Proposed Negative Statutory Instruments under the European Union (Withdrawal) Act 2018

Drawn to the special attention of the House:

Renewable Heat Incentive Scheme and Domestic Renewable Heat Incentive Scheme (Amendment) Regulations 2019

Includes information paragraphs on:

- Draft Trade in Animals and Animal Products (Legislative Functions) and Veterinary Surgeons (Amendment) (EU Exit) Regulations 2019
- Guardianship (Missing Persons) Act 2017 (Designation Of Court) Regulations 2019
- Lasting Powers Of Attorney, Enduring Powers Of Attorney And Public Guardian (Amendment) Regulations 2019
- The Public Guardian (Fees, etc) (Amendment) Order 2019
- Civil Procedure (Amendment No. 2) Rules 2019
- Parole Board Rules 2019
- Financial Services and Markets Act 2000 (Prospectus) Regulations 2019

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Secondary Legislation Scrutiny Committee

The Committee’s terms of reference, as amended on 11 July 2018, are set out on the website but are, broadly:

To report on draft instruments and memoranda laid before Parliament under sections 8, 9 and 23(1) of the European Withdrawal Act 2018.

And, to scrutinise –

(a) every instrument (whether or not a statutory instrument), or draft of an instrument, which is laid before each House of Parliament and upon which proceedings may be, or might have been, taken in either House of Parliament under an Act of Parliament;

(b) every proposal which is in the form of a draft of such an instrument and is laid before each House of Parliament under an Act of Parliament,

with a view to determining whether or not the special attention of the House should be drawn to it on any of the grounds specified in the terms of reference.

The Committee may also consider such other general matters relating to the effective scrutiny of secondary legislation as the Committee considers appropriate, except matters within the orders of reference of the Joint Committee on Statutory Instruments.

Members

Baroness Bakewell of Hardington Mandeville
Viscount Hanworth
The Earl of Lindsay
Rt Hon. Lord Chartres
Lord Hodgson of Astley Abbotts
Lord Lisvane
Rt Hon. Lord Cunningham of Felling
(Chairman)
Lord Kirkwood of Kirkhope
Lord Sherbourne of Didsbury
Lord Faulkner of Worcester
Baroness Watkins of Tavistock

Registered interests

Information about interests of Committee Members can be found in the last Appendix to this report.

Publications

The Committee’s Reports are published on the internet at http://www.parliament.uk/seclegpublications

Committee Staff

The staff of the Committee are Christine Salmon Percival (Clerk), Helen Gahir (Adviser), Nadine McNally (Adviser), Philipp Mende (Adviser), Jane White (Adviser), Louise Andrews (Committee Assistant), Ben Dunleavy (Committee Assistant) and Paul Bristow (Specialist Adviser).

Further Information

Further information about the Committee is available at https://www.parliament.uk/business/committees/committees-a-z/lords-select/secondary-legislation-scrutiny-committee/

The progress of statutory instruments can be followed at https://beta.parliament.uk/find-a-statutory-instrument

The National Archives publish statutory instruments with a plain English explanatory memorandum on the internet at http://www.legislation.gov.uk/uksi

