

Date: 9th April 2013
Consultation: Welfare Reform: Rate Rebate Replacement Arrangements Preliminary Consultation Paper

Introduction

The Northern Ireland Federation of Housing Associations (NIFHA) represents registered and non-registered housing associations in Northern Ireland. Collectively, our members provide around 38,000 good quality, affordable homes for renting or equity sharing. Further information is available at www.nifha.org.

General Comments

On behalf of our member housing associations NIFHA welcomes this opportunity to comment on the preliminary consultation paper, "Welfare Reform: Rate Rebate Replacement Arrangements". We recognise that there is a twofold challenge that the Department of Finance & Personnel, (the Department), must meet to ensure that there are adequate systems in place to support the introduction of Universal Credit in Northern Ireland and to reduce expenditure on the Northern Ireland rate rebate scheme by 10%.

Housing associations in Northern Ireland currently collect rates from their tenants which they include in their tenants rent payments. Housing associations are issued with a bill for their total rate liability for all their properties, from LPS, which they pay each year and are given a 10% allowance for this. This however is a voluntary agreement, which may be revoked under certain circumstances, in writing either by the Department or the housing associations.

Specific Comments

Option 1: Maintain an equivalent to current level of support

NIFHA recognises that this is not a viable option as the introduction of Universal Credit means that the system will have to change or at least replicate the existing scheme. We also acknowledge that the need to make 10% savings from current spend also makes this option unworkable.

Sub-Option 1.1: Maintain an equivalent to current level of support but remove other forms of current support

NIFHA is broadly in favour of this option although we recognise that it may be difficult for this option to deliver the savings required by the Department. This option would ensure that the means tested benefit is not reduced and is targeted at the people who need it most. We agree with the removal of other rate reliefs as contained in Annex A but suggest that the Low Income Rate Relief Scheme is retained as this is an income and therefore means tested

benefit and is targeted at providing assistance to those people with the least ability to pay their rates.

The disabled persons allowance should also be retained but should be reviewed and structured to ensure that the provision of disability adaptations do not increase the value of people's homes, resulting in an additional amount of rates to be paid.

Option 2: Maintain current levels of support for vulnerable groups and focus cut on remainder of claimants

NIFHA would also see merit in this option as this would ensure that the means tested benefit is targeted towards the people who need it most. However, we suggest that the groups indicated in the consultation document i.e. pensioners, persons with a disability and families with a child or children under age 6 should also be subject to means testing prior to the award of a rate rebate and not given automatic exemption. The passporting of people already in receipt of a particular benefit that entitles them to have an additional benefit for housing costs including rates should remain as this would ensure that assistance is targeted to the people who have the least ability to pay.

Option 3: Top slice or taper support to match budget; either fixed for a spending review period or adjusted annually in line with uptake and budgetary forecasts

NIFHA is not in favour of this option as this would mean that the reduction in benefit would be shared equally between everyone in receipt of the benefit. The application of this option would mean that anyone in Northern Ireland who is responsible for the payment of rates would have to make a contribution towards the cost of those rates whether they can afford to pay them or not.

This would be very difficult for Land and Property Services and housing associations to implement as it would place an additional costly administrative burden on both organisations. Within housing associations this would mean that some tenants, who have not had to pay anything previously, would have to make a contribution towards their rates. This means that housing associations would have to collect money for rates from some tenants who have not had to make these payments beforehand. These housing association tenants will have to be advised of this requirement and collection processes would need to be developed and put in place to ensure that these albeit small amounts of money are paid for rates.

In many cases the amounts of money to be collected may be so small that it may not be cost effective to recover them if the tenant will not or cannot pay, housing associations therefore would not have any remedy to enforce payment. This would mean that the debts would have to be written off at a cost to the housing association.

Option 4: Introduction of a completely new income based scheme

NIFHA would welcome, in the longterm a fundamental review of the current scheme with a view to developing an income based system which would have a person's ability to pay as an underlying principle. We believe that benefits of this kind should be means tested and transitional protection could be introduced to ensure existing recipients are protected but new claimants would be subject to the a new means tested assessment system.

Conclusion

At present NIFHA, on behalf its housing association members, receive electronic rates relief and lone pensioner allowance files from Northern Ireland Housing Executive (NIHE). These files are then downloaded onto each individual housing associations income and rent accounting software. Any new rebate or benefit system would need to have the functionality that would enable housing associations to process and collect their tenant's rates liability. The current system with NIHE, NIFHA and housing associations working in partnership, works well and we would hope that any new system would at least be comparable or an improvement to the existing.

For further information please contact: **Maire Kerr T: 028 9089 7695**
E- mail:MKerr@nifha.org