



Northern Ireland
Assembly

Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

Review of Rates Liability for the Landlord
Sector: Housing Rights Service Briefing

5 June 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Daithí McKay (Chairperson)
Mr Dominic Bradley (Deputy Chairperson)
Mrs Judith Cochrane
Mr Leslie Cree
Ms Megan Fearon
Mr Paul Girvan
Mr John McCallister
Mr David McIlveen
Mr Mitchel McLaughlin
Mr Peter Weir

Witnesses:

Ms Nicola McCrudden	Housing Rights Service
Ms Jan Branch	NI Private Tenants' Forum
Mr Pete O'Neill	NI Private Tenants' Forum

The Chairperson: I welcome to the meeting Nicola McCrudden, policy and communications manager; Pete O'Neill, policy and participation officer; and Jan Branch, client representative and representative of the private tenants' forum. Do you want to make a brief opening statement before we move to questions?

Ms Nicola McCrudden (Housing Rights Service): I thank the Committee for inviting us to provide evidence on rating liability in the private rented sector. This has been an ongoing issue for our clients. Currently, around one in 10 of all those who contact the Housing Rights Service have a rates element to their enquiry. It is fortunate, therefore, that the Minister has decided to hold the consultation.

I will provide a summary of our views. Pete will go into a little bit more detail around the consultation proposals. Jan has had direct experience of how the legislation has not worked to date. She is a member of our private tenants' forum, which we have set up. It is a group of private tenants who experience issues in the private rented sector. She is here in that capacity.

Although we are pleased that the consultation process is taking place and we are glad that the Minister has decided that we need some clarity around rates liability and collection in the private rented sector, we feel that, unfortunately, the proposals as presented will not significantly provide any clarification. That is coming at it from a consumer perspective. Currently, the private tenants who use our service are very uncertain as to whom they should be paying their rates, whether they are liable for those rates, and whether they are within their tenancy agreement. If they are liable for payment, is that payment always being passed on by the landlord to Land and Property Services (LPS)? We have

dealt with many cases in which the liability lies with the landlord but the money has not been passed on to Land and Property Services. It then goes back to the Rates (Northern Ireland) Order 1977, under which the tenant is liable. The tenant will then be pursued for that debt. Therefore, the tenant has paid the money to the landlord, it has not been passed on, and they find themselves in court, having to pay again. That is extremely unfair. The current proposals will not address that significantly, and they do not satisfy our concerns.

I will hand over to my colleague Peter, who will take you through our views on some of the current proposals.

Mr Pete O'Neill (NI Private Tenants' Forum): Thank you, Nicola. We will restrict our comments to the first two proposals. The first relates to capital value and the second to the removal of the frequency of payment criterion. We support those two proposals.

The first makes all rented property with a capital value of £150,000 or under subject to compulsory landlord liability, which is part of the framework that exists already. However, in our experience, tenants do not really understand the term "capital value". It is a very technical discussion, as you are no doubt aware. Rates is a difficult area for the public to get their head round, never mind workers such as ourselves. From our experience with clients, we find that most tenants do not know what their rates contribution is. When they sign up to a property, the rates element is not often publicised by letting agents, and it is not detailed if a tenancy agreement even exists. Although all tenants are meant to receive a rent book that should detail what the rent and rates elements are — they are meant to be shown separately in the document — we find that approximately 75% of tenants do not receive the rent book, which is one of the few protections available to tenants in the private rented sector. Therefore, it is quite difficult for tenants to understand what the capital value element is and whether they are liable under this framework.

The second proposal that we are keen to support is the removal of the criterion relating to frequency of rental payments. However, the vast majority of rental payments are already made on a monthly basis anyway. So, although this will tidy up the framework — we understand why LPS is keen to see the removal — in practice, it will not make a substantial difference to the clients whom we advise.

In our briefing paper, we state that confusion will continue with regard to the intersect between contract law — ie, tenancy agreements — and primary legislation — ie, the Rates (Northern Ireland) Order 1977. The confusion will continue as to which is the legal framework. It is contract law if it is under primary rates legislation, and that continues under the proposals in the draft legislation. We also think that articles 23 and 24 should be removed from the Rates (Northern Ireland) Order 1977. Article 23 deals with liability of the occupier for rates if unpaid by the owner, and article 24 is the recovery of rates from tenants and lodgers. Those provisions do not work in practice, and we believe that they should be taken out of the legislation.