Contacts

Any query about the Committee or its work, or opinions on any new item of secondary legislation, should be directed to the Clerk to the Secondary Legislation Scrutiny Committee, Legislation Office, House of Lords, London SW1A 0PW. The telephone number is 020 7219 8821 and the email address is hlseclegscrutiny@parliament.uk.
1. The Department for Education (DfE) sets out the purpose of this instrument as addressing deficiencies that arise from the UK’s withdrawal from the EU in a no-deal scenario. The Regulations disapply the “country of origin” (CoO) principle as it relates to the subject matter of Schedule 11B to the Education Act 2002 (“the 2002 Act”) and the Electronic Commerce Directive (Adoption and Children Act 2002) Regulations 2005 (“the 2005 Regulations”). DfE states that “The CoO principle is a reciprocal arrangement between EEA [European Economic Area] states, from which the UK will no longer benefit in a no deal exit”. The accompanying Explanatory Memorandum (EM) states that Schedule 11B to the 2002 Act and the 2005 Regulations gave effect to the CoO principle in two particular contexts. Specifically, they made provision relating to the prosecution of certain criminal offences (“relevant offences”) created by the 2002 Act and, further to modifications made by the 2005 Regulations, the Adoption and Children Act 2002 (“ACA 2002”). DfE states that: “The relevant provision in the 2002 Act relates to the offence at section 141G, which is committed where a person breaches a reporting restriction set out at section 141F in respect of a teacher who has been accused of an offence involving a pupil at their school. The relevant provisions in the 2005 Regulations make provision in respect of a breach of section 92 of ACA 2002, which imposes certain restrictions on arranging adoptions (section 93 creates the offence of breaching that prohibition). The 2005 Regulations also make provision in relation to a breach of section 123 of ACA 2002, which relates to the publishing or distributing of adoption-related advertisements (section 124 of ACA 2002 creates the offence of breaching that prohibition)”. DfE states that these Regulations do not revoke any criminal offences either in the UK or across the EEA but they will affect where information society services are liable for prosecution if they commit a relevant offence. This instrument is likely to be of policy interest to the House and the Committee therefore recommends that it should be upgraded to the affirmative procedure.
INSTRUMENTS DRAWN TO THE SPECIAL ATTENTION OF THE HOUSE

Renewable Heat Incentive Scheme and Domestic Renewable Heat Incentive Scheme (Amendment) Regulations 2019 (SI 2019/1052)

Date laid: 26 June 2019

Parliamentary procedure: negative

This instrument extends the allocation of Guaranteed Tariffs under the non-domestic Renewable Heat Incentive (RHI) scheme to 31 January 2021, with the aim of providing investment certainty and encouraging investment in large-scale renewable heat generation projects. The instrument also updates the expenditure thresholds for both the non-domestic and domestic RHI schemes at which tariff reductions are triggered in line with the latest deployment assumptions. The RHI schemes were last reformed in early 2018. While the Department for Business, Energy and Industrial Strategy has committed to publishing an Impact Assessment before the end of the summer recess, the Committee is of the view that it would have been helpful for the Department to make information on the impact of the changes available to Parliament at this stage of the scrutiny process.

The instrument is drawn to the special attention of the House on the ground that it gives rise to issues of public policy likely to be of interest to the House.

2. The Department for Business, Energy and Industrial Strategy (BEIS) has laid this instrument with an Explanatory Memorandum (EM). The instrument extends the allocation of Guaranteed Tariffs under the non-domestic Renewable Heat Incentive (RHI) scheme by one year from 31 January 2020 to 31 January 2021, with the aim of providing investment certainty and encouraging investment in large-scale renewable heat generation projects. The instrument also updates the expenditure thresholds for both the non-domestic and domestic RHI at which so-called tariff degressions are triggered, in line with the Department’s latest deployment assumptions. Tariff degressions are reductions in the tariffs paid to new applicants as expenditure on those tariffs increases.

Background

3. The purpose of the RHI schemes is to encourage a switch from fossil fuel heating systems to renewable and low-carbon alternatives in homes and businesses in Great Britain.4 The RHI schemes are managed by the Office of Gas and Electricity Markets (Ofgem) on behalf of BEIS. BEIS says that the RHI supports the UK in meeting (a) the EU’s renewable energy obligation, according to which 15% of energy consumption should come from renewable sources by 2020,5 and (b) the UK’s own statutory carbon emissions target under the Climate Change Act 2008 which was recently amended to net zero by 2050.6

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4 Northern Ireland operates its own domestic and non-domestic RHI schemes which were suspended to new applications from 29 February 2016.
5 According to BEIS, the UK’s renewable energy share is progressing in line with the trajectory set out by the EU’s Renewable Energy Directive to meet its binding 2020 target of 15%, having met the Directive’s interim annual targets in the period 2011 to 2016. In 2017, the UK’s share of renewables was 10.2% and new provisional data suggests that in 2018 the UK renewable energy share was 11%.
There are two separate RHI schemes:

(a) The non-domestic RHI scheme, established in November 2011 for businesses and the public sector. Participants receive payments over a 20-year period.

