



Ref: Cons896

Dept of Finance and Personnel  
Rating Policy Division  
Rathgael House  
Balloo Road  
Bangor  
BT19 7NA

27 June 2008

Dear Sir/Madam

Re: Response to the Review of Domestic Rating – reduction of Maximum Capital Value

NICVA (the Northern Ireland Council for Voluntary Action) is the umbrella body for the voluntary and community sector in Northern Ireland. It provides over 1,000 members with information, advice, training and support services on a wide range of issues, together with representation for the sector as a whole.

NICVA works to achieve progressive social change, based on equality and equity, working through a community development approach, to empower local communities to pursue their own needs and agendas.

We are pleased to respond to the consultation on reduction of maximum capital value in domestic rates. NICVA is opposed to the proposal to lower the rates cap from £500,000 to £400,000 as this will support a small number of better off households at the expense of the less well off, who will be forced to pay more to make up the difference in revenue. We view this as a regressive proposal. A move to benefit just 5,000 of the richest households will cost poorer households an additional £4.7 m per year. With the rising costs of food, fuel and increased bills such as water in the near future, it is unreasonable to compel the poorest households to support the richest in terms of asset wealth.

NICVA is acutely aware that some of those who are asset rich may be living on a fixed income, particularly those who are retired. Since housing wealth is still real wealth, however, we would prefer that a scheme to defer payments be introduced, rather than a blanket reduction in the rates cap.

The Department's analysis reveals that those who would benefit from the proposed scheme live in the least deprived wards, largely in urban areas. Ratepayers in the most deprived wards, according to the Department's statistics, will face an increase in

their bills to compensate if the regional rate is increased to cover the lost revenue and 'the tax burden is redistributed on to lower value properties'. If the loss is not covered by an increase in the regional rate, then Northern Ireland faces a revenue loss of £4.7m every year at a time when public services face very straightened circumstances and efficiency savings mean some vital services, particularly those provided by voluntary and community organisations, are under threat.

On the basis of the socio-economic impact, we believe this proposal should be abandoned. However, we think measures to reduce the financial burden on fixed-income pensioner households should be considered.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Frances McCandless', written in a cursive style.

Frances McCandless  
Director of Policy