

EXPLANATORY MEMORANDUM TO

The Rate Relief Regulations (Northern Ireland) 2017

S.R. 2017 No. 184

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of Finance ("the Department") to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Article 30A of the Rates (Northern Ireland) Order 1977 (S.I. 1977/2157 (N.I. 28)) ("the 1977 Order") and is subject to the negative resolution procedure.

2. Purpose

- 2.1. These Regulations implement a new rate relief scheme to provide support to low income households who fall within the new Universal Credit provision, due to be introduced into the Northern Ireland social security system as part of the Welfare Reform process.
- 2.2. The Regulations provide for rate relief for eligible claimants and come into operation in line with the making of a relevant Commencement Order under Article 2(2), (3)(a) and (4) of the Welfare Reform (Northern Ireland) Order 2015.
- 2.3. Part 1 of the Regulations contains general provisions and provides for the citation, commencement and interpretation provisions.
- 2.4. Part 2, read in conjunction with the Schedule, makes provision for making a claim for rate relief, as well as the timescales and means through which a claim shall be made, amended or withdrawn.
- 2.5. Part 3 makes provision as to the entitlement to rate relief and outlines the eligible rates to be taken into account in any provision of rate relief.
- 2.6. Part 4 provides for revisions to a decision as to entitlement, as well as the effective date of such a revision and the process in respect of notifying any associated change of circumstances.
- 2.7. Part 5 sets out the process through which a decision made under the Regulations may be reviewed and appealed.

- 2.8 Part 6 sets out the process through which a payment of rate relief may be suspended, as well as providing for the means of restoring any suspended payment.
- 2.9 Part 7 provides for the mechanisms for payment and offsetting rate relief.
- 2.10 Part 8 sets out the method for identifying overpayments of rate relief and the means through which the overpayments may be recovered.
- 2.11 Part 9 provides for the range of circumstances in which a claimant is, or is not to be, treated as occupying a hereditament as his or her home.
- 2.12 Part 10 makes provision as to when a person shall be treated as no longer occupying a hereditament for the purposes of these Regulations.
- 2.13 Part 11 makes provision for the supply, sharing and recording of information in relation to the scheme.
- 2.14 Part 12 makes consequential provisions to choreograph the phasing in of these Regulations in conjunction with the introduction of Universal Credit in Northern Ireland. It also ensures that any Commencement Order made under Article 2(2), (3)(a) and (4) of the Welfare Reform (Northern Ireland) Order 2015 that has a consequential effect on housing benefit support, shall have the same effect on the low income rate relief as provided through the Rate Relief (General) Regulations (Northern Ireland) 2007 (S.R. 2007 No. 204) and the Rate Relief (Qualifying Age) Regulations (Northern Ireland) 2007 (S.R. 2007 No. 203) An exception is made for cases where a person, but for regulation 38(2), would be eligible to claim housing benefit by virtue of regulation 3(2)(a) of the Universal Credit (Transitional Provisions) Regulations (Northern Ireland) 2016 (housing benefit in respect of specified accommodation).

3. Background

- 3.1. Under the Welfare Reform process rate rebate provision will be removed from the social security system (i.e. it won't be provided for through the Universal Credit housing element). The Department of Finance has assumed policy responsibility for the implementation of a simpler standalone rate rebate scheme, and eligibility to claim under that scheme will follow an award of Universal Credit.
- 3.2 The new scheme put in place through these Regulations needs to be in place to work alongside Universal Credit which will replace legacy working-age income related benefits that had previously "passport" claimants onto a rate rebate through Housing Benefit. Universal Credit is scheduled to come into operation on 27 September 2017.
- 3.3 These Regulations are put in place to ensure that the first cohort of Universal Credit claimants are eligible to claim for support rates within the new scheme provided for by these Regulations. Once Universal Credit becomes active and claimants move onto that system they will naturally fall within the remit of the new rate rebate scheme.

- 3.4. The Department for Communities working with the Department for Work and Pensions at Westminster will enact separate legislation to ensure that Housing Benefit ceases to be available at the point at which people become eligible to claim Universal Credit.
- 3.5. The previous Finance Committee agreed that they were content with the Department's simpler policy approach as part of the SL1 stage for the Regulations at the Committee meeting on 11 January 2017. This noted the stakeholder support for the policy option as part of the consultation process. The previous Executive had also agreed that the policy should be rolled out at the same time as the initial Universal Credit phase.

4. Consultation

- 4.1. This new approach to rate rebate policy has been researched and developed following three separate 12 week public consultation periods conducted by the then Department of Finance and Personnel between 2013 and 2015. The final policy design proposed has received broad support from the advice sector following the conclusion of the third and final consultation period on the long term scheme last year.

- 4.2. The detail of the full consultation process can be found at:-

<https://www.finance-ni.gov.uk/articles/rate-rebate-replacement-arrangements>

- 4.3. Given that this is a new policy the Department will be reviewing its operation closely and will be engaging with stakeholders in the advice sector so as to ascertain if adjustments or additions should be made in relation to the policy as Universal Credit roll out progresses.

5. Equality Impact

- 5.1. A full equality impact assessment was taken forward and published as part of the final consultation process. That work was conducted by the Department for Communities Analytical Services Unit, on the basis of data within the Department for Work and Pensions Policy Simulation Model.

6. Regulatory Impact

- 6.1. There is no impact on business, charities or voluntary bodies.

7. Financial Implications

- 7.1. Any agreement on further funding will need to be taken over a multi-year spending review period (in recognition of the fact that the Executive cannot alter its low income rate support schemes every year). Such decisions need to be taken in the next (multi-year) Budget settlement and will need to be agreed politically. Parameters have been

built within the scheme which permit spend to be tailored towards an agreed budget allocation.

- 7.2 The scheme, as provided for within these Regulations, has been costed within the existing budget allocation for Housing Benefit Rates support for the same age cohort.

8. Section 24 of the Northern Ireland Act 1998

- 8.1. The Department of Finance and Personnel considers the Regulations to be compatible with section 24 of the Northern Ireland Act 1998.

9. EU Implications

- 9.1. There are no EU implications associated with this Rule.

10. Parity or Replicatory Measure

- 10.1. Not applicable; this scheme applies only in Northern Ireland.

11. Additional Information

- 11.1. Not applicable.