(b) The domestic RHI scheme, established in April 2014 for homeowners and private and social landlords. Participants receive payments over a seven-year period.

Under the RHI schemes, people and businesses receive payments in the form of a tariff for each unit of heat produced from renewable sources. The schemes support a range of technologies, including biomass boilers, heat pumps and anaerobic digestion plants which produce biomethane that is injected into the gas grid. The RHI schemes are funded directly by taxpayers, so there are no surcharges on energy bills.

According to the National Audit Office (NAO), total payments under the RHI schemes amounted to £1.4 billion between November 2011 and August 2017. The RHI schemes have a budget for new applicants until March 2021 and final payments to these applicants will run to at least 2040–41, by which time these payments are expected to have cost £23 billion. According to BEIS, the RHI schemes have supported more than 19,000 non-domestic and over 69,000 domestic renewable heat installations between November 2011 and May 2019.

The Committee reported on a reform of the RHI schemes in March 2018. The reform was aimed at improving value for money, focussing the scheme on long-term decarbonisation, and promoting suitable technologies. The report highlighted concerns by the NAO in relation to take-up and oversight of the RHI schemes and their effectiveness in encouraging renewable energy generation and reducing carbon emissions.

What is changing

This instrument makes changes to both the non-domestic and domestic RHI schemes. According to BEIS, the amendments aim to ensure that the expenditure triggers at which tariff degressions take place are aligned with the Department’s latest assumptions for the deployment of the different types of renewable heat technology. BEIS says that the degression process helps control expenditure, by gradually lowering tariffs paid to new applicants as deployment of a particular technology increases: tariffs are reduced for new applicants as estimated expenditure exceeds the expenditure thresholds for a particular technology. The level of tariff reduction depends on overall deployment levels under the RHI schemes, the level of expected expenditure for each technology, and previous degressions. The payments that existing participants of the RHI schemes receive are protected and not affected by reductions in the tariff.

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9. The instrument further amends the non-domestic RHI scheme to extend the allocation of Tariff Guarantees from 31 January 2020 to 31 January 2021. According to BEIS, Tariff Guarantees offer investment certainty and “promote deployment of large projects which benefit from economies of scale and therefore produce heat more cheaply, so may lead to more cost-effective generation of renewable heat and carbon abatement”. Tariff guarantees were introduced in the 2018 RHI reform. BEIS says that extending the allocation of the Tariff Guarantees will consolidate the existing pipeline of applications, provide time for new renewable heat projects to develop and commission and allow supply chains to continue to develop, building the foundations for a large-scale deployment of low carbon heating installations in the 2020s. The Department told the Committee that:

“We periodically review the triggers to ensure they continue to reflect current trends in deployment, commercial intelligence and discussions with industry, thereby appropriately compensating participants. As the changes to Tariff Guarantees are anticipated to bring forwards additional deployment, it is important to ensure that deployment is at the appropriate tariffs. This was carried out across all technologies to ensure fairness.”

10. BEIS says that the changes in this instrument support the objectives of the 2018 RHI reform, focussing on long-term decarbonisation and improving value for money.

**Impact**

11. The Department states in the EM that there is no, or no significant, impact on business, charities or voluntary bodies or the public sector, but that a full Impact Assessment (IA) of the instrument’s effect will be published during summer 2019.

12. We asked the Department why the IA had not been laid alongside the instrument. BEIS told us that:

“Policy changes to the RHI are not required to be accompanied by an impact assessment under the Better Regulation Framework, however, in the interests of transparency we intend to publish a full accompanying impact assessment before Parliament returns from summer recess. This decision was taken in light of the necessary requirement to enact this legislative change quickly to provide investment certainty to industry while balancing our commitment to transparency in respect of public money.”