We think that confusion will also exist about the ascertainment of liability for rates for voids in the private rented sector. A very basic question is this: how will the Department of Finance and Personnel (DFP) and LPS know that the rented accommodation is unoccupied and, therefore, landlord liability pertains? In that situation, which regularly pertains where there are voids for rented accommodation, how will LPS be able to judge? When properties are occupied by tenants, the occupier is liable, but it will be very difficult for LPS to disentangle when a property is occupied.

Finally, and most importantly for our clients, under the proposed legislation, tenants will still be prosecuted when landlords default on their arrangements to pay rates as set out in tenancy agreements. If a landlord claims to take responsibility for the payment of rates and tenants diligently continue to pay their rates under that arrangement, tenants can still be prosecuted. It is not going to make any difference to this issue. Indeed, Jan can testify to that, and she will talk briefly now about her experience at the cutting edge.

Ms Jan Branch (NI Private Tenants' Forum): I have been a private tenant for about 20 years. Before that, I was an owner/occupier. I have rented various properties through an estate agent. I have had a lease for all the properties, with a clause in each of the leases stating that the landlord will be responsible for the rates. I paid a monthly amount by direct debit each month, including the rates.

I was renting a property in south Belfast; I was there for two years and four months, and the landlord/owner sold it. When the sale was complete and I was moving out, I received, from Land and Property Services, a rates bill for £5,500 for the full period that I had been in the house. I took the matter up with the estate agent and said that I had paid my rates within the monthly rental, that I had

my bank statements and that the estate agent knew that I had paid them. Although my lease was with the estate agent, he basically said that it was nothing to do with him. I then took it up with Land and Property Services, which told me that contract law is set aside by Northern Ireland legislation and that, in fact, I was responsible as the tenant because the landlord had defaulted. That discussion or dialogue went on for several months, and, eventually, Land and Property Services told me that if I did not pay within a fixed period, I would receive a summons to the High Court. I took advice on that and was told that I should perhaps get a solicitor, because I could not go to the small claims court, as the amount was over £3,000, and I would have to go through the court procedure with legal assistance. I decided not to do that but to persevere with the argument myself. I received a summons and went to the High Court. When I got there, the case had been postponed, but Land and Property Services had failed to tell me that. Then, the former landlord made an agreement to pay part of the rates, and, eventually, I got clarification through Land and Property Services that he had finally taken full responsibility for the £5,500. The debt had been removed from my name — it had been sitting in my name for almost a year by then — and he had taken responsibility.

I now rent another house with the same estate agent. I have a lease, which says that the landlord is responsible for the rates. I check. I do not have a rent book, but I check with the estate agent, every six months, to make sure that the rates have been paid, because I am neurotic about not going back to the High Court.

Ms McCrudden: In summary, we think that this is a step in the right direction, but we do not think that it goes far enough. We think that a fundamental review of rates legislation and liability within the sector is needed. We would like to see a phased approach by DFP and more consultation with stakeholders. It is much too complex an issue to have only a written consultation. This needs to be about getting stakeholders, including ourselves, tenants, landlords, the Royal Institution of Chartered Surveyors and Land and Property Services, around the table to come up with a better outcome. In the interim, we would like to make sure that no one has to go down the same route or have the same experience as Jan. If you have paid your rates, and if you can show that those rates have been paid by the landlord, Land and Property Services should not be in a position to be able to pursue you for that debt. I am happy to take any questions.

The Chairperson: Thank you very much. I am certainly aware of a number of similar cases in my constituency, which I have dealt with.

Ms Branch: I think that there are a lot of them.

The Chairperson: Other members will be aware of some as well. What about the contrary argument? Obviously, there is the position that, in cases where the occupant should be liable for rates, the landlord/owner liability clearly makes the landlord or the owner a collection agent for the Department or Land and Property Services. How do you respond to that argument?

Ms McCrudden: Could you repeat that question?

The Chairperson: It is about the landlord being the collection agent for LPS, and it should be the tenant who directly pays for the rates.

