTEREST) (AMENDMENT) ORDER (NORTHERN
IRELAND) 2013 (S.R. 2013 No. 165)**

1. General

- 1.1 This explanatory memorandum has been prepared by the Department of Finance and Personnel and is laid before the Northern Ireland Assembly.
- 1.2 This memorandum contains information for the Departmental Committee.

2. Powers and Assembly Control

- 2.1 This Order is made by the Department under powers conferred on it by section 12 of the Public Health and Local Government (Miscellaneous Provisions) Act 1955; section 14(3) of the Administrative and Financial Provisions Act (Northern Ireland) 1956; and section 97(2) of paragraph 18 of Schedule 6 to the Local Government Act (Northern Ireland) 1972 and of every other power enabling it in that behalf.

3. The “21 Day Rule”

- 3.1 This Order was made on 3 June 2013 and comes into operation on 1 August 2013. The 21 day rule has not been breached.

4. Legislative Background

- 4.1 Under the Compulsory Acquisition (Interest) Order (Northern Ireland) 1996 the interest rate payable on compensation sums for land which is compulsorily acquired has been calculated on the basis of 0.5% below the standard (base) rate.
- 4.2 This Statutory Rule will provide for a minimum interest rate of 2% per annum to be paid until such time as the standard rate less 0.5% rises above 2% - at which time the Order once again allows for a rate of standard less 0.5% to be applied.

5. Policy Background

- 5.1 Since March 2009 the standard (base) rate has been set by the Bank of England at 0.5% and therefore this has resulted in landowners receiving no interest on such payments. Whilst it is recognised that deposit rates across the banking sector are currently very low, owners could expect some level of interest if the sums held were released to them and therefore it is reasonable to provide for a minimum rate.

5.2 This Statutory Order will address this issue.

6. Description of Provisions

6.1 Regulation 1 contains the citation, commencement and application provisions.

6.2 Regulation 2 amends the rate of interest payable on compensation money payable in respect of vested lands set under the Compulsory Acquisition (Interest) Order (Northern Ireland) 1996 to a minimum rate of 2% per annum.

7. Territorial Extent and Application

7.1 This Order applies to Northern Ireland only.

8. Equality Impact

8.1 There are no equality impact implications.

9. Regulatory Impact

9.1 The Order has no direct impact on Departments and their bodies.

10. Financial Impact

10.1 The Order will have some financial impact on those departments who pay compensation under the Compulsory Acquisition (Interest) Order (Northern Ireland) 1996. However departments have advised that this can be met from within existing budgets.

11. European Convention on Human Rights

11.1 As the Order is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

12. Contact

12.1 Fiona Hamill at the Department of Finance and Personnel Tel: 028 91 858 128 or e-mail: Fiona.Hamill@dfpni.gov.uk can answer any queries regarding this Order.