13. As to the content of the IA, the Department said that:

“The IA will include more detail on the costs and benefits of the installations supported by the policy change. In line with the approach taken in previous RHI IAs, the Cost Benefit Analysis will include impacts on resource, energy including renewable heat generation, carbon emissions and air quality. These impacts will be monetised and presented in Net Present Value terms. The IA will also describe the non-monetised costs and benefits of the policy.”
14. We also asked the Department whether the extension of the availability of Tariff Guarantees would impact on the budget of the non-domestic RHI scheme. BEIS responded that:

“The Renewable Heat Incentive has an agreed budget of £1,010 million and £1,150 million in financial years 2019/20 and 2020/21 respectively. This technical policy change will not change our budget commitment for these years.”

15. **Given that the IA will include information that would have been helpful for Parliament’s scrutiny of this instrument, the Committee regrets that the Department did not publish the IA at this stage of the parliamentary process.** While we note that BEIS wanted to take forward the instrument quickly to provide investment certainty to industry, we are of the view that better planning would have enabled the Department to publish the IA alongside the instrument. We have previously expressed our concern about the general need for IAs to be available in good time and note that the Chancellor of the Exchequer recognised in a letter to the Committee “the importance of making Impact Assessments available for Parliamentary scrutiny”.10

**Evaluation**

16. The Department says that it is carrying out an evaluation of the domestic and non-domestic RHI schemes following the 2018 reforms, focused on their impact on renewable heat generation, reduction in carbon emissions and contribution towards the development of a sustainable market. BEIS aims to publish an interim evaluation later this year and the full evaluation report in 2021.

**Conclusion**

17. This instrument makes changes to the domestic and non-domestic RHI schemes to improve their value for money and encourage investment in large scale non-domestic renewable heat installations. It would have been helpful for the Department to lay an IA alongside the instrument, rather than commit to publishing it later this summer. Given that there are some concerns about the effectiveness of the RHI schemes, information about the expected impact of these latest changes should have been made available to Parliament at this stage of the scrutiny process. **We draw the instrument to the special attention of the House on the ground that it gives rise to issues of public policy likely to be of interest to the House.**

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INSTRUMENTS OF INTEREST

Draft Trade in Animals and Animal Products (Legislative Functions) and Veterinary Surgeons (Amendment) (EU Exit) Regulations 2019

18. The purpose of these draft Regulations, laid by the Department for Environment, Food and Rural Affairs (Defra), is to transfer from the European Commission to the Secretary of State legislative powers to add or remove a country from lists of approved third countries for the import of animals and animal products after EU exit. Under the new arrangements, the Secretary of State may change the list of approved third countries, with the consent of the devolved administrations, and following an assessment of the country’s biosecurity risks and application of rules on animal disease prevention and control. Defra says that the arrangements will support the UK’s listing as an approved third country by the EU, complement existing powers to control imports and enable the UK to adapt its own list of approved countries in the longer-term, including by removing third countries from the list if their biosecurity risk changes significantly after EU exit. The draft Regulations also propose to allow the Secretary of State, subject to consent of the devolved administrations, to publish lists of those animals and animal products that require or are exempt from border veterinary checks.

Guardianship (Missing Persons) Act 2017 (Designation Of Court) Regulations 2019 (SI 2019/1029)


Public Guardian (Fees, etc) (Amendment) Order 2019 (SI 2019/1033)

Civil Procedure (Amendment No. 2) Rules 2019 (SI 2019/1034)

19. These four instruments make practical arrangements ready for the implementation of the Guardianship (Missing Persons) Act 2017 (“the 2017 Act”) on 31 July 2019. The 2017 Act makes provision for the management of the property and affairs of missing persons. These instruments set out the processes to be followed when setting up a guardianship arrangement and the fees payable to the Public Guardian’s office, which will receive copies of all relevant court orders and investigate any allegations of misconduct. In particular, SI 2019/1034 allows for a single application to be considered under both the 2017 Act and the Presumption of Death Act 2013 (Rule 57.33). This rule was suggested by members of the judiciary, who thought there would be considerable merit in having flexibility where the particular circumstances in which a person has gone missing may be uncertain, or may, in the course of the case’s consideration, start to point more strongly to Presumption of Death being more appropriate. This flexibility should also be more sensitive to families by enabling the court to manage the process itself.

