



Belfast City Council

Briefing to:	Strategic Policy and Resources Committee
Subject:	Council response to three consultations related to the 'Review of Domestic Rating' – 'Rates Deferment Scheme for Home Owning Pensioners' 'Data Sharing', and 'Green Rebates'.
Date:	Friday 19 th September 2008
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Relevant Background Information

The purpose of this report is to submit for the approval of the Strategic Policy & Resources Committee corporate responses to three consultation documents produced by the Department of Finance and Personnel on the area of rates.

Members will be aware that following the restoration of devolution the Executive undertook to carry out a review of the new domestic rating system which had been introduced in April 2007. This is the latest in a series of consultations which have been produced with the aim of improving the domestic rating system. The current consultations focus on three policy areas -

1. the proposed introduction of a rates deferment scheme for home owning pensioners
2. improving data sharing powers to facilitate increased rate relief uptake
3. the introduction of green rebates

Copies of the three consultation papers, along with an associated initial integrated impact assessments and a privacy impact assessment are available on the Review of the Rating Policy website at www.ratingreviewni.gov.uk. The closing dates for the consultations are 16, 19 and 26 September respectively; therefore, the attached responses will be sent to the Department of Finance and Personnel with the caveat that they are subject to the approval of the Committee and ratification by the Council, amended versions will then be submitted if necessary.

An overview of the main proposals in each of the consultation documents is highlighted below -

1. '*A Rates Deferment Scheme for home owning pensioners*' - The consultation document outlines proposals to introduce a deferment scheme for home owning pensioners, using the equity in their home as security. The proposals would provide eligible home owning pensioners (aged 65 and over), with the possibility of deferring rates subject to certain conditions including minimum equity levels and it being their main residence. This would help home owning pensioners who are ineligible for means tested rate relief or housing benefit. It should be noted that this is not a new form of

relief or another allowance but it provides a payment choice allowing rate bills to be conditionally postponed. The consultation document examines the specific policy issues of introducing such a scheme including the eligibility criteria, the equity levels needed for deferment, interest charging, information gathering and the interaction between deferment and other rating measures and relief options. The consultation paper also explores the potential financial impact of the proposed scheme. It is anticipated that the legislation governing the rates deferment scheme will be in place by August 2009.

2. '*Data Sharing*' – One of the key issues to emerge from the Executive's review of the domestic rating system was the low level of take up of reliefs. An Executive commissioned study suggested that improved data sharing between government agencies could better target advice towards those most likely to qualify for the various rate reliefs (lone pensioner allowance, disabled persons allowance and the means tested rates relief scheme) and ease verification of information provided by claimants. This consultation document examines take-up issues and the new legislative cover required to facilitate this. It is envisaged that the necessary legislation to facilitate this will be introduced by the end of 2009.

3. '*Green Rebates*' - This consultation seeks views on rate rebates for energy efficient and zero carbon homes. It proposes to introduce new legislation to provide rate rebates to households carrying out energy efficient improvements to their homes such as cavity wall and loft insulation and to provide an initial exemption from rates (for up to five years) for the first residents of new homes that meet the proposed new zero carbon standard. It is envisaged that the legislation required to underpin these proposals will be introduced by the end of 2009.

Key Issues

The Council's proposed responses to the three consultations are attached at Appendix A. However a summary of the key points from each of the proposed responses is outlined below.

1. '*The Rates Deferment Scheme for home owning pensioners*' –

- Belfast City Council agrees with the proposal that pensionable age for the purpose of the scheme should be set at 65 but recommends that it should follow the national proposal to gradually increase the state pension age.
- The deferment scheme should be available where only one owner is of pension age but only if the joint owner(s) give written consent and are provided with information on the implications of the agreement. The written consent will cover provisions for repayments following the death of the pensioner or extension of the scheme to the surviving spouse if eligible.
- The Council is of the view that the deferment scheme should apply only in circumstances where the ratepayer has one residence, verified by set criteria.
- The Council believes that if savings or capital exceeds a particular figure than there should be no eligibility to defer rates. The figure suggested is the savings level used for NI rates relief scheme.
- Proposed equity conditions include a minimum of 40% equity to cover the deferred amount and the setting of a level for the amount of deferred rates that cannot exceed the level of equity in the property.
- Verification of the title of the property should be provided by the applicant's solicitor and details of any outstanding debt attached to the property provided by the

applicant.

