

Cliftonville Community Regeneration Forum



Submission on the

**2007 Executive Review of Domestic Rating
Reform and**

with reference to Water & Sewerage Reform

August 2007

1.0 Introduction

This is a submission to the Review of NI Domestic Rating System with reference to Water & Sewerage Reform. Cliftonville Community Regeneration Forum was established by community groups in the Cliftonville area of North Belfast in 1995 to bring together community organisations to work on community development issues and improve the skills and capacity of the community; to address interface issues and create good community relations within and across the community; to develop social enterprises to sustain the community into the future and to work with statutory, voluntary, private and trade union organisations to regenerate the community and create a better life for all.

2.0 Local rates

Cliftonville Community Regeneration Forum recognises the need for a local revenue system that is fair, and takes account of wider economic, environmental and social policies. We can also accept the need to modernise the domestic and non-domestic valuation systems as a source of revenue for the provision of services across NI. The Cliftonville Community Regeneration Forum believes that the fairest domestic rates system for NI householders would be a system that is based on ability to pay. Such a system and its relief's must take into consideration, groups at greatest risk of poverty and those households existing on the edges of poverty.

3.0 Rising housing costs

The inequitable increase in rates and the current Capital Valuation system is already impacting significantly on households across NI. Recent research from the New Policy Institute has demonstrated that a £5.00 per week increase in housing costs in NI would result in a rise in poverty levels of 1.5-2%. These figures are based on 2005-6 figures, before the massive increase in house prices and rising rates bills. With these figures in mind it is apparent that the recent 55% increase in house prices will massively impact on all households when housing revaluation comes in 2010. We can conclude that many more households are being and will continue to be pushed further into poverty unless a more equitable system of payment is implemented as a matter of urgency.

This regressive rates policy contravenes the Northern Ireland Assembly's commitment to reducing poverty within NI. The outcome is increasing debt, resettlement to 'poorer or lower rates areas', the loss of neighbours known for a life-time and the disintegration of diverse mixed income communities. There is also a negative impact on existing community infrastructures which is resulting in increased isolation for the more vulnerable sections of our community as family and community networks disintegrate.

4.0 Rates Cap

Cliftonville Community Regeneration Forum is totally opposed to the existing capital valuation systems' cap on rates, as it protects the most affluent and spreads the burden of costs for rates revenue downward. In our opinion the percentage of an individual's income that goes to rates should be steady or rise as wealth or income increases

5.0 No exceptions for Landlords — Regulate Private Rents

Cliftonville Community Regeneration Forum welcomes the rating of vacant properties. We are however concerned that private landlords are protected from

paying a fair share of the NI rates bill via the relief's available to student tenants. We accept it would cause hardship and be unfair to place additional costs on the renting student and would call for the regulation of all private rents so that rates become a part of a reasonable and regulated rental cost.

6.0 Asset rich, Income poor

The current Capital Valuation system takes no account of households that are asset rich and income poor, or of the groups identified as at greatest risk of poverty such as lone parents and single low income households. Recent research on poverty in NI has identified families living on less than £300.00 per week are deemed to be living in poverty and recent statistics have indicated that over half of Northern Ireland's population have incomes of less than £300.00 per week. (Households Below Average Income 2005-6).

"Incomes in NI are lower than the rest of the UK... last year NI median incomes were £40.00 per week less than the UK...The average weekly pay in 2006 was £1 per week less in the North East of England than in NI"¹

It is common knowledge that NI is no longer the lowest earning region of GB, however the difference in earnings is marginal. When we place this against our higher cost of living a more realistic picture of poverty in NI emerges.

7.0 Relief & thresholds for entitlements

Cliftonville Community Regeneration Forum welcomes the introduction of a Rate Relief Scheme that will provide targeted assistance to those ratepayers who are on low incomes. We would call for the threshold for receipt of relief's to be based on 60% of the UK median measurement of poverty as defined by the UK Government. Given that the median wage is currently £400 per week in the UK, and a relief threshold of 60% equates to £240 per week, we believe that the relief threshold should equate to £240 per week. We would call for additional relief's for low income single households (in line with existing 25% relief's for single occupier households in England) and for larger families, particularly those with caring responsibilities of adults or children with a disability or long term illness. NI research tells us that households where the respondent is separated have the highest rate of poverty 54%, followed by divorced households 46% and of all persons in poor households 57% were female (Bare Necessities, 2003).