Ms McCrudden: I can see how, from a collection perspective, it makes much more sense for Land and Property Services to have the landlords essentially collecting that money on their behalf, particularly with the Housing Executive, social landlords and housing associations, because the Housing Executive would be processing that. From a consumer perspective, it can be easier for some tenants if someone else is handling their money and passing that on. However, under the new rate relief system that has been brought in, we would like to see a situation in which the benefits for those who are entitled are paid directly to Land and Property Services and not put through any kind of agent, be that an estate agent or a landlord. That would cut out any issues that may arise if money is not being passed on. It raises quite interesting issues, because there are quite generous discounts for landlords. A landlord could be claiming that discount, but, ultimately, if it is not being passed on, the tenant could end up in court over that. That is another area that needs investigation. It is certainly something that a stakeholder group should look at.

Ms Fearon: Thanks for your presentation. I am in the middle of dealing with a constituent who is going through the same thing that you went through, Jan, so I understand that. I have a more general question. Do you think that enough is being done by the Department, LPS or whatever appropriate

body to make tenants aware of their rights and liability? Is there enough support for them whenever they get into difficulty?

Mr P O'Neill: As we know to our cost, this is a very technical area. The 1977 order is quite a dense piece of legislation. There is certainly a need for greater clarity and information in that whole field. As I alluded to, it is quite difficult, even under this proposal, for tenants to find out the capital value of their property. An LPS search facility is available, where people can input that information. That could certainly be better advertised. When tenants are taking out a tenancy, there should be greater information available from letting agents and landlords to clarify and list what the rates element is and whether it is part and parcel of the rent payment. That needs to be clarified.

There is no formal requirement for tenancy agreements to be provided; there is just a requirement for a tenancy statement. The Department for Social Development (DSD) could look at including it in the general information available to tenants in the private rented sector, and whether tenancy agreements should be formalised and whether proper enforcement of rent books should be adhered to. Perhaps local councils could be resourced better to enforce the limited rights that already exist for tenants in the private rented sector. LPS could do more to publicise the whole issue of rates liability in the information available to tenants and landlords, whom we know are also confused about the whole situation.

Ms Branch: I thought that I was fairly streetwise. When I get a lease or any kind of document, I go through it carefully. I wrongly took at face value the statement "the landlord will be responsible for the payment of rates". Until I had a landlord who failed to pay the rates, I had absolutely no idea about the legislation, which sets aside that lease and makes it worthless. Housing Rights Service was my source of advice and clarification. The interest of Land and Property Services is clearly to collect the rates from somebody. Over nine or 10 months of dialogue, it could only reiterate the law.

The Chairperson: Peter, you spoke about the fact that LPS could do more to publicise rates liability. I am trying to recall what information comes with your rates bill. There are usually leaflets. Is there any information there that is of use in that area? Is putting additional information along with the rates bill every year a potential avenue to go down?

Mr P O'Neill: Yes. As you say, there is quite a useful document produced by LPS that accompanies rate demands. The difficulty lies in who receives that information. It adds to the confusion about liability. Does the information go to the owner/landlord or the occupier/tenant? We would like to see some sort of feedback mechanism, which Jan has alluded to, so that tenants are informed when a landlord fails to pay the rates element, so that there is an early warning system in place. That would mean that tenants can be made aware that they face the danger of being double charged. They are paying rates as part of their rental payment, but they could face a legal threat if their landlord is in arrears with rates and they have to pick up that bill. As was alluded to by Nicola, we think that it is unfair for LPS to pursue tenants in that situation, where they have diligently paid rates but now face this legal threat down the line. It would be useful for LPS to review and perhaps put in place systems to make information available to tenants in that situation.

Mr Girvan: Thank you for your presentation. Getting the balance right is vital. I appreciate that tenants have a responsibility as well. Irrespective of what some people think, if someone is renting a property and believes that they are paying rates and, when the rates bill is received around March every year — to hit the April payment — there is no amendment to what they are paying after April, there is an obvious concern. Rates rarely go down or stay the same; there is always some increase, so some adjustment should have been made in what they have to pay. Some of those points need to be brought out, because a landlord will say, for argument's sake, that a property rent is £450 per calendar month plus rates, or whatever. However, it is down to how lease agreements are written and presented. They are sometimes not the most straightforward of documents, and clarity is needed.

