



EQUALITY COMMISSION FOR NORTHERN IRELAND

Response to the Northern Ireland Executive “Welfare Reform: Rate Rebate Replacement Arrangements” Preliminary Consultation Paper

**Department of Finance and Personnel
April 2013**

Introduction

1. The Equality Commission for Northern Ireland (the Commission)¹ welcomes the opportunity to respond to the Northern Ireland Executives “Welfare Reform Rate Rebate Replacement Arrangements” Preliminary Consultation Paper, issued by the Department of Finance and Personnel (DFP).
2. In making our response, which takes into account the consultation questionnaire, we have provided feedback on equality aspects associated with:
 - the various options considered in relation to an ‘interim rate relief rebate scheme’;
 - consideration of equality and human rights obligations e.g. the UN Convention on the Rights of Persons with Disabilities.
3. This response draws on our work across a range of equality grounds including that progressed in our role as the ‘independent mechanism’ in Northern Ireland under the United

¹ See Annex 1.

Nations Convention on the Rights of Persons with Disabilities (UNCRPD) to promote, protect and monitor its implementation².

4. In preparing our response to this consultation we met with representatives from the DFP. We would like to acknowledge the support and guidance provided by the Department, which was both informative and helpful in our consideration of the options/issues outlined in the consultation paper.
5. The Commission considers that any change to our current rate relief support arrangement must take into account persistent economic inequalities associated with a number of vulnerable Section 75 groups.
6. Disabled people are twice as likely to be unemployed as non-disabled people whilst women are more likely to take on the role caring for children and older people, limiting their employment opportunities and a chance for economic security and independence. Low pay linked to part-time work and ill health were found to be important contributory factors to the high job exit rates for lone parents, the majority of whom are women³. More than one in five pensioners in Northern Ireland are defined as living in poverty, which is three percent higher than the UK average⁴.

Executive Summary

7. Given the Commission's key concern to protect vulnerable groups, we consider Option 2 as the preferred approach to adopting an interim rate relief scheme. However, rather than simply focussing the cut on the remainder of claimants, or removing all other forms of current support set out in annex A (summarised in paragraph 39), we would suggest that the Executive give consideration to revising downwards or removing the level of rate support for those categories of rates

² See Annex 1

³ Equality Commission for Northern Ireland (2007): *Statement on Key In Northern Ireland*. Available at: [http://www.equalityni.org/archive/pdf/Keyinequalities\(F\)1107.pdf](http://www.equalityni.org/archive/pdf/Keyinequalities(F)1107.pdf), Chapter 4, pages 8-15.

⁴ Age NI (2010): *Evidence to the DSD Committee on the Welfare Reform Bill* Age NI Briefing Paper, page 2.

rebate beneficiaries which do not fall within the category of vulnerable groups and are unlikely to experience economic inequality.

8. The low-income rate relief scheme should be retained to protect those claimants who are on low income, including those older people who are asset rich and cash poor.
9. The Department may consider introduce a tapered approach to eligibility to the Lone Pensioner Allowance based on levels of income.

Overarching Comments and Observations

10. The Commission considers that the Department must screen any proposed changes to the current rate relief system, in line with equality scheme commitments, in order to identify whether the changes are likely to have an impact on equality of opportunity and/or good relations. Where the impact is deemed to be major, we recommend that the Department screen in the policy changes for equality impact assessment. Whatever the final outcome of this consultation exercise and the further detailed considerations to be published later this year in respect of both the medium and long-term approach to rate relief provisions, it is essential that account is taken of the overall potential impact of the wider welfare reform proposals on disadvantaged groups within the Section 75 categories.
11. Research conducted on similar rate rebate reform proposals to be implemented in England under the auspices of Council Tax indicates significant adverse impacts on particular groups. For example, a typical single parent with children in childcare and working part-time on the National Minimum Wage (NMW) will face increases in their annual Council Tax bill ranging from £96 (an increase of 55 per cent on their current payment) to £577

(an increase of 333 per cent on their current payment) depending on the severity of the local scheme introduced⁵.

