



Northern Ireland Council for Voluntary Action

Long-term Options for Rates Rebate Replacement Scheme

Consultation Response

Introduction

NICVA welcomes the opportunity to comment on the proposed long-term options to replace the current rates rebate scheme. The scheme provides much-needed relief to households with low incomes. However, its long-term funding position is threatened by the decision of the UK government to localise its budget, and the introduction of Universal Credit (UC) in 2016 will create administrative difficulties, as it will no longer be possible to 'passport' Housing Benefit (HB) recipients on to the scheme. An interim scheme has been in operation but we agree that a long-term solution is now required.

This response has been informed by a consultation event with voluntary and community groups and the Department of Finance and Personnel, held on 19 January 2015.¹

Proposed Models

Model A does appear to be the most administratively straight-forward and affordable option for providing a long-term rates rebate scheme. Issues arise, however, through the limitations of basing awards on claimants' Universal Credit assessment.

The analysis from the Policy Simulation Model shows that under Model A up to 16,000 current claimants will be excluded from a rates rebate award, the majority of those being the self-employed.

- *The self-employed, who because they have a 'minimum income floor' applied are not entitled to UC, should be able to receive a rates rebate if their earned income is below this level. In effect, the minimum income floor should not be considered a self-employed person's earnings for the purposes of this calculation. (Q1)*

¹ <http://www.nicva.org/article/rate-rebate-replacement-scheme-consultation>

Payment Arrangements

- *Rebate awards should be credited to the appropriate rate account rather than by direct payments to tenants or landlords. This ensures that tenants do not face difficulty if they change address within the review timeframe (Q8).*
- *We are satisfied that owner-occupier accounts be credited annually alongside their rates bill and rented accounts on a monthly basis. (Q9)*

As there will be changes to the rates rebate scheme those eligible may not be aware of the requirements to submit a claim.

- *Under Model A claim start dates should be contiguous with UC eligibility – the proposed 3 month limit can realistically be extended to 12 months due to the verified information that a UC award certificate offers. (Q5)*

Sanctions and Appeals

- *NICVA has misgivings with the alignment of rate rebate with Universal Credit, connected to issues with sanctioning, identified during the roll-out of UC in Great Britain. (Q1)*

The new approach to sanctioning claimants under the broader programme of welfare reform (e.g. tougher sanctions for missing Jobcentre interviews and less reviewer discretion) has been shown to have a disproportionate impact on claimants suffering from mental and behavioural disorders, leading to more people presenting to advice services in hardship.² Claimants need to be able to obtain information and appeal any adverse decision against them, by right.

A loss of rates rebate will cause additional distress to sanctioned individuals. Claimants will be hit harder whenever unexpected rates payments are contingent on a reduction in benefits, as they will face higher rates bills at a time when they have less income.

- *Individuals sanctioned on the UC claim should not be adversely affected in their rates rebate award. This can be built into Model A based on information from an individual's UC Award Certificate. (Q1)*
- *NICVA has previously argued for a statutory right to independent advice for those affected by welfare reform changes. This should apply to the rates rebate scheme.*

Overpayments

When changes in circumstances occur claimants should have their rebate award adjusted from that date. However, the proposal that award reviews should take place on an annual basis may lead to financial difficulties for claimants who are required to

² <http://www.nicva.org/article/welfare-reform-priorities-next-stage>

return overpayments (outside of those occurring due to clerical errors) accruing over the course of 12 months.

- *Principles for recovering overpayments should ensure that claimants are not faced by demanding arrears bills. Administrators should work with clients in scheduling repayment on a financially feasible basis. (Q7)*
- *Flexibility for discretion on the recovery of overpayments in exceptional circumstances should be considered. (Q7)*

Transitional Protection, Safeguarding and Hardship Provisions

The consultation document acknowledges that under either model some current recipients of the rebate will “slip through the net” and face difficulties in paying their rates.

Social security recipients in Northern Ireland who transition to UC will receive protection to cover any shortfall and ensure that they are not financially worse off than previous, ending only if personal circumstances change significantly. This principle should be extended to the rates rebate scheme.

- *UC transitional protection should not be taken into account as “income” by a rebate assessment, as it serves only to cover any adverse impact on recipients’ benefit awards. In effect, the rate rebate assessment should ignore transitional protection amounts. (Q3)*

Though there are no firm plans to provide a hardship scheme, it is clear that some level of provision will be necessary to assist claimants who, for whatever reason, face difficulty in paying their rates bill, particularly in the period of transition.

- *The Department should assess whether spending on a hardship scheme, a benefits uptake initiative or on advice services would be a better use of the available funds. (Q4)*
- *In either case, there should be arrangements in place to provide transitional protection to ensure that no claimant is unable to meet their rates bill. (Q4)*
- *Hardship provision needs to include those who will fall outside eligibility for continued rates rebate due to their non-entitlement for UC under Model A if their earned income falls below an appropriate level. (Q4)*
- *Access to hardship provisions should be based on entitlement rather than discretion. (Q4)*

DFP has stated that any such fund for assisting current claimants who will fall outside a new scheme must come from the limited rebate scheme funding envelope.

- *DFP may wish to negotiate with DSD on the funding package available for protective provisions.*