



## **Advice NI submission re Rates Review**

### **Background**

Advice NI is a membership organisation that exists to provide leadership, representation and support for independent advice organisations to facilitate the delivery of high quality, sustainable advice services. Advice NI exists to provide its members with the capacity and tools to ensure effective advice services delivery. This includes: advice and information management systems, funding and planning, quality assurance support, NVQs in advice and guidance, social policy co-ordination and ICT development.

Membership of Advice NI is normally for organisations that provide significant advice and information services to the public. Advice NI has over 70 member organisations operating throughout Northern Ireland and providing information and advocacy services to over 150,000 people each year dealing with over 237,000 enquiries on an extensive range of matters including: social security, housing, debt, consumer and employment issues. For further information, please visit [www.adviceni.net](http://www.adviceni.net).

### **Rates Review**

Advice NI welcomes the objectives of the Review, in particular that:

- there is an equitable distribution of the rate burden on households in Northern Ireland and effective reliefs are provided so that those who are less able to pay are protected
- the system is sustainable and provides an appropriate means of financing regional and local government;
- the system should be transparent and readily understood, both in its methodology and in how the proceeds are used, thereby improving local accountability.

Commenting on the current situation, Advice NI is concerned that the IT systems underpinning the current rates reliefs scheme do not appear to be functioning properly and may not be fit for purpose. There are problems with processing change of circumstances information and with the processing of refunds. In general terms we would be very concerned – given IT problems associated with initiatives such as tax credits and child support – that the poorest households will not be protected due to IT failures.

- **Advice NI believes that a review of the IT systems as they relate to rates relief should be conducted in the short term to ensure that they are fit for purpose.**

### **Rates Relief schemes**

In a previous response to a rates consultation Advice NI said:

“There is a real concern that this is a tax on people: a tax on people based on the value of their home and not on their income or ability to pay. Therein lies a fundamental flaw in the proposals. There will be a means tested relief scheme in place, but in a way this scheme only kicks in after the damage has been done, in other words the charge against the property is set and then the homeowner has to seek assistance or relief from this charge.

The problem with firstly setting the rates bill against the property and then relying on a means tested relief scheme to protect those unable to pay, is that (as with any means tested system) there will be problems associated with:

**accessibility** (people may become self excluded by not applying);

**complexity** (complicated criteria to ensure relief is targeted); &

**stigma** (people may feel demeaned by having to apply for relief);”

Advice NI believes that there is already a significant problem regarding the takeup of means-tested benefits

([http://www.dsdni.gov.uk/index/stats\\_and\\_research/statistics\\_and\\_research-take\\_up.htm](http://www.dsdni.gov.uk/index/stats_and_research/statistics_and_research-take_up.htm))

and that significant resources would need to be expended on benefit uptake to ensure that the reliefs reach those who are entitled.

Although there is a danger that creating new reliefs or exemptions (1) might not reach the people they are intended to reach; and (2) might not be delivered by the under-pinning IT infra-structure (as highlighted above), Advice NI believes that there should be consideration given to the following social groups:

- Single person households;
- Disability relief based on disability rather than the existence of adaptations;
- **Advice NI believes that the issue of benefit take-up must receive attention and that specific proposals be put forward to ensure that relief scheme reach all the people with an entitlement.**

#### **Appeals / disputes processes**

There is a point of view that people are generally happy with the rates scheme as it currently exists. Advice NI is concerned that evidence is not yet coming to light regarding non-payment / difficulties paying rates bills. Advice NI has taken a number of calls from the public regarding outstanding rates bills which are being pursued through the courts; also Advice NI is aware that people are working their way through a valuation complaints / disputes process which is proving to be cumbersome and lengthy.

- **Advice NI believes that the rates scheme requires further development particularly regarding simplifying and streamlining appeals / disputes processes.**

#### **Water related issues**

Advice NI believes that the proposed separate billing mechanism for water charges amounts to unnecessary additional expense. A single itemised bill, covering both rates

and water charges, centrally administered would appear to make the most sense from both an economic and a commonsense point of view.

- **Advice NI believes that arrangements for introducing a single itemised bill should be developed and implemented in the short term.**

### **Deferment**

Advice NI has previously commented on this issue as follows:

“Advice NI is also concerned about the deferment provisions contained within the proposals, albeit that the deferment proposals are not ‘live’ at the commencement of the proposed relief scheme. Firstly we would be concerned about the impact of the deferment proposals on the fabric of local communities, as family homes may have to be sold to recover deferred rates charges. Secondly we would be concerned that deferment may be used to cover the cracks of an inadequate rates relief scheme. The question has to be asked ‘why would there be a need for a deferment scheme if there was an effective relief scheme in place?’. Thirdly, we would be concerned that if this proposal was adopted, decision makers would be over-keen to go for the ‘equity charge’ option, rather than use it as an option of last resort. We would certainly wish to see safeguards built in that the home owner had been given every chance to pay without recourse to deferment.”

- **Advice NI would be opposed to the introduction of deferment provisions without adequate safeguards being put in place.**

### **Rates cap**

Advice NI notes the following:

“In addition, following the St Andrews Agreement, two further measures were introduced in April this year:

- a cap set at properties valued at £500,000 which equates with the highest council tax bill in England; and

- the provision of further relief to pensioners on low incomes, costing in the region of £4m, through the new rate relief scheme mentioned above.”

From the perspective of representing the most vulnerable, low income households Advice NI believes that the cap has been introduced not as a tool to protect those on low incomes but rather to protect those on higher incomes. The rationale for this statement is that low income households should be able to access protection through the rates relief schemes regardless of the value of their property; whereas the people that will benefit by virtue of the introduction of the cap will be those on higher incomes living in expensive houses. Advice NI believes that the rates system should be sensitive to ‘income and ability to pay’, with those who can pay more being asked to pay more.

- **Advice NI would be in favour of effective relief schemes which would protect low income households and therefore negate the need for a rates cap.**

Finally Advice NI would make comment on ensuring public involvement in the process of debating rates issues. It is important that people have every chance to feed in and express their views. Regarding the latter point, Advice NI believes that more could be done to actively engage with a wider range of stakeholders– most importantly the general public who are most affected by these issues. Advice NI would offer the eConsultation service as one of a range of potential tools for maximising participation and we would ask the Department to keep this offer under review.

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