



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	BCC Response to Lone Pensioner Allowance
Date:	25 January 2008
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Purpose
The purpose of this report is to seek committee's approval for the Council's response to the consultation in regards to the introduction of a Lone Pensioner Allowance as part of the review of domestic rating.

Relevant Background Information
<p>Shortly after the restoration of devolution, the DFP Minister, Peter Robinson MP MLA on 15 May 2007, announced to the Assembly that he would undertake a review of the domestic rating system. The aims of this review were two-fold: to identify changes that could be made to improve the system in the short term and to examine options for alternatives or supplements to the system.</p> <p>On the 27 November 2007, the Minister then presented the results of this review. Among the package of measures he proposed was one to introduce, from April 2008, a 20% allowance for pensioners aged 70 or over who live alone. This relief is known as the Lone Pensioner Allowance.</p> <p>The Council in its response to the review of the rating system did not support the introduction of a lone pensioner allowance as this is seen as an indiscriminate use of resources which may result in resources being wasted and provided to those who have no financial need.</p> <p>The purpose of this consultation is not to consider whether the Lone Pensioner Allowance should be introduced but rather it focuses on two main areas:</p> <ul style="list-style-type: none">• The process for administering the new Allowance; and• The need for any disregards. <p>Given the short consultation period and its technical nature, the Institute of Revenue, Rating and Valuation was commissioned to prepare a response on behalf of the</p>

Council.

The closing date for the consultation is 25 January 2008.

Key Issues

The following is a list of the key issues for consultation:

- The application form that should be used in relation to the proposed Lone Pensioner Allowance.
- The best approach for administering the proposed allowance.
- The means of identification which should be used in relation to establishing the age and status of those applying for the allowance.
- Ways to minimise fraud.
- Should there be any groups of ratepayers disregarded in relation to the allowance?

The proposed Council's response to these issues is provided at appendix one of this report.

Resource Implications

None

Recommendations

Members are requested to approve the Council's response to the consultation in regards to the introduction of a Lone Pensioner Allowance as part of the review of domestic rating.



BELFAST CITY COUNCIL

Response

to

Review of Domestic Rating

Lone Pensioner Allowance

January 2008

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1.0 Introduction

Belfast City Council is pleased to respond to the consultation paper the “Review of Domestic Rating: Lone Pensioner Allowance,” which was published in December 2007.

The purpose of this response is to set out the City Council’s position in relation to the matters identified in the consultation paper and the Council’s response follows the questions raised in the paper.

The City Council in its response to the review of the rating system that was announced by the Minister of Finance and Personnel on 8th May 2007 did not support the introduction of a lone pensioner allowance as this is seen as an indiscriminate use of resources which may result in resources being wasted and provided to those who have no financial need.

It was the view of the City Council that if additional resources were to be made available then they should be used in the context of the low-income relief scheme where resources can be targeted to those most in need.

However, the City Council does recognise that the proposed relief will come in to effect from 1st April 2008 and is, therefore, pleased to have the opportunity to comment on the issues raised in the consultation paper and to expand upon, or provide further information and explanation to, any of the issues raised in this response.

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2.0 Administration of the Scheme

2.1 *The Application Process*

The City Council supports the concept of making the application process as simple and straightforward as is possible in order to encourage maximum take up of the allowance and supports the Department's objective of undertaking research in to the automatic awarding of the allowance.

The application form should be made as simple as possible and the legislation should allow for the administering bodies to have power to make such enquiries and require information as they see fit in order to verify the fact that the applicant does live on their own (subject to any disregarded persons).

When application is first made, consideration will have to be given to whether the Allowance is awarded from the date of application i.e. apportioned from date of application to the end of the financial year, or awarded for the full year. The City Council believes that the Allowance should be awarded for the full financial year.

The legislation should also allow for an annual review and a requirement for applicants to notify the administering body when their circumstances change.

2.2 *The Application Form*

The City Council does not see why there cannot be two principal routes to the allowance:

- For those who apply for housing benefit or the low income rate relief the allowance can be awarded automatically as all the information required for eligibility will be shown on the application forms for these reliefs.
- For those pensioners who do not wish to make an application for housing benefit / rate relief then a separate simplified form can be supplied with the applicant merely providing their name, address, date of birth and signing a declaration that states that they live on their own.

Application forms should be available in various formats to meet the needs of those who have particular needs e.g. language, difficulties with sight etc.

In addition, the City Council sees no reason why a question cannot be included on other appropriate forms e.g. the occupancy form completed by new occupiers of property and the application form for disabled rate relief.

2.3 *The Administering Body*

The City Council supports the Department's view that the application process for the Lone Pensioner Allowance should replicate the present arrangements for housing benefit / rate relief as this will cause less confusion to the respective client bases.

2.4 Authentication

If it intended that the application process is to be as simple as possible then no specific evidence e.g. a birth certificate should be required to be submitted with the application form. If powers are taken to enable the governing bodies to make appropriate checks e.g. with the Pension Service, this together with the declaration of correctness should be sufficient to award the allowance. With electronic data sharing in place there should be no need to seek specific evidence from applicants

Taking this approach will make the application process appear less bureaucratic but in order to combat potential fraud it will mean that the Governing bodies will have to be pro-active in undertaking checks on an ongoing basis and as applications are received.

2.5 Ownership of more than one house

As the Lone Pensioner Allowance is primarily intended to assist those on lower incomes (even though it is a blanket relief) it would seem to be contradictory to allow the relief in respect of a second property to those who own more than one domestic property. The City Council believes that the Allowance should only allowed in respect of the applicant's sole or main residence.

2.6 Disregards

The City Council is in favour of keeping the eligibility criteria for Lone Pensioner Allowance as simple as possible and, therefore, considers that introducing the complexity of disregards, on similar lines to the disregards for Council Tax, will:

- Make the scheme unnecessarily complex,
- Require more checks, and
- Open the system to abuse.

That said the City Council would support the case for allowing limited disregards, for example, where the elderly person has a carer living with them, or the other occupants of the property are severely mentally impaired or severely disabled.

Adding more complexity adds more checks to the application process and will invariably slow down the awarding of the Allowance with a consequent impact on the numbers of applications received particularly if applicants see the process as bureaucratic.

2.7 The Award of the Allowance

The City Council agrees with the award of the Allowance being made on the net amount due following the award of other reliefs:

- Because if the Allowance was made from the gross amount due it would reduce the amount of housing benefit subsidy received from the Exchequer as it would reduce the amount of housing benefit eligible for subsidy purposes, and
- Because of the difficulties identified in the consultation paper in relation to the social rented sector.

No mention is made of Houses in Multiple Occupation (HMO's) in the consultation paper and how lone pensioners living in an HMO will be treated and whether they will be entitled to this relief. If so then careful consideration will have to be given as to how it is awarded so that the lone pensioner receives the benefit of the Allowance and not the landlord.

One final point in relation to the NIHE properties - we would ask how the awarding of this relief impacts on the allowance made to the NIHE under Article 21 of the Rates) Northern Ireland) Order 1977.

3.0 Other Issues

3.1 *Poor Take Up of Rate Reliefs*

The City Council is pleased to see that the Department recognises that there is poor take up of relief among pensioners and supports the Minister's proposal that he intends to commission organisations from the advice sector in Northern Ireland to carry out a study with the aim of making recommendations for improving take up.

The City Council would emphasise that it believes that local authorities have a part to play in this and would welcome being involved at some stage in the process.