8.0 Passports to relief

Cliftonville Community Regeneration Forum also recommend there should be an automatic relief for those in receipt of working tax & child tax credits as such benefits are intended to lift families out of poverty. The main concerns of Cliftonville Community Regeneration Forum are that vulnerable members of Northern Ireland's community will suffer most: low income families, lone parents, larger families or families with caring duties for children.

9.0 Addressing Inequality

Debates on rates and water charges have gripped the minds of the NI public over the last five years because they go to the heart of growing levels of income inequality across NI. It is now commonly acknowledged that 'Northern Ireland is one of the most unequal societies in the developed world.' (Hillyard et al,

¹ Paul McGill - Income Inequality, NI Anti-Poverty Network Anti-Poverty News September 2007

2003:43) Recent studies have clearly demonstrated that inequality is on the increase within NI, as increases in earnings are skewed toward the wealthy. "The unequal distribution of financial resources within the population is now a marked feature of the socio-economic structure of the UK....over the last 20 years, a large and enduring majority of people (73% 2004) considered the gap between high and low incomes too large.' (Joseph Rowntree Foundation (JRF) article on Public Attitudes to Economic Inequality, August 2007)

Such a context places a significant burden on the NI Executive to produce and implement policies that do not further exacerbate the levels of poverty in Northern Ireland. Indeed there is an onus on our political leaders to implement progressive rates and water policies that protect and cushion the poor and those at greatest risk of poverty.

10.0 Water and Sewerage Charges

Householders in Northern Ireland already pay for their water and sewerage services through their local rates. This element of the regional rates was introduced in the 1970s. Approximately 75% of the Regional Rate went to the Water and Sewerage Service. While the direct link between the regional rate and the funding of water and sewerage was changed in 1998-99, households continue to pay for the water and sewerage as usual. The Committee for Finance and Personnel expressed surprise in 2002 that householders received no rebate on this portion of their regional rates bill when this change occurred.

The Direct Rule Ministers told direct lies that households in Northern Ireland did not pay for their water through their rates. This lie was exposed during the recent Assembly elections as many local political parties accepted the argument that we still paid for water through our rates.

Either we still pay for our water and sewerage services or we received a rebate in our rates bills. We did not. Instead the rates bill and especially the regional rate have soared in the last seven years. Regional rates have risen by 85% in the last 6 years.

We believe that additional water charges will have a negative impact on tens of thousands of families living on low incomes across NI. We have no doubt that these proposed charges will cause significant hardship and result in a previously unknown phenomenon in NI, water poverty.

Therefore Cliftonville Community Regeneration Forum recommends that:

- 1.0 Any proposals for separate water charges should be abolished now.
- 2.0 The costs of water and sewerage services should come from the regional rate. There must be no separate billing for water & sewerage provision for NI householders. Domestic and Non-domestic rates bills should be itemised to specify the amount of money paid from rates towards water and sewerage provision. There is no need for a separate billing system.
- 3.0 Water should not be made into a commodity and the transfer of the water service to the Go Co, NI Water, should be reversed. This service must be kept in public hands in order to make major savings on future operating costs.
- 4.0 The water and sewerage service must be kept in public hands — the water and sewerage service must not be sold to the business sector. The water

and sewerage service must be kept in public hands and urgent environmental steps should be taken to protect this natural resource.

- 5.0 Metering should be rejected as an option for NI householders.
- 6.0 The burden for the provision of water and sewerage services must not fall disproportionately on the domestic sector. Small businesses, farmers, industry must all pay their way and should not be subsidised by the domestic sector.
- 7.0 The capital programme must be made subject to a specific public review.
- 8.0 There should be an immediate end to the use of PFI/PPP initiatives.
- 9.0 That there should be no retrospective attempt to charge for previous expenditure.