Part of what is coming forward includes the removal of the discount being offered to landlords because, in effect, they are the collection agency. I think that some people take advantage of living in a property without necessarily understanding the need for the rates to be paid. They think that it is being paid by the landlord. As you said, Jan, you believed that you were paying your rates to your landlord —

Ms Branch: Within my rent.

Mr Girvan: — within your rent. Over that period, there had to be some year-on-year increase in your rent payment. I understand that because I rent properties, on which point I declare an interest. It is vital that we work together to try to resolve this matter. It must be fair. At the end of the day, yes, the landlord will be liable for the rates once a property is empty and the responsibility falls back to them.

In most housing benefit cases, there is a clear understanding that someone on full housing benefit will have their rates contribution paid directly to LPS through the housing benefit process. I agree with that. It is a far fairer way of ensuring that rates are paid, and we know what happened in England. What is your view of that? Should that payment be made directly to landlords? I am trying to link this in because it is still working through welfare reform. Should that be paid directly to the landlord or to LPS, as can be arranged now? I know about the mess that has happened in England, but what are the Housing Rights Service's views on that?

Ms McCrudden: Directly to Land and Property Services would be our preference, similar to the rental element going to the landlord. The Assembly has agreed that, and it is something that other jurisdictions are looking at enviously. We hope to have in place a system whereby the housing element of universal credit will be paid directly to landlords; similarly, we would like to see the rates element of that — rate relief or whatever the new scheme will be — paid directly to Land and Property Services. That decision would cut out any other collection agent, such as the landlord, or having to rely on the tenant to pass that over directly. We all know that at certain times of the year, such as coming up to Christmas or school time in September, if money is tight, people will use what they have coming in. Our society is much less financially capable than anywhere in Britain. We need to think about that fact and about how people manage their money. Many can manage their money effectively, but a lot of those who use our service cannot. So, we think that it would be simpler to have that money go directly to Land and Property Services.

Mr Girvan: Do you believe that there should be some protection in the system for a landlord if they sign a lease agreement with a tenant who agrees to pay the rates but does not do so for possibly two and a half years or three years and then leaves? That has happened and does happen. I appreciate that we have seen one side of this, but there is another side. If a court notice has already been issued against that person, because, they are, unfortunately, a man of straw, the first thing that LPS will do is put a charge against the property for the outstanding rates, so if the landlord ever disposes of the property, he will be left liable for clearing the debt.

Not all landlords have millions of pounds in the bank. Some actually have many properties that are in negative equity. Therefore, some of them are vulnerable as well, and some are subsidising the properties that people live in. There has to be an understanding of both sides of this. How do you think that protection should be provided to ensure that the landlord is protected as well? I appreciate that you do not necessarily think about something like that, but we think that it has to be given some consideration.

Ms McCrudden: I fully appreciate your point. Going back to my previous point, if any rate relief is paid directly to Land and Property Services, that should not happen.

Mr Girvan: It should not happen. However, there are those who pay rent of — I will just use the same figure — £450 a month to their landlord, either directly or through an agent, and say, "By the way, I am paying my rates, so do not worry about that. It is £1,000 a year. You are OK though, because I am paying a £100 a month to them", and the landlord says, "That is fine". The landlord then does not hear anything until the tenant either vacates the premises or walks out, which does happen — people believe that, even though they have a lease agreement, they can walk out when they like, as the agreement does not mean very much to them — and liability for the non-payment then ends up being fired back to the landlord. The tenant says, "Oh, I ran into a bit of hardship, so I have not paid the rates for the past 15 months," and the landlord is then left to carry the can. I am just saying that there are two sides to this.

Ms McCrudden: I appreciate that. It is not a case of them and us. I cannot comment on whether a charge would be put on a landlord's property.

Mr Girvan: It does happen.

Ms McCrudden: We, like landlords, have very good tenants and some not-so-good tenants. I understand the issue for landlords if a charge is put on their property. I know that the Landlords' Association is up after us, so you may want to put a question to it about how it sees that.

Mr Girvan: I think that that should have been included in your submission.

Mr D McIlveen: I have a couple of quick questions. As regards the tenant being able to sue the landlord for redress as a last resort, how many cases of that have been registered? Are you aware of many cases?

