COPNI Commissioner for **Older People** for Northern Ireland

25 March 2025

Domestic Rating Consultation
Land & Property Services
Department of Finance
Lanyon Plaza
7 Lanyon Place
Belfast, BT1 3LP

By email: ratingpolicy@finance-ni.gov.uk

Dear Sir / Madam

RE: Supplementary Consultation on Domestic Rating Measures

I am writing on behalf of the office of the Commissioner for Older People for Northern Ireland (COPNI) regarding the supplementary consultation on domestic rating measures.

COPNI welcomes the department's initiatives to raise revenue while attempting to protect the most vulnerable consumers, and the intention to raise revenue progressively. This office also commends the department for seeking out further evidence on elements of the proposals that may affect older people disproportionately.

In this response, a few concerning points in the proposed revenue raising measures will be discussed for the department's consideration.

Maximum Capital Value

The proposed uncapping of the maximum capital value of properties for rates' payments is in principle a reasonable proposal. The consultation and screening documents make it clear that the purpose of the supplementary measures is revenue raising.[1] In the case of the maximum capital value proposal, it would be a revenue raising method that would align with principles of progressivity and that should have no impact on poor and vulnerable households.

[1] Department of Finance, Land and Property Services (2025) Supplementary Consultation on Domestic Rating Measures.

The current capping of the maximum capital value makes the current domestic rates system regressive, as owners of properties with lower value pay a higher proportion of rates than owners who own more expensive properties. In fact, the proposal described in the consultation document does not aim for progressivity. Progressivity means that the tax rate increases as the taxable amount growths. In this case, the 3,600 homeowners affected by the proposed changes would contribute the same proportion as owners of lower-value homes currently do, rather than a higher proportion. Therefore, the department is not proposing a progressive rate but a flat one with limitations. Considering that the proposal would remain limited to £485,000 owners of more expensive houses would still pay proportionately lower rates for their homes than owners of less valued homes, which would pay a higher share.

The proposed increase in cap is modest, leaving the most expensive properties intact, which would only be affected insofar as their rate would now be calculated on the basis of the new cap. The department aims for this change to align the new maximum rate in Northern Ireland with the maximum rate of Council Tax in the other three UK jurisdictions, which seems reasonable.

Therefore, there seems to be no major issue in the proposal of a flat rate that would only affect the most expensive homes. However, as the consultation document argues, there have been responses to the revenue raising proposals consultation that took place in 2023, and some concerns were raised.

COPNI has identified a reasonable concern that demands attention. It refers to a possible gap between income and asset, which would likely affect older people to a greater extent than people in other age groupings. As older people are more likely to have bought their homes in a different housing market situation, they may be more likely to own homes today with a higher capital value in relation to their current income. In addition to this, there is a well-documented reduction in income after retirement, which also affects older people—especially those that do not own their house outright.

The evidence on this is not conclusive, as there are no publicly available statistics on the value of properties by age of the owner. But there are indications that this dissonance between income and asset may be more prevalent in old age. On the one hand, the Social Mobility Commission shows that the asset wealth of people in the UK increases with age.[2] The property wealth of individuals between 55 and 64 years of age is 35% higher than those aged 45-54 and 114% higher than those aged 35-44.[3]

[2] This includes the amount of money paid for in a mortgage, so it is unsurprising that it increases with age.

[3] Social Mobility Commission (2023) Level of wealth. This is not a reliable indicator of asset value, as it assesses the value of the accumulated property wealth of an individual, rather than the value of the property itself.

A more reliable indicator of asset value is offered by the Census 2021 in Northern Ireland, which shows that the proportion of adults that live in detached homes increases with age, while the proportion of those who live in terraced homes decreases– normally a good indicator of capital value.