Parole Board Rules 2019 (SI 2019/1038)

20. The outcome of the judicial review of the Parole Board’s decision to release John Worboys resulted in the Parole Board Rules being amended to allow victims and other members of the public to request summaries of Parole Board’s decisions. This reform has been widely welcomed: the 1,400

11  R (DSD, NBV & Ors) v the Parole Board & Ors (2018) EWHC Admin 694.
summarized so far have been found better to inform both the victims and the media of the reasons for the Board’s decisions. These Rules further simplify the application process.

21. Following wider consultation, among other changes, this instrument introduces in Rule 28 a “reconsideration mechanism”, which allows 21 days for the decision of the Parole Board to be challenged on the grounds that it is “irrational” or “procedurally unfair”. Either the prisoner or the Secretary of State can apply for the Parole Board’s decision to be reconsidered on these grounds. Victims will be able to apply without having to resort to judicial review; their concerns will be handled administratively by the Secretary of State’s staff in the Public Protection Casework Section of Her Majesty’s Prison and Probation Service, with the assistance of their Victim Liaison Officer if they wish. Decisions are eligible for reconsideration only where the prisoner is serving an indeterminate sentence (life or Imprisonment for Public Protection) and certain determinate sentences where initial release is at the discretion of the Parole Board (including Extended Determinate Sentences and Sentences for Offenders of Particular Concern). Further information on how this process will work is published at Appendix 1.


22. A prospectus is a legal document that describes a company’s main line of business, its finances and shareholding structure, and the securities (such as shares, bonds, derivatives) that are being issued and/or admitted to trading. It should contain the information an investor needs before making a decision whether to invest in the company. The EU Prospectus Directive, which was implemented into UK law through the Financial Services and Markets Act 2000, set out uniform criteria so that, once approved in one EU country, a prospectus is valid throughout the EU. A review conducted by the European Commission in 2015 identified shortcomings in the existing regime, finding it costly and burdensome for businesses, especially for smaller ones, and that the material was too detailed for most investors. The EU Prospectus Regulation12 addresses this by introducing new features such as the EU Growth Prospectus—a lighter, less burdensome document for Small and Medium-sized Enterprises. These changes will apply directly in the UK from 21 July 2019, but this instrument is required to underpin certain aspects, including HM Treasury’s choice to make the regime as flexible as possible but to maintain the current system of administrative sanctions.

INSTRUMENTS NOT DRAWN TO THE SPECIAL ATTENTION OF THE HOUSE

Draft instruments subject to affirmative approval

Trade in Animals and Animal Products (Legislative Functions) and Veterinary Surgeons (Amendment) (EU Exit) Regulations 2019

Treaties subject to scrutiny under the Constitutional Reform and Governance Act 2010

CP 129 Protocol between the United Kingdom and the Ukraine on International Road Transport

CP 136 Protocol to the North Atlantic Treaty on the Accession of the Republic of North Macedonia

Instruments subject to annulment

SI 2019/1029 Guardianship (Missing Persons) Act 2017 (Designation of Court) Regulations 2019


SI 2019/1033 Public Guardian (Fees, etc) (Amendment) Regulations 2019

SI 2019/1034 Civil Procedure (Amendment No. 2) Rules 2019

SI 2019/1038 Parole Board Rules 2019

SI 2019/1040 Stockport Town Centre West Mayoral Development Corporation (Establishment) Order 2019


SI 2019/1049 Police Pensions (Employer Contributions) (Amendment) Regulations 2019

SI 2019/1050 Care Quality Commission (Additional Functions) (Amendment) Regulations 2019

SI 2019/1057 Non-Contentious Probate (Amendment) Rules 2019
Further information from the Department for Justice

Q1: When would it be “appropriate”/ not appropriate for the Victim Liaison Officer to help? Or do you mean that not everyone will have one?