Ms McCrudden: None. We have not had any cases, because tenants are very scared of being evicted as a result. We have a case where a tenant, in the same situation as Jan, approached us just before it went to court. She was liable under the Rates Order even though she was getting housing benefit. That was being paid, but the only way Land and Property Services would stop the action was if she agreed to pay the statutory amount out of her pension credit. We said, "Look, pursue your landlord to recover that", but she did not want to do that. She said, "No, if I pursue my landlord, I am really worried that I could end up getting a notice to quit and lose my home over the head of it". So, we have not come across any cases. It is actually quite difficult for tenants in that situation to take action against their landlords because of the balance of power; they feel very disempowered.

Ms Branch: I was told that I could not take my case to the small claims court because it involved more than £3,000; it was an amount of £5,500. When the landlord finally agreed to take responsibility for the rates, I could not sue him for loss of earnings, expenses or any of the other difficulties that the tenancy caused me. So, when he took liability away from me, my bad debt was removed, but I could not claim for anything else in compensation.

Mr D McIlveen: Jan, that leads on quite nicely to my next point. I have to be honest and say that I am surprised that liability is such a big issue, and I will tell you why. There is already legislation in place around agents and property companies, and I am not sure that that has been adequately explored. Let us say that you receive a piece of literature from an estate agent or a property development company acting for your landlord that states that the rent includes the rates for the property. That is a description of the property that you are renting. The Property Misdescriptions Act 1991 would, surely, apply in that case, and the liability is moved to the person who has effectively sold you the agreement. To the best of my knowledge, most properties are now rented through agents or property companies. I am not saying that there are not still individual landlords, but the involvement of companies is probably more in vogue. Those companies are liable under existing legislation. Has no case been taken? If you receive a tenancy agreement on a piece of headed paper, or maybe not even on a piece of headed paper, from a company, that company has described that property to you in that agreement as including the rates. Therefore, it has misdescribed the property, if the rates are not being paid. Surely, there will be liability on the company that has provided you with that information.

Mr P O'Neill: You have raised a very interesting range of points, David. First, we find that descriptions in the private rented sector rarely separate rates and the rent element. The practice is that a property is advertised with one charge. Most tenants expect rates to be part of the rental demand. So, there is a difficulty for the industry in how they treat the description of rates.

Secondly, you might be aware of the very recent rule that was brought in by the Advertising Standards Authority over the way in which letting agents deal with the advertising of properties. In fact, it made a very strong ruling that trading standards and the relevant Departments that deal with consumer law should crack down on what they see as the unregulated area in which letting agents fail to properly describe, as you say, their responsibilities under relevant legislation. Quite a debate is going on, particularly in England and Wales, on a redress scheme for tenants, where they can effectively use the existing legislation to make a complaint about how letting agents deal with the issue.

You might be aware that we carried out a mystery shopping exercise of 40 letting agents across Northern Ireland, with the help of Jan and some of her colleagues. That showed a completely unregulated industry, with a wide-ranging series of charges being levied on tenants. Although there are some very good letting agents and, as we know, some very good landlords, anyone can set up as a letting agent; they are not covered by the Estate Agents Act 1979, which is another piece of protection legislation. As I said, you raised some very interesting points, but they reveal a wide-scale variation in practice across the industry. Improvements could certainly be made in how properties are publicised and described.

Mr D McIlveen: Yes, but the Property Misdescriptions Act 1991 is indiscriminate. It is not for estate agents only. It is not part of the Estate Agents Act 1979; it is separate from that. We could be going down a very complex and challengeable legislative process and not be fully exploiting the legislation

that exists. I would think that the renting of well above 50% of rented properties is probably carried out through an agent or a company. I accept that some individuals deal with an individual landlord, but that is a different issue. All that we may need to do is to introduce a ruling, within the existing legislation, that a tenancy agreement must state clearly whether it includes the rates. Once it does that, the liability is moved to the agent.

Mr P O'Neill: There is already legislation that covers rent books, which are meant to be a requirement. All agents and landlords are meant to present tenants with rent books. That is specifically in legislation. It states that rates have to be described. Unfortunately, enforcement of that legislation is very difficult for councils. As you say, there are some routes that could be explored quite easily. That is why we suggest that there should be a wider, if you like, engagement process in which landlords, agents, tenants and other parties can look at existing legislation. You could well be right: it could be a magic bullet to resolve that area. However, it is actually a very complicated picture. If you disentangle one legislative element, that thread can unravel an entire garment that relates to land law and rates law. I take your point very much on board that there perhaps needs to be wider discussion with the industry to look at other ways in which to tackle the issue.