12. The report also identifies other family types likely to face significant increases. For example:
 - A typical couple with children where only one partner is in full-time work on the NMW will face increases in their annual Council Tax bill ranging from £96 (an increase of 12 per cent on their current payment) to £304 (an increase of 37 per cent on their current payment);
 - A typical single parent working part-time on the national minimum wage, and not paying for childcare will face increases in their annual Council Tax bill ranging from £96 (an increase of 14 per cent) to £446 (an increase of 66 per cent) depending on the severity of the local scheme introduced.
13. The Commission broadly welcomes the policy aim outlined in paragraph 14 of the consultation paper, to provide support to the most vulnerable. We agree that whatever type of scheme is eventually chosen, it is essential that it is simple for claimants to understand and easy to administer, and meets the requirements of those citizens who are in greatest need while at the same time being affordable and capable of delivery.

Specific Commentary

Option 1: Maintain an Equivalent to Current Level of Support.

14. The Commission acknowledges the Department's conclusion that the maintenance of the existing rates relief system is not an option, taking into account the potential introduction of

⁵ Pennycook, M., Hurrell, A. (January 2013): *No Clear Benefit - The financial impact of Council Tax Benefit reform on low income households* (London: Resolution Foundation). Available at: <http://www.resolutionfoundation.org/publications/no-clear-benefit/>

Universal Credit from April 2014 which will supersede a number of existing benefits which enable claimants to be passported onto rate relief.

15. In setting out our views on the options advanced in the consultation paper we are conscious that a key consideration is the management of rate rebates in the short to medium term.

Option 2: Maintain Current Levels of Support to Vulnerable Groups and Focus Cuts on Remainder of Claimants.

16. We believe that Option 2 is most likely to take greater account of the equality and human rights considerations associated with vulnerable groups.
17. With regard to the issue of short term funding for an interim rate relief scheme, the Department may wish to consider what savings could be made through amendment and/or the removal of financial support to some of the additional rate relief measures for a number of groups set out in Annex A, whilst maintaining the principle of protecting vulnerable groups such as those on low income, including pensioners, and disabled people.
18. The Commission is aware that some Councils in GB have withdrawn the temporary exclusion of the rating of empty homes as a result of revisions to their Council Tax support schemes⁶. The Department may wish to give consideration to what savings could be generated either from the removal of this category of rate relief or a reduction in the current level of support in order that savings are directed towards providing protection for vulnerable groups, so that existing inequalities experienced by these groups are not compounded.

⁶ BBC Breakfast News London, April 11 2013, 6.32am bulletin: Camden Council will remove Council Tax Support empty home rate for 1000 properties in the Borough.

Sub-Option 1.1: Maintain Current Levels of Support to Vulnerable Groups, but Remove Additional Support Measures in Annex A.

19. We acknowledge that the retention of the current level of rate relief support in respect of the rate rebate element of Housing Benefit alongside the removal of all other forms of rate relief as discussed above would enable the Executive to make up the 10% shortfall in funding of the current rate relief system. However, we believe that such an approach is likely to have an adverse impact on low income households who just fall outside the qualifying criteria for Universal Credit and rate relief support.
20. The Commission strongly believe that the Lone Pensioner Allowance, Disabled Persons Allowance, and the Low Income Rate Relief Scheme should be retained to provide support for these vulnerable groups. The Department may consider introduce a tapered approach to eligibility to the Lone Pensioner Allowance based on levels of income, as noted above.

Option 3: Top Slice or Taper Support to Match Budget on a Fixed Term Spending Review or Adjusted in Line with Uptake of Annual Budget Forecasts.

21. The Commission does not recommend this option on the grounds that those on low incomes would face greater financial hardship as a result of having to make some contribution towards their rates. Furthermore, we acknowledge the consideration given in the consultation document that the option may not be viable, given the potential associated costs of collecting the rates of those unable to pay.
22. Moreover, the Commission is aware that a recent report presented to the Northern Ireland Assembly Public Accounts Committee has highlighted that the recent recession has made the collection of rate arrears much more difficult and that the level of rate debt has almost doubled in the last five years,

rising from £88 million 2006-2007 to £160 million in 2011 – 2012⁷. We have been advised by Advice NI that in the last six months that 300 people have sought assistance with rates debt amounting to £500,000 pounds.