A1: This is intended to reflect that victims may or may not wish to receive assistance from their Victim Liaison Officer (VLO) when considering whether to submit a request for a Parole Board decision to be reconsidered. Some victims may wish to put their case forward directly to the Secretary of State’s officials without any input or support from the VLO, while others will want the VLO to help them with this. This is about victims having the choice about how to request reconsideration and VLOs providing help and support if the victim wants it.

Q2: Which Secretary of State officials will undertake this role?

A2: A new ‘Reconsideration Team’ is being established within the Public Protection Casework Section (PPCS) of HMPPS. This new team will be responsible for considering, on behalf of the Secretary of State, whether to submit an application to the Parole Board for a release decision to be reconsidered. They will screen all decisions that are eligible, to check whether there may be grounds for making an application. The team will also receive requests for reconsideration submitted by victims and take those representations into account.

Q3: Is there a definition of “serious concerns” (as opposed to minor/frivolous/vexatious ones)?

A3: The criteria for reconsideration will be explained to victims to make it clear that only decisions which are legally flawed can be re-opened for reconsideration. The threshold in the new Rules is that the decision would have to be (a) irrational or (b) procedurally unfair (i.e. grounds similar to those for bringing a judicial review). Victims will need to be made aware, therefore, that reconsideration is not a mechanism to appeal against a decision that they object to but a means to challenge a decision which was so flawed as to be potentially unlawful.

We recognise, however, that victims should not be expected to put forward complex legal arguments or compile evidence to demonstrate whether the criteria may have been met. The detailed work on that, and putting an application together, will be undertaken by the Reconsideration Team so victims won’t have to. The Reconsideration Team will have the resources and access to all the relevant documents and evidence to construct an argument for reconsideration and to articulate why it is believed the criteria may have been met.

It won’t be necessary, therefore, for victims to have to provide that level of detail and argument—b-but they should have the opportunity to give their reasons and explain why they think the decision was seriously flawed, so that can be taken into account by the Reconsideration Team.

Q4: Para 11 of the EM says guidance will be published, it would be helpful to include a link to that guidance in our report so that members can satisfy themselves about what the scheme actually looks like.

A4: There will be guidance published for victims and VLOs before the provisions come into force on 22 July. We would be happy to provide a link to that guidance when it is available. Ahead of that, HMPPS is conducting a series of training
events for Victim Liaison Unit managers to make sure they are equipped with the information they need to ensure VLOs are ready for implementation—and to explain the process to victims. Some information about the Reconsideration Mechanism and the main features of how it will work has also been issued to prison and probation staff so they are aware of the changes.

4 July 2019
APPENDIX 2: INTERESTS AND ATTENDANCE

Committee Members’ registered interests may be examined in the online Register of Lords’ Interests at http://www.parliament.uk/mps-lords-and-offices/standards-and-interests/register-of-lords-interests. The Register may also be inspected in the Parliamentary Archives.

For the business taken at the meeting on 9 July 2019, Members declared the following interests:

Renewable Heat Incentive Scheme and Domestic Renewable Heat Incentive Scheme (Amendment) Regulations 2019 (SI 2019/1052)

Lord Lisvane
Owner of domestic solar array from which income is received


Lord Hodgson of Astley Abbotts
Chairman of a private equity business that from time to time issues prospectuses

Attendance:
The meeting was attended by Lord Chartres, Lord Cunningham of Felling, Lord Faulkner of Worcester, Viscount Hanworth, Lord Hodgson of Astley Abbotts, Lord Kirkwood of Kirkhope, the Earl of Lindsay, Lord Lisvane, Lord Sherbourne of Didsbury and Baroness Watkins of Tavistock.