TABLE 1. Percentage of people per accommodation type in Northern Ireland[4]

Age	Detached	Terraced
25-34	31.68%	23.67%
35-44	38.69%	21.72%
45-54	45.39%	19.21%
55-64	47.36%	18.33%
65+	47.29%	17.47%

At the same time, there is also enough evidence to support the idea that retirement represents a hit to a person's overall income. In Northern Ireland, the income of 58% of pensioners' households after housing costs is below £500 per week, as compared to only 26% of working age households.[5] Similarly, the income of households in which the main earner is older than 65 is on average 22% lower than households where the main earner is aged 25-64 in the UK.[6]

Evidently, the imbalance between income and asset value in old age is a valid concern. Therefore, COPNI would like for the department and LPS to explore the consequences for older people of this measure in detail, and perhaps, to explore possible mitigations or alternatives. It may be that preventive mitigations could be implemented, such as specifically protecting pensioners from the increase in the maximum cap. As this is a measure of revenue raising, perhaps the department should consider increasing the maximum cap to a higher level, while protecting pensioners against the increase. This way, the revenue raised would be equal while concerns on the income-asset dissonance of older people would be adequately addressed.

On the other hand, we must note that the number of people availing of the lone pensioner allowance within the 3600 homes that would be affected by the increase is high (394 homes, more than 10% of the homes). Since the LPA is not means tested, we have no way to know if these individuals are struggling financially, and only the department can make that assessment through its internal records. While COPNI has no

[4] NISRA, Census 2021, Age - 7 Categories A by Household: Accommodation Type - 5 Categories.

[5] Calculation based on the Households Below Average Income (HBAI) database; "Income (AHC) of the individual by financial year and age".

[6] Calculation based on data from the Office for National Statistics (ONS), Household disposable income by age group 2022.

way to know if this is likely to have an impact, we welcome the fact that the department has considered the data on recipients of the LPA to determine whether or not there would be any impact.

Early payment discount

Regarding the early payment discount, COPNI commends the department for seeking further evidence on how this could affect older people. The average savings per individual of the measure will be, according to the calculations of the department, £25 per year.

Being a discount that can only be enjoyed by those capable of accessing big lump sums of money, some of the respondents to the initial consultation in 2023 raised concerns that the discount, while applying universally to all, was in fact regressive (only those financially capable could take advantage of it). Others, however, highlighted that older people are more likely to take advantage of the discount for genuine budgeting purposes. While the consultation document states that only anecdotal evidence was available to support this,[7] this is a valid concern considering that older people are more likely to have a lower level of income (as shown in the previous section). Therefore, paying early may be for them a budgeting strategy. Also, the average savings of the discount for older people, while small (£25), are not to be disregarded. This number represents, for instance, 25% of the Pension Age Fuel Support Payment.[8] Hence, the department should take it into consideration.

Conclusion: protecting the most vulnerable and additional measures

In the current financial context, departments and other public bodies are actively exploring ways to increase revenue. This is due to the rise in demand associated with population ageing, a phenomenon that COPNI has been discussing for some time.[9] In this environment, proposals are being made to generate revenue, some of which are more concerning than others in terms of their likely impact on vulnerable individuals.

Both proposals in the current consultation document are more likely to affect individuals with more financial capacity to contribute. The maximum cap would be directed at

[7] Department of Finance, Land and Property Services (2025) Draft Equality Impact Screening Reduction of Early Payment Discount to 2%; page 7.

[8] Department for Communities (2025) Payment date for £100 fuel support payment announced by Minister Lyons.

[9] Commissioner for Older People for Northern Ireland (2024) At the Centre of Government Planning. The Programme for Government and Preparing for an Ageing Population.

reducing the regressivity of the rates system, while the early discount reduction would affect those that have the ability to pay early, and therefore, to have access to bigger lump sums of money.

As a general rule, raising revenue through making higher earners contribute more seems to be a preferrable mechanism to fund services as compared to the general elevation in the rate poundage, or the introduction of new universal rates, taxes or levies.

In this regard, other options to raise revenue are more concerning for COPNI. For instance, savings measures such as removal or review of rate relief and rate support would be extremely concerning, as this could affect older people and vulnerable customers to a greater extent.

In this case, we commend the department for advancing a reasonable proposal to implement measures that would raise revenue while protecting vulnerable consumers, and in particular for seeking additional evidence on how this could disproportionately affect older consumers.

COPNI believes that like any other area of public services, the rates system should protect the most vulnerable. For this reason, we also commend the department for proposing measures for revenue raising that are aimed at protecting the most vulnerable. However, as discussed throughout this response, there are points of concern potentially impacting older people that the department should consider before implementation.

Yours sincerely,

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