

Rate Rebate Replacement Scheme Consultation Report

Rate Rebate Replacement Scheme

Report on Consultation Exercise

February 2015

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Section 1: Context and Background

Background

1. This report outlines the responses to the consultation exercise conducted by the Department of Finance and Personnel on a new long term scheme of rates support for working age households in Northern Ireland. The consultation period ended on 16 February 2015 though extensions were granted on request, and the last response was received on 25 February 2015.
2. As part of Welfare Reform, from April 2013 HM Government decided council tax benefit in GB and housing benefit rate rebate in NI should be removed from the social security system. Because of delays to the Welfare Reform Bill this change did not go ahead in Northern Ireland. However, at the same time HM Government moved funding for council tax and housing benefit for rates from Annually Managed Expenditure (AME) to the Departmental Expenditure Limit (DEL) budget (commonly known as the block grant) and simultaneously implemented a 10% cut to the budget. This localisation meant each local authority in GB had to devise council tax reduction schemes for their own areas. This has generally resulted in schemes that retain the complexities associated with housing benefit/council tax benefit, with the addition of top slicing to implement the 10% saving.
3. In Northern Ireland the Executive decided to retain the current level of support up to April 2015, funded through public expenditure, to allow more time to develop new arrangements. It should be noted that this consultation does not address the cut in funding, which is a matter for the whole Executive. It has also been agreed with DSD that housing benefit for rates will continue to be paid for those of working age until they move onto universal credit and for pensioners until housing costs are moved to new pension credit.
4. The Department held two previous consultations in 2013 to garner views on the implementation of an interim rate rebate scheme which would allow assistance for rates to continue after what was thought would be the imminent introduction of universal credit. Delays in the introduction of universal credit have allowed the Department to consult on a long term rate rebate scheme.
5. The current consultation proposals have been developed taking into account the views of stakeholders in the previous consultations and after extensive modelling by colleagues in the Analytical Services Unit in DSD, of the likely effects of the options.
6. The consultation contains two options: **Model A** makes receipt of universal credit a condition of entitlement and uses the universal credit maximum amount as a threshold against which entitlement to rate rebate is calculated. Those with income up to the universal credit maximum receive full rate rebate while those above the threshold see entitlement tapered away. **Model B** is not as closely linked to universal credit. This means it requires its own means test, with rules which replicate those in housing benefit and universal credit.

7. Responses were received from the following:

- Advice NI
- Chartered Institute of Housing
- Citizens Advice Bureau (CAB)
- Disability Action
- Equality Commission NI
- Housing Rights Service (HRS)
- Law Centre (NI)
- Northern Ireland Council for Voluntary Action (NICVA)
- Northern Ireland Local Government Association (NILGA)
- Rural Community Network

In addition a response was received from an individual ratepayer.

Law Centre (NI) and Housing Rights Service provided a joint response.

Section 2: Consultation Process

1. The consultation, which was issued to a wide range of interested parties, was also placed on the Department's website and its publication advertised in the local press.
2. The proposals set out in the consultation paper, took account of views expressed in the two earlier consultations which took place in 2013.
3. The latest consultation proposed models underpinned by three main principles:
 - target those least able to pay rates in conjunction with welfare reform principles;
 - simplify the rules; **and**
 - provide value for money.
4. During the consultation period the Department held a seminar for key stakeholders to explain the proposed options in detail. The Department is grateful to NICVA for its assistance with this. The Department followed this up by having bilateral meetings with those stakeholders who wished to discuss particular issues pertinent to their area of interest / expertise.
5. The department held separate meetings with the Chartered Institute of Housing, Housing Rights Service, the Law Centre, Northern Ireland Local Government Association, Advice NI and Rural Community Network.
6. 11 responses to the consultation were received; 10 from welfare rights and other interested organisations and one from an individual ratepayer.
7. The low number of responses is typical for technical consultations of this nature. However as the vast majority were from well informed organisations, the Department is satisfied that the responses provide a broad and knowledgeable spectrum of opinion that is sufficient to inform policy direction for a new rate rebate scheme.
8. An overview of the responses is contained in **Section 3** and a link to the Rating Policy Division website which details all responses received can be found in Rating Policy Division's website (individual responses have been anonymised).