Option 4 Introduce a Completely New Income Based Scheme.

23. Given that the consultation exercise is primarily concerned with an interim rebate arrangement only, we have excluded any consideration of a more permanent scheme to replace the current one as highlighted in Option 4.
24. However, when considering the future long-term arrangements for a rate rebate scheme we agree with the conclusions reached in the report carried out by the Institute of Fiscal Studies (IFS) assessing the impact of Universal Credit that there may be some merit in integrating any assessment for rate support entitlement within the framework of Universal Credit⁸. This would allow consideration of those groups on low income that could perhaps benefit from rate relief support but fall beyond the threshold of entitlement to Universal Credit or State Pension Credit.
25. We recognise the central argument in the IFS report that the continuation of a rate benefit relief system outside the operation and process of Universal Credit is likely to be costly given the fact that a number of current benefits used as a passport/gateway to rate relief support will no longer exist. We acknowledge the conclusion that a separate means test for entitlement to rate relief is likely to be costly and offset any administrative savings made as a result of the introduction of Universal Credit.

⁷ Northern Ireland Assembly Public Accounts Committee (13 February 2013): *Consideration of Draft Committee Report on 'Northern Ireland Housing Executive: Management of Response Maintenance Contracts'*. Available at: <http://www.niassembly.gov.uk/Assembly-Business/Committees/Public-Accounts/Minutes/20-February-20131/>

⁸ Institute for Fiscal Studies (2013): *Universal Credit in Northern Ireland: what will its impact be, and what are the challenges?* IFS Report R77 (OFMDFM and the Economic & Social Research Council), page 6.

Effective engagement with vulnerable groups

26. In our role as part of the ‘independent mechanism’ in Northern Ireland under the United Nations Convention on the Rights of Persons with Disabilities⁹ to promote, protect and monitor the Convention, we recommend that the Department take account of the requirement arising from the Convention to directly engage and involve disabled people in decision-making process, which inform the formulation of policies, and practices, which relate to them¹⁰. For example, with regard to any proposal to modify or remove the rate relief measure with regard to the Disabled Person’s Allowance in relation to adaptations to private properties.
27. In addition, we recommend that specific consideration be given to effective communication, with particular emphasis on face-to-face contact, of information on the proposed changes to vulnerable groups. Effective engagement with these groups will also be particularly important during both the second stage of the consultation process on any interim rate relief measure and with respect to any consideration of long-term arrangements for a new rate relief support scheme.

Legal, Policy and Research Division, April 2013.

⁹ See Annex 1 below.

¹⁰ ‘In the development and implementation of legislation and policies to implement the present Convention and in other decision-making processes concerning issues relating to persons with disabilities, States Parties [UK] shall closely consult with and actively involve persons with disabilities, including children with disabilities, through representative organisations’, United Nations Convention on the Rights of Persons with Disabilities, Article 4(3).

Annex 1: The Equality Commission for Northern Ireland

1. The Equality Commission for Northern Ireland (the Commission) is an independent public body established under the Northern Ireland Act 1998. The Commission is responsible for implementing the legislation on fair employment and treatment, sex discrimination and equal pay, race relations, sexual orientation, disability and age.
2. The Commission's remit also includes overseeing the statutory duties on public authorities to promote equality of opportunity and good relations under Section 75 of the Northern Ireland Act 1998 (Section 75) and to promote positive attitudes towards disabled people and encourage participation by disabled people in public life under the Disability Discrimination Act 1995.
3. The Commission's general duties include:
 - working towards the elimination of discrimination;
 - promoting equality of opportunity and encouraging good practice;
 - promoting positive / affirmative action
 - promoting good relations between people of different racial groups;
 - overseeing the implementation and effectiveness of the statutory duty on relevant public authorities;
 - keeping the legislation under review;
 - promoting good relations between people of different religious belief and / or political opinion.

The Commission, with the Northern Ireland Human Rights Commission, has been designated under the United Nations Convention on the rights of Persons with Disabilities (UNCRPD) as the independent mechanism tasked with promoting, protecting and monitoring implementation of UNCRPD in Northern Ireland.