- The Council feels that the deferred amount should take the form of a charge against the subject property to ensure the debt will be repaid when the property is sold.
- The Council believes that the interest rate levied should be tied to the Bank of England (BOE) base rate, and charged at 1% below this. The rate should be fixed annually to the BOE rate on 1st April and compound interest charged.
- The Council has set out factors which should be taken into account when determining if the deferred sum should be paid back in a lump sum or by instalment, which are largely determined by individual circumstances. Different repayment arrangements should not apply should the Department decide to terminate the deferment agreement.
- The Council agrees that it should be compulsory for any potential deferment participants to seek independent financial advice, which may be subject to charge, prior to making any decisions about joining the scheme. In addition, the Department should be obligated to provide full information outlining the commitment and an annual statement of accounts. The Citizens Advice Bureau is considered by the Council to be best placed to provide independent financial advice for participants.
- The deferment scheme should be a last resort remedy only considered if the applicant is not entitled to housing benefit or rate relief.
- The Council believes that empty properties should not be included in the scheme, except where residential/ medical treatment is being provided to the liable person.
- The Council feels that the burden of responsibility should be on the applicant to provide all necessary information to participate in the scheme.
- The Department should have full flexibility to refuse or terminate deferment providing this made on objective criteria based on the information provided.
- Rates are currently Belfast City Council's principal source of income accounting for some 74% of the total. This scheme will have an impact on the annual revenue budget which even conservative estimates put in excess of £400,000 per annum. Therefore the Council is strongly of the view that the burden should fall on Regional Government and the Council should be reimbursed annually for the deferred amount.
- The Council believes that the scheme will not be widely used but would function as an important safety net in helping to ensure that homeowners are able to retain their homes, especially those with high rates burden and with no eligibility to other available forms of relief.

2. 'Data Sharing' –

- Belfast City Council welcomes the proposals in the consultation paper to include clear rules in primary legislation as to what data can be shared, to ensure that only authorised data will be disclosed and thus contribute to the security of the data. The Council also feels that how data is managed, disclosed and transferred is just as important as the law on disclosure of individual items of data.
- It is important to ensure that all staff are fully trained and have a clear

understanding and comprehension of the law and data protection principles as well as how this should be applied.

- As citizens see Government as a single entity, the Council welcomes the move towards providing a single point of contact for central Government.
- The Council feels that data sharing as outlined in the consultation is logical and appropriate, providing safeguards to ensure that the data is required for the specific purpose it is obtained and that the data subject is fully aware of why the data has been obtained.
- The sharing of data for the purpose of targeting those most likely to qualify for benefits or rate relief is a logical use of data that is already held by a Government department.
- The Council believes that in the interest of openness and transparency the data subject should have the ability to access the record of who accessed their data and for what purpose. This would add another layer of security and ensure that only appropriate personal data is obtained and for no purposes other than the primary purpose.
- Before data sharing begins, Belfast City Council would like to see an extensive publicity campaign and an assurance that all appropriate Government offices will display posters and leaflets explaining data sharing provisions.
- Land and Property Services should have access to the same data that is already shared between agencies under the Social Security Administration Act.
- The Council supports the data sharing proposals as this will lead to more taxpayers receiving benefits and rate relief to which they are entitled and ensuring an equitable distribution of the rate burden. However, it is important to ensure that protocols are developed and full training given to minimize opportunities for unlawful disclosures the new data security. The Council also proposes that the Government consider including an amendment to Regulation 57 of the Rates Order 1977 to clarify what is meant by “*any information*”.

3. ‘Green Rebates’ –

- Belfast City Council supports the principle of encouraging households to improve the energy efficiency of their homes by rewarding them with a monetary incentive; however the Council does not accept that use of the rates system is the most appropriate way of providing that encouragement.
- While there is not a direct link between use of energy and the rating system, there is a link between energy efficiency and energy bills. The Council believes that a rebate could be paid by way of a credit to be offset against the household energy bill rather than a cash payment.
- The Council supports the proposal to limit the rebate scheme to owner / occupier households.
- There is no merit or logic, in the Council’s opinion, in offering a higher rebate to encourage take up of the rate rebate as opposed to a cash payment.
- The Council supports the concept of providing an incentive to encourage the development of zero based carbon homes, but does not consider that allowing a rates holiday for up to five years is the most appropriate approach. The Council

believes that an “energy credit” that can be off set against the energy bill would be a more direct incentive.

- The Council supports the Department’s approach to the definition of “zero carbon”.
- The Council supports the concept of rewarding households for improving energy efficiency, however does not feel that the rates system is the most appropriate method. Should the Department decide to proceed with some form of rates rebate scheme, the Council expects that it will be fully reimbursed for any direct loss of rate income. The alternative is a reduction in the provision of services or an increase in rate bills across all ratepayers.

Decision required

Members are requested to agree the three consultation responses as provided and agree their submission to the Department of Finance and Personnel.

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