Section 3: Overview of Responses

The following gives an overview of responses made in relation to questions posed in the consultation paper.

1. Do you agree with the alignment of rate rebate with universal credit and the policy objectives of fairness and making work pay?

All apart from two respondents agreed or strongly agreed with this policy and also agreed that Model A was their preferred option. Advice NI while accepting that rate rebate should not run counter to the universal credit policy had concerns about those who sit outside universal credit. They referred specifically to older people but these are not affected by the new scheme. One of the respondents who did not fully endorse the policy recognised that Model A was the most straightforward for claimants. The other accepted that it was the most administratively straightforward and affordable but was concerned about the claimants who were not entitled to universal credit especially the self-employed. It felt that the minimum income floor rules (self-employed treated as having a certain amount of earnings) should not be applied.

2. What views do you have on passing up on an interim scheme and moving straight to a long term solution?

5 respondents preferred this option, another agreed with it providing an objective of targeting those least able to pay underpins the new approach. The individual ratepayer response suggested a 6 month trial.

One respondent indicated that an interim scheme was already in place this however is not the case. The others did not specifically comment on this.

3. What views do you have on the proposed treatment of universal credit transitional protection?

5 respondents agreed with the Department that the transitional protection awarded with universal credit should be ignored in the rate rebate calculation but NILGA had some concerns for those who would only qualify for transitional protection on universal credit as this would exclude them from rate rebate.

The individual ratepayer response stated that there should be built in protection for a limited time. The others did not specifically comment on this. While CAB did not express a specific opinion it recognised that this policy would be advantageous to some but those whose universal credit award consisted only of transitional protection would not receive rate rebate.

4. What views do you have on introducing safeguards/hardship scheme and do you have any views on the length of time such schemes should exist?

7 respondents were of the opinion that a hardship scheme was necessary HRS and the Law Centre (NI) added that it should not be time bound. NILGA felt it should be targeted at those who fall into arrears. CIH felt that Model A targets the correct cohort of claimants and is the best use of a finite budget and any hardship requirements should sit within DSD's hardship arrangements. CAB recognise that hardship schemes are difficult to administer but they did have concerns for claimants who were disadvantaged, it felt that if there was such a mitigation fund it should run contemporaneously with the Department for Social Development's fund. Advice NI expressed concern for those who fell outside universal credit and asked if there would be any transitional protection for rate relief. It noted that while accepting every effort had gone into the modelling there should be contingency plans in place so that adjustments could be made to any new scheme if actual outcomes varied significantly.

NICVA felt that the Department should assess whether spending on a hardship scheme, a benefits uptake initiative or advice service is the best use of funds but that there should be transitional protection. It felt that any hardship provisions should include those who are not entitled to universal credit and therefore rate rebate. NICVA added that hardship provisions should be based on entitlement rather than discretion. The others did not specifically comment on this.

5. Do you agree with the proposal to extend the time for claiming to 3 months and that there should be no provision to allow discretionary backdating?

HRS, the Law Centre (NI) and NILGA noted that 3 months would be sufficient for most but felt there should be some discretionary backdating. CIH felt that discretionary backdating should be allowed for up to one year. CAB felt that during initial rollout there should be some flexibility in applying the 3 month rule and that good communication to claimants was imperative. NICVA thought the start date should be linked to universal credit and the 3 months should be 12 months. Advice NI were concerned that if a claimant's start date of entitlement to universal credit was delayed due to information requirements this would have a knock on effect on the rate rebate award. The individual ratepayer response stated that 3 months with no discretion was sufficient. The other respondents did not specifically comment on this issue.