Mr Girvan: I just want to make a point about rent books. I appreciate that you put great emphasis on the issue. So few people pay using their rent books. Let us be honest: the rent book was designed for another era. I appreciate that we are going to look at that. Why not say that the lease, as opposed to the rent book, is the most important piece of paper? In a lot of cases, a rent book means almost nothing because no entries are ever made in it. Payment is all done by BACS transfer, or whatever. The rent book was put in place for a time when somebody went around to collect the rent and sign the book. That rarely happens nowadays. We are dealing with something that is slightly out of date. The lease agreement is the most important document. It should be totally clear what you are agreeing to.

Ms McCrudden: Yes. The Department tried to address that issue by introducing the statement of tenancy terms. According to contract law and land law, it cannot force landlords to give tenants tenancy agreements or leases. Therefore, it tried to introduce that through the statement of tenancy terms, which was an attempt to have certain information contained in it and to move away from the rent book. However, it found that tenants were not getting statements of tenancy terms, and they were not getting rent books either.

My understanding is that the Department is looking at amalgamating that. Is that correct, Pete? It is more about the information that is contained than the method used. I completely accept your point that people do not write in the rent book. That is very much the old style. However, the information that needs to be contained in the document is very important. If tenants do not receive it, they are very unclear as to what their rights are and whether rates are being paid. Therefore, it is a very important document in that sense. However, I agree that DSD probably needs to look at that with a bit more attention.

Ms Branch: I have no rent book. However, my bank statements show that my monthly standing order payments are made. I would like reassurance in writing every six months that my landlord has paid the rates. I have paid my landlord the rates in my rent. I would like reassurance that he has passed that money on. I had two years and three months' worth of accumulated rates payments sprung on me suddenly. Before that, I had had no notification that the rates had not been paid. I would like reassurance every six months that the rates are being paid.

Mrs Cochrane: Thank you for your presentation. A lot of the points that I was going to make have already been made. I mentioned previously a private Member's Bill that I was looking at on that very issue. It was driven by that. David made the point about it being in the description, and so on. However, the issue at present is that the 1977 order overrides that. It will always take precedence. If you have that, it may be that you can go and challenge that in court. However, we are not always talking about people who are capable of doing that. What we want to do is try to solve the issue so that people do not then have to go and challenge it afterwards. There is a role for DFP, the Department of Enterprise, Trade and Investment (DETI) and DSD in all of that. We really need to look at that. As I have been preparing for the private Member's Bill, that is what I am finding. We have the landlord registration stuff that has been going on through DSD, and we do not feel that that has gone far enough. There is the consumer law aspect, which lies with DETI. Then, there is the LPS stuff that comes through DFP. With the lack of social properties and housing at present, more and more vulnerable tenants are moving into the private sector. There is a real onus on us to look at that properly. I know that, at present, some stuff is being done at Westminster. However, there is an opportunity for us to do something different here. We do not have council tax; we have rates. It is

different. LPS is different. Therefore, why do we not look at that and consult properly? It may be a big job. However, that is what we are here for going forward. There is also an issue — and we will not get into this conversation now — about commercial tenants. There is an issue there and people are finding the same thing. I just wonder whether you are finding that you are getting more and more vulnerable people, who, traditionally, were social tenants, coming through who are struggling more with that?

Ms McCrudden: Certainly, that is the case. We are finding that more people are coming to us who have increasingly complex needs, such as mental health problems. Sometimes, that is compounded by problems with alcohol or drug addiction. Those people, who, traditionally, would have gone into social housing are moving increasingly into the private rented sector. There are issues with the lack of basic living skills and financial capability. As you say, it is very important that we try to avoid litigation and keep it out of court. Nobody wants to end up in court — apart from solicitors or barristers, probably. If we can avoid litigation as much as we can, that is what we should try to do to simplify the process. Without our intervention and help, many people simply would not be able to undertake any kind of legal representation themselves. Again, for some people in Jan's position, the small claims court can be feasible. However, when you start moving into higher courts, there are higher costs involved. Unless someone is entitled to legal aid, for example, it can be difficult for us to assist them.

