

RIBBLE VALLEY BOROUGH COUNCIL INFORMATION
REPORT TO HEALTH AND HOUSING COMMITTEE

Agenda Item No

meeting date: 17 SEPTEMBER 2009
title: REVIEW OF BROAD RENTAL MARKET AREA FOR HOUSING BENEFIT
- UPDATE
submitted by: DIRECTOR OF RESOURCES
principal author: MARK EDMONDSON

1 PURPOSE

1.1 To inform Committee about the developments that have occurred since we last reported this issue on 19 March 2009.

1.2 Relevance to the Council's ambitions and priorities:

- Council Ambitions/Community Objectives/ Corporate priorities

Housing Benefit impacts directly on our ambition to match the supply of homes in our area with the identified housing need. These proposals will have a direct impact on the affordability of housing for local people in receipt of Housing Benefit.

2 BACKGROUND

2.1 The amount of Housing Benefit that is payable is based on the size of the property required by a benefit claimant, and the average rental charge for such property in the Locality/Broad Rental Market Area (BRMA) concerned.

2.2 The Locality/BRMA is not based on local authority boundaries and is set independently by The Rent Service (TRS).

2.3 In 2007, TRS reviewed all Locality/BRMA's in the country and made substantial changes to the Locality/BRMA that covered the major part of the Ribble Valley. This resulted in reduced Housing Benefit awards for the majority of claimants in this area, which has caused considerable hardship for those affected.

2.4 After many representations to TRS, and an unconnected court case, they agreed to reinstate the original Ribble Valley locality. As this resulted in many of our residents having their Housing Benefit entitlement increased, we asked TRS to re-determine all the cases that were reduced in the previous 12 months. We subsequently processed over 200 re-determinations which resulted in more than £53,000 of additional benefit being awarded to those affected.

2.5 As a result of TRS's loss of the unconnected Court Case the Government decided to change the definition of Locality/BRMA. TRS subsequently sent a letter to the Chief Executive on 7 January 2009 confirming that they intended to review the Locality/BRMA in February 2009.

2.6 The review took place and TRS rejected our proposal to reinstate the Ribble Valley Locality/BRMA. They did so on the grounds that residents access facilities and services beyond this area, and there is insufficient privately rented premises to enable TRS to ensure that Local Housing Allowance rates/Local reference rents for the area

could be representative of the rents that a landlord might reasonably be expected to obtain in the area.

- 2.7 Instead they proposed enlarging the new East Lancashire locality/BRMA to include the towns of Haslingden, Rawtenstall and Bacup. Despite our opposition this change came into effect on 1 September 2009.

3 ISSUES

- 3.1 The level of Housing Benefit currently awarded in the Ribble Valley is significantly lower than would be the case if the original Ribble Valley locality/BRMA was in place.

- 3.2 Many of the customers who had their entitlement reduced when the locality/BRMA was changed originally, before we successfully had it increased, are having their entitlement reduced once more.

- 3.3 In the long term the number of properties available to rent, in the private rented sector maybe affected by these changes.

- 3.4 Committee resolved on 19 March 2009 that:

1. a letter be written to the Rent Service expressing our objections to the changes and again request that proper consideration be given to the reinstatement of the Ribble Valley locality/BRMA;
2. Committee recommend to Policy and Finance Committee that a sum of money be set aside in order to take counsel's advice as to whether the Borough Council has a case for a judicial review on how this process has been conducted by the Rent Service; and
3. a letter be written to the MP asking him to take up the matter in the House of Commons and requesting a meeting with the Housing Minister.

- 3.5 We have written to TRS expressing our objections and they have discounted them for the reasons indicated previously at 2.6.

- 3.6 We have taken advice from the Council's legal section whom have indicated that any judicial review would cost in excess of £50,000 and given the change in the law would not be likely to be successful.

- 3.7 We have written to Nigel Evans MP regarding this issue but unfortunately no further progress appears to have been made.

4 CONCLUSION

- 4.1 The determination of localities is the responsibility of the Rent Service alone. However, the following implications may result:

- Resources – Reduction in levels of Housing Benefit in the area could see increases in requests for discretionary Housing Benefit, which has a cost to the Authority if granted above the threshold. This may also lead to persons on benefit moving away from the area resulting in fewer claimants and as such reduced levels of administration subsidy from central government.

- Technical, Environmental and Legal – As indicated this decision must be made by the Rent Service.
- Political – The Council's ambition to ensure that there is sufficient affordable homes for local people who are in need will be more difficult to achieve.
- Reputation – Although this decision is the responsibility of the Rent Service, as Housing Benefit is paid by RVBC we will receive criticism as a result of these changes.

5 CONCLUSION

- 5.1 Despite strong objections made by the Council TRS have decided to implement the revised Locality/BRMA from 1 September 2009.
- 5.2 The Council's Legal Section believe that an application for judicial review is likely to cost in excess of £50,000 and is unlikely to succeed given the amended legislation.

MARK EDMONDSON

H11-09/ME/AC
3 September 2009