

ANNEX 8: INCOME LEVELS AND HOUSING BENEFIT TAKE UP RATES

It is proposed that a rate relief scheme should be introduced to provide assistance to those on low incomes and those just above the benefits threshold who are likely to experience difficulties in paying their rate bills under the new system. In assessing the extent of and form that the reliefs system should take a number of factors must be taken account of such as the need profile within Northern Ireland, benefit take up levels and income levels relative to other United Kingdom regions.

Low income risk

Research conducted by the Office of the First Minister and Deputy First Minister provides an overview of the factors likely to affect the chances of a household being classified as low-income, in particular those in the bottom 30% of the income distribution. The published report '*Low Income Households in Northern Ireland 1990-2002*' highlights that a range of factors are associated with low income levels and the probability of being in the bottom 30% of the income distribution. These include socio-economic status; the qualification level attained; dependence on part-time work; being a lone parent with 2 or more children; housing tenure; and region.

Key findings from the report demonstrated that the risk of falling into the bottom 30% of incomes is higher

- for households headed by single parent families (accounting for one in four of households in the bottom 30%) and couples with children;
- for households where the housing tenure is public sector renting, although the risk is higher generally for rented accommodation versus owner occupation;
- for households headed by someone who is unemployed, sick/has a disability or retired;
- as the number of dependant children increases (and the risk is relatively higher for single parents compared to married couples);
- for those living in the west and south of Northern Ireland; and
- where the head of the household has no qualifications.

Relative income levels

Any assistance provided under the rate relief scheme will be directed towards low income households and those reliant on benefits. Data provided by the Continuous Household Survey has shown that over one-third of households in

Northern Ireland have an average gross weekly household income of £200 or less. Those households with low incomes are most likely to be at risk should significant changes occur in their household expenditure. Within this grouping a disproportionate number of single householders are aged 60 and over – over 80%.

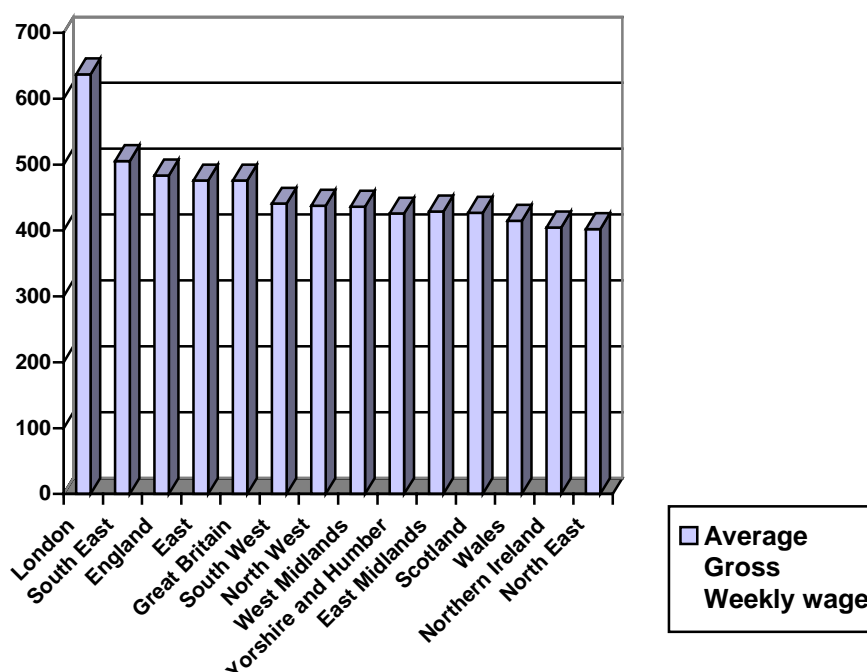
Research conducted by NISRA has shown that in Northern Ireland the average gross weekly household income in 2001-02 was £429.¹ Within this there is significant variation with respective figures of £142 for pensioners; £208 for those in public rented accommodation and £508 for owner occupiers. This highlights the vast income differentials within different sections of society that could be taken account of through the rate relief scheme.

Regional Income Levels

The table below highlights that Northern Ireland has one of the lowest gross weekly wages relative to other regions.

¹ The gross weekly wage for April 2002 was £390.10

Table 1: Average gross weekly wage by Region and Country at April 2003²



On the basis of the above the average gross weekly wage in Northern Ireland represents 85% of the United Kingdom average. This is exacerbated further when account is taken of weekly household income (which takes account of both wages and benefits) with the Northern Ireland average approximately 75% of the United Kingdom average.

On a comparative basis Northern Ireland tends to have both lower gross weekly wages and lower average household incomes compared to other United Kingdom regions. Data from the Family Expenditure Survey for the period 1998-2001 highlights that 46% of households in Northern Ireland have a weekly income of less than £250 compared to 37% for all other regions.

Benefit take up

A further factor that must be taken account of in assessing need is the higher dependence upon benefits in Northern Ireland than the United Kingdom, which contributes to the increased number of low income households. Recent data indicates that in August 2003 there were just over 125,469 housing benefit claimants, in the rented sector, and 48,350 owner-occupiers in receipt of rate rebate. On this basis almost 174,000 householders receive either total or partial assistance with paying their rate bills.³

² Office of National Statistics and Department of Enterprise, Trade and Investment

³ For subsequent analysis purposes non-benefit recipients and duplicate cases have not been included. This accounts for 7,100 cases, giving a total of 167,000.

From available housing benefit statistics an overview can be provided of the composition of housing benefit recipients in terms of age, economic status and family unit as follows:

- Approximately 35% are aged 60 or over;
- 55% are sick or have a disability, 8% are unemployed and lone parents account for just over a sixth – totalling almost 80% of recipients; and
- On a district council basis highest claimant levels are experienced in Belfast, Craigavon, Derry, Fermanagh, Moyle and Strabane.

A similar analysis of the composition of those in receipt of rate rebate at August 2003 shows that:

- 62% are aged 60 or over. This skew towards the elderly population indicates that a significant number own their own properties but due to a reduced or irregular income require financial assistance.
- Almost 70% of recipients are sick or have a disability.
- 32% are couples, 63% are single. Children comprise a relatively small proportion of these family units
- Strabane, Dungannon, Newry and Mourne and Cookstown experience the highest take up levels.

From the preceding analysis it can be surmised that some of the groups most likely to be affected by low incomes are the sick and people with a disability, the unemployed, the elderly and those with dependant children. In addition, regional location will have an impact given the disparity in housing benefit claimant levels between different district councils. While, factors such as these have been given consideration in bringing forward proposals for relief the key driver will ultimately be ability to pay. This will ensure that assistance is targeted towards the most needy as opposed to operating as a blanket relief for a particular grouping within society.