Mrs Cochrane: There are, possibly, some steps that could be quite simple. They may be that, with regard to tenancy agreements, something could be placed in an amendment to the 1977 order that states that the landlord, estate agent or letting agent automatically assumes responsibility for rates. It may be something quite simple. However, there are so many aspects of it that, I agree, there needs to be a fundamental overall review. Even if you look at the excluded activities from the Estate Agents Act 1979, you see that property letting and property management fall out. We are now seeing that, perhaps, the apartments Bill will not take that onboard. There is an issue here. A very big piece of work needs to be looked at on a much wider level than the current consultation.

Mr Mitchel McLaughlin: There has been a good discussion. It has covered quite a lot of territory. Perhaps that demonstrates simply that there is a much bigger job of work than that which is actually being addressed by the issue that is in front of us today.

In your experience, how many social tenants have actually ended up in court for rates arrears and had awards against them?

Ms McCrudden: I do not know. I do not know whether that information is actually available. Land and Property Services would, probably, be able to provide it.

Mr Mitchel McLaughlin: We have a long-standing issue here with regard to the quantum of rates arrears and write-offs. It is a figure of fairly scandalous proportions. It would appear that, in Jan's case, for example, LPS moved to the soft option. Then, when you decided to go to the High Court, it made a mistake. It went back to plan A, which was to go back to the owner, and got it sorted. I think that you are making a very common sense argument. There should, in fact, be a way of monitoring whether a problem is emerging either with regard to the tenant's ability or inability to pay or the landlord. If they are able to send out letters threatening summonses, they could easily send out receipts. I presume that the same machine is used to hold the data. There are fairly common sense ways to address some of those issues, but not others that are too complex. Judith made the case for a root-and-branch review because lots of things have grown almost like Topsy. They have just been grafted onto existing arrangements, and nobody has stood back and asked whether we are doing this in the most effective or efficient way.

Ms McCrudden: We have met directly with Land and Property Services around its collection procedures, because many of our clients are in debt. They are in mortgage or rent arrears. We have come to an arrangement whereby we will pilot the referral system with them, through our mortgage debt advice service. Land and Property Services will agree to suspend legal action to allow us time to look into clients' circumstances and to come up with a sustainable repayment proposal. Quite often, they are told that they need to pay this within the rateable year, and they just cannot afford it. They are also not really in a place to be able to deal with that at that time. So, if people come to us for assistance with mortgage arrears, we will speak to Land and Property Services and it will agree to defer action to see if we can spread those payments a wee bit more, beyond even a two-year period, which tends to be the maximum. It makes sense, even to the public purse, to make sure money is brought in as opposed to being written off.

Mr Mitchel McLaughlin: Yes. Paul raised the question of how we could address this issue, and he reminded me of it by mentioning this piece of legislation. The Assembly has introduced an energy efficiency certification scheme that makes it impossible for a property to be transferred unless an extant and up-to-date certificate exists. Not only that, it can impose a duty to meet changing targets as we address that issue. Now, that is separate and it deals with a discrete issue, but it demonstrates that you can take an approach that ensures the outcome. I am quite certain that Land and Property Services is at its wit's end at times to meet its projected rates collection target.

The economic crisis that we are living in can often be tragic at the level of individual circumstances. It seems to me that we just have an overly bureaucratic approach because this has been developed in what looks, at times, to have been almost an ad hoc way. The VAT collection mechanism seems to have proved very efficient in holding everybody to account; VAT collection has such a chain of accountability that it is practically impossible to avoid. Yet, here we find one of our agencies just switching targets and looking to get its money from wherever, and perhaps creating victims along the way. There is a clear pathway to doing this in an efficient way that allows businesses, landlords and tenants, social or private, to understand their precise liabilities and responsibilities and to incorporate those in an explicit but transparent rental agreement arrangement so that everyone knows where they stand. It does not solve the immediate problem facing a lot of people, but, in my view, until we solve this, we are still tinkering at the edges.

The Chairperson: Nicola, Peter and Jan, that was a useful session. Thank you very much.