



**Citizens Advice, Northern Ireland**

**Submission to Review of Domestic Rating**

**Reduction of Maximum capital**

June 2008

## **INTRODUCTION**

Citizens Advice is the largest advice charity in Northern Ireland working against poverty, meeting the information and advice needs of some 279,000 people per year. Citizens Advice has formal links to National Citizens Advice in England and Wales and close working relationships with Citizens Advice Scotland (CAS). Together the three Associations constitute the biggest advice network in Europe, with 60 years experience of providing advice and information to the public.

This Citizens Advice submission is based upon the experience and evidence gained from CAB advisers who dealt with 279,222 enquiries between April 2007 and March 2008. Social security benefits accounted for over 155,000 of these enquires. The Citizens Advice Bureau (CAB) network delivers information and advice to the most socially vulnerable people in Northern Ireland.

### **Response**

Citizens Advice welcomes this opportunity to respond to the Review of Domestic Rating Reduction of Maximum Capital Value.

We have previously recommended that in order for the capital value system of rating to be fair and affordable for ratepayers it must be accompanied by an ample and comprehensive relief package available to all those who have difficulties paying their rates bills. It still remains vital that any relief package is targeted at those who need it the most in order that take-up is maximised. It would therefore make sense that revenue raised in maintaining the current £500,000 cap be invested in existing rate relief packages. For ratepayers who are *asset rich but cash poor* there is the availability of means tested and non means tested packages (particularly people aged over 60 and 70).

The introduction of Lone Pensioner Allowance will assist many households who would not or could not access the means tested route. Rate relief has also assisted many more ratepayers who previously would not have been entitled to housing benefit. With these reliefs now in place we do not see any necessity for further assistance to help those who live in a property worth more than £500,000 who are outside the scope of rate relief or housing benefit.

In our previous response in September 2006 we did make a recommendation for a cap on the maximum capital value. We see no reason why this should now be reduced further. The executive failed to take forward our recommendation for a 25% discount on single person households so we are surprised to see why there

is a sudden interest on matching the highest band for council tax in England and Wales.

We did recognise that it would be unfair for properties in Northern Ireland to face proportionately higher bills than in Great Britain. We also appreciate the original motivation behind the cap and transitional relief provision to allay fears when the system changed in April 2007. The £500,000 figure provided was acceptable.

The consequences of reducing this further will indeed affect those in properties with a lower capital value as their rates liability is likely to rise.

Given that the cap will only benefit some 2, 300 properties we feel that there is no real argument on reducing the cap any further.