6. What views do you have on limiting the effect of changes of circumstances on a rate rebate award?

The majority of respondents recognised that electronic links between the universal credit and rate rebate systems was the Department's ultimate aim in order to take account of changes of circumstances.

8 respondents expressed concern about claimants whose award would remain unchanged for up to a year even if there was an adverse change in their circumstances while the links were unavailable. One however is under the misapprehension that the changes, while only looked at annually, will be applied retrospectively and cause overpayments, this however is not the case.

HRS and the Law Centre (NI) stated that “real time” assessments in line with universal credit was the ideal solution but recognised that the administration costs for this would increase pending full electronic links, CAB has similar views.

As alternatives HRS and the Law Centre suggested 3 monthly assessments basing the rate rebate award on the average income for this period. Alternatively a discretionary hardship payment should be made available. The others did not specifically comment on this.

7. What are your views on the Department’s proposal to make all overpayments recoverable legislatively but introduce greater flexibility on whether to pursue recovery?

7 respondents agree or have no objection that the legislation in relation to overpayments should not be overly prescriptive and that greater flexibility by way of a written policy is a more practical approach however they would like more information on how this would work. The others did not specifically comment on this.

8. What views do you have on crediting the rate rebate to the appropriate rate account rather than paying claimants or landlords?

8 respondents were satisfied that crediting was the best method for rate rebates. Advice NI noted the importance of ensuring that double payments of rate rebate were not awarded in cases where universal credit was split between partners. The others did not specifically comment on this.

9. What views do you have on the frequency in which rate accounts should be credited?

HRS, the Law Centre (NI), NICVA and Disability Action agreed with or found acceptable the Departments proposal that owner occupiers should be credited annually and tenants monthly. CAB and CIH felt that monthly or twice-monthly for all in line with universal credit was appropriate. The individual ratepayer felt that some flexibility should be built in so that not all rates are paid on the same day. The others did not specifically comment on this.

10. Do you have any views on the initial Integrated Impact Assessments carried out by the Department?

NILGA felt the information was limited and so difficult to evaluate. CIH noted that the Departments modelling was in line with its own limited modelling.

The Rural Community Network recognised the limitations of analysis of rural impacts due to the current re-designation of wards by Northern Ireland Statistics and Research Agency and asked that any adverse impacts found in the future be discussed with them. Disability Action felt that further data was necessary particularly in relation to those who currently receive the Disabled Persons Allowance (DPA) (It should be noted however that DPA and rate

rebate do not impact on each other) The individual ratepayer felt the research seemed good and was well based. Advice NI would like to see a further breakdown of those who lose on the new scheme. The others did not specifically comment on this.

11. Do you have any quantitative or qualitative information that could be considered in order to supplement the statistical analysis carried out as part of the initial Integrated Impact Assessment?

CIH noted that the Department's modelling was in line with its own limited modelling. The others did not specifically comment on this.

Other Views Expressed by Respondents

12. The following are views given outside those canvassed in the consultation questions :

- 4 respondents highlighted the importance of effective communications both between Land and Property Services and the Social Security Agency and between LPS and actual and prospective claimants
- 3 respondents expressed concerns about relying on digital methods of claiming and the problems this might cause in particular for prospective disabled and rural claimants
- 3 respondents were concerned that delays in assessing universal credit would mean delays in awards of rate rebate
- 1 respondent questioned how mitigation payments under the Stormont House Agreement will be treated in the new scheme
- 2 respondents considered that apart from the Disabled Persons Allowance all other rate reliefs should be abolished and the monies saved used to fund a hardship scheme
- 2 respondents highlighted the need for a robust internal means of redress in the absence of appeals
- 1 respondent felt that an independent advice element would be appropriate.

Section 4: Next Steps

13. The Department will carefully consider all replies to the consultation and produce its conclusions on the new policy for a long term rate rebate scheme for Northern Ireland.
14. As it becomes available further information on next steps and any decisions taken by the Executive will be published on [Rating Policy Division's website](#)¹.

¹ <http://www.dfpni.gov.uk/rating-review>