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BELFAST CITY COUNCIL

Response

to

Review of Domestic Rating

Green Rebates

Public Consultation Document

August 2008

Introduction

Belfast City Council is pleased to have the opportunity to respond to the public consultation document on green rebates for homeowners.

As the capital of Northern Ireland, Belfast is the economic, transport and political centre of the country and has a direct interest in a fair and equitable rating system and the City Council supported the objectives of the initial review that there should be an equitable distribution of the rate burden on households in Northern Ireland and whilst it supports the concept of encouraging households to be more energy efficient it has reservations that using the local rates system is the most appropriate means to do this as there is no direct link between the rates system, which provides income that is used for the provision of services, and the energy efficiency of a particular property. Using the system in this manner impacts on the equitable distribution of the rates burden and a system based on capital values.

The City Council is of the view that it would create a more direct link between energy efficiency homes and the cost of energy if direct credits were made to households that could then be offset against their energy bills.

The purpose of this response is to set out the City Council's position in relation to the matters identified in the public consultation document published in July 2008 and the City Council will be pleased to expand upon, or provide further information and explanation to, any of the issues raised in this response.

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Belfast City Council Response

This response follows the consultation paper and responds to each of the questions raised in the order in which they appear in the consultation document.

Section 2: Energy Efficient Homes

What are your views on the proposal to provide a rates rebate for households that carry out energy efficiency improvements to their properties?

In principle the City Council supports the principle of encouraging households to improve the energy efficiency of their homes by rewarding them with a monetary incentive it does not necessarily accept, however, that using the rates system is the most appropriate way of providing that encouragement.

There is no direct link between the use of energy and the rating system whereas there is a direct link between energy efficiency and energy bills. As the consultation paper recognizes a direct re-imbusement is likely to be more attractive than an offsetting credit against the rates bill.

The City Council believes that a rebate could be paid by way of a credit rather than a cash payment that could then be offset against the energy bill for the household.

What are your views on the preferred means of delivery for the rate rebate, that is in partnership with the NIE Energy insulation cash-back scheme?

The City Council supports the proposal that the delivery of a rebate (subject to the above comments) should be delivered in partnership with the NIE Energy insulation cash-back scheme.

What are your views on limiting the rate rebate scheme to owner occupying households only?

The City Council supports the proposal to limit the rebate scheme to owner / occupier households only for the reasons set out in the consultation paper. Any attempt at this stage to widen the scheme would complicate the position and would lead to double allowances. In addition, in the private sector there is no guarantee that rebates would be passed on to tenants.

What are your views on the option of providing a higher level of rebate than is currently awarded in terms of the cash-back scheme?

The City Council sees no merit or logic in offering a higher rebate simply to encourage the householder to opt for a rate rebate as against a cash payment. If our proposal for an energy efficiency credit were adopted then there would be no need to have a two-tier system.

Section 3: Zero Carbon Homes

What are your views on the proposal to introduce an initial exemption for new zero carbon homes?

The City Council supports the concept of providing an incentive to encourage the development of new zero based carbon homes but does not consider that allowing a rates holiday for a period of up to five years is necessarily the most appropriate approach. It will not, for example, encourage developers to build zero carbon properties, as the benefit will go to the eventual purchaser not the developer.

Again, the City Council believes that an “energy credit” that can be offset against the energy bill would be a more direct incentive particularly with rising energy costs.

What are your views on providing this initial exemption to the first residents, rather than first purchaser, of such homes (so that self builds and buy to lets are included)?

The City Council would support this proposal.

What are your views on the Department’s approach to the definition of ‘zero carbon’?

If any form of credit is to be effective then the qualifying criteria should not be so strict as to discourage participation in the scheme so the City Council supports the Department’s approach to the definition of ‘zero carbon’

Conclusions

As indicated in this response to the consultation paper the City Council supports the concept of rewarding households for improving the energy efficiency of their homes or in the development of new homes, however, it does not necessarily believe that the rating system is the most appropriate vehicle for delivering rebates to eligible ratepayers. There is no direct link between energy efficiency and rate bills.

The City Council believes that there is a direct link between energy bills and energy efficiency and that it would act as a far greater incentive if households were rewarded with a credit that could be offset directly against their energy bill, particularly at a time of rising energy bills and a rising anxiety amongst consumer about their ability to meet those rising bills.

Finally, if the Department decides to go ahead with some form of rate rebate scheme the City 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.