



*Citizens Advice, Northern Ireland*

**Submission to Department of Finance and Personnel: Rating Policy  
Division**

**Rates Deferment Scheme for Home Owning Pensioners**

**September 2008**

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 over 60 year's experience of providing advice and information to the public.

Advice is provided on a huge range of issues by trained, specialist advisers across both main communities and to minority groupings, from 30 main offices and from some 120 other outlets within the framework of 4 principles. The advice given is:-

- Free;
- Impartial;
- Confidential; and
- Independent.

The Citizens Advice service has a central role in tackling injustice and reducing poverty and social exclusion. Our advice services provide the impetus for people to understand and realise their rights while, through pressing for change in social policy, we help many more.

In 2007-08 Citizens Advice dealt with 17,261 housing benefit queries including rates and rate relief. Citizens Advice has consulted widely on rating reform and welcomes the opportunity to respond to the Deferment scheme.

Citizens Advice raised the following issue in previous consultation responses: Land and Property Services needs to ensure the maximum possible take-up for the existing housing benefit for rates scheme and the new rate relief schemes otherwise they would fail to help those specifically targeted.

## **Response**

The issue of older people on low incomes living in valuable properties (sometimes referred to as 'asset rich, income poor') has been raised by older people and their representative groups for many years now. While there are means tested packages in place, and the new non means tested Lone Pensioner Allowance has recently been implemented, there may be cases where the deferment scheme would be an attractive option.

Deferment is an option for very specific circumstances and most people who are outside the remit for any financial assistance would need to consider all the implications very carefully. The potential size of any deferred debt (including interest) must be made very clear from the outset if this scheme is introduced and any claimants should be given sufficient information on all the current financial packages before they apply. We would need clarification and reassurance that deferment of rates would not lead to 'deprivation of capital' for someone who later requires residential or nursing care. This would need to be imbedded in the Health and Personal Social Services (Assessment of Resources) regulations and requires formal liaison with DHSSPSNI. This has a huge implication for people in planning ahead and long term care.

Financial planning is extremely complicated and potential claimants would need financial advice before making an application. CAB advisers are not currently authorised to provide regulated financial advice and as such advisers would only be able to provide advice on what deferment is and any potential issues i.e. the requirement to pay interest.

Deferment could have specific Inheritance Tax implications and this type of advice currently requires specialist knowledge from a solicitor or independent financial adviser specialising in tax planning.

Clarification is needed on where potential beneficiaries could access independent, confidential, free advice on this issue as advice from the aforementioned experts is likely to come at a premium.

Clarification is also needed on whether legal and advice costs can be rolled into the deferment or need to be paid in advance – ideally the option of both should be given.

If the circumstances change due to the death of a spouse or long term care, the claimant should also have to take some financial advice if they want to continue with deferment or enter into a new agreement.

Under Termination and repayment, if the terms of the agreement have been broken, repayment may be required but this would have to be at an affordable level and within an acceptable timescale which would not cause undue hardship. We would be concerned how LPS plans to monitor claimants to ensure that any terminations and subsequent debt are detected as soon as possible. If a problem can be identified within a few months this would be preferable to discovering an 'overpayment' situation which has gone on for years and leads to excessive debt.

The provision of an annual statement which could include information on what to do if your circumstances change and a reminder to keep LPS informed would be helpful. A template statement could be developed in consultation with older people and their representatives.

As mentioned, it is imperative for everyone to be aware of the full array of rate relief packages as any reduction in rates payable would then give a claimant an informed choice on managing the remaining shortfall in their rates bill or opting for deferment. It would be important for claimants who are on a substantial proportion of relief to still be eligible for deferment.

Conclusion:

Deferment may be an attractive option to claimants who have significantly high rates bills and who are for example over the limit for financial assistance. To provide this option in Northern Ireland the process would need to be transparent and accompanied by comprehensive information to safeguard people from incurring debt.