



POLICY AND RESOURCES SCRUTINY COMMITTEE - 29TH SEPTEMBER 2009

SUBJECT: REVIEW OF BROAD RENTAL MARKET AREAS

REPORT BY: DIRECTOR OF CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To advise Members of the possible impact of The Rent Service Review of Broad Rental Market Areas within Caerphilly County Borough Council, undertaken by Welsh Assembly Government.

2. LINKS TO STRATEGY

- 2.1 The payment of Housing and Council Tax benefits is a key element of the Council's anti-poverty strategy.

3. BACKGROUND

- 3.1 In April 2008 the Government introduced a new housing benefit scheme for certain private sector tenants. This is called the Local Housing Allowance or LHA scheme. The scheme works by reference to sets of fixed rental amounts for different areas within Caerphilly CBC, and these rental values are used as the starting point in the determination of housing benefit claims. Although LHA is a new scheme, it is still housing benefit and hence it is still means tested.
- 3.2 Within Caerphilly CBC, there are currently four sets of rentals and each set relates to a "Broad Rental Market Area" or BRMA. Each area contains a set of postcodes and when someone claims housing benefit, we use the postcode to determine which BRMA applies and then we use a different set of rules to decide which rental within that BRMA is to be applied. The system works by allocating bedrooms according to the family composition, so in general terms, larger families qualify for more bedrooms and therefore a higher rental. The scheme has worked very well throughout Caerphilly and in many other areas and customers are used to the way in which it works.
- 3.3 However, one Welsh local authority threatened to challenge the current BRMA structure via a Judicial Review, and at the same time a separate appeal was being considered by the House of Lords into the same issue. This was called the "Heffernan" case and the Judgement issued in July 2008 changed the way in which localities were determined by TRS. In Wales, TRS is part of the Housing Directorate within the Welsh Assembly Government and in England TRS comes under the Valuation Office Agency. In Scotland they have the Rent Registration Service and in Northern Ireland they come under the NI Housing Executive.
- 3.4 As a result of the Judgement, new Regulations were drafted and these came into effect on 5th January 2009. These are The Rent Officers (HB functions) Amendment (no 2) Order.

4. THE REPORT

4.1 Following the introduction of the revised legislation TRS set a review timetable comprising 4 stages. Stages 1 and 2 have been completed – stage 1 was a meeting with each LA to explain the process. Stage 2 was a further meeting with each LA to convey the initial findings on the proposed new BRMA set up. This meeting was held on 25th June 2009 and TRS advised the Authority that they were proposing that the current arrangement of four BRMA's was replaced by just one BRMA for the whole of Caerphilly CBC. Stage 3 has now started and TRS has formally proposed that there will be only one BRMA for the whole of Caerphilly CBC. The four BRMA's currently operating within CCBC are:-

- The South Wales Valleys
- Central Glamorgan
- Cardiff and The Vale
- Newport and the Severn Gateway

4.2 The Authority currently has 1681 live cases in payment under the LHA regulations and of this number, 1145 are within the South Wales Valleys (SWV), 534 are in Central Glamorgan (CG) which leaves just 2 in the other BRMA's. The Authority therefore needs to focus on just two areas rather than four, in respect of changes.

4.3 TRS has provided one new set of "indicative" LHA's which are based upon the proposed single BRMA using market evidence data collected in the period 1st of August 2008 to 31st July 2009. The set comprises 6 rates of LHA. The indicative and current rates are:-

Category :	Indicative Rates for CCBC	SWV Current Rates	CG Current Rates
1A - the 1 bedroom shared rate	£57.00	£47.08	£57.00
1B - the 1 bedroom self contained rate	£73.85	£69.23	£92.31
2 - the 2 bedroom rate	£103.85	£85.45	£109.62
3 - the 3 bedroom rate	£109.62	£95.32	£121.15
4 - the 4 bedroom rate	£146.54	£142.31	£173.08
5 - the 5 bedroom rate	£178.85	£173.08	£230.77

4.4 As these figures are only indicative, it follows that there could be changes prior to live implementation but we do not expect this to be the case. The date for an all Wales implementation is to be fixed after all BRMA's have been agreed throughout Wales and this should be around December/January 2009/2010 – this is Stage 4. If the proposal to move to just one BRMA and one set of LHA rates is implemented, there will be "gainers and losers" in terms of housing benefit awards. The "gainers" will be those currently living within the South Wales Valleys area because the indicative rates are higher than the current rates for that area. This applies for all 6 categories. However, the majority of those living within the Central Glamorgan area will lose out because the indicative rates are lower than the current rates for 5 of the 6 categories. It is the losers that we will need to concentrate on because the weekly losses could be quite significant for some claimants. Based upon current data we estimate that around 500 claims will be losers. It is anticipated that there will be some form of protection for these losers, but the DWP has not given any guidance on this as yet. Once information is available a further report will be provided.

4.5 The consultation period is a twelve-week period ending on 22nd November 2009. The Authority will need to consider what the impact of these proposals will be for Caerphilly CBC residents and in the event that we disagree, we will have the right to appeal. The Authority will be required in these circumstances to set out reason(s) in writing and the matter will be reconsidered by the Appeals Resolution Team. TRS anticipate that there will be very few, if any appeals.

4.6 To summarise, therefore, we are of the view that around 65% of current LHA claimants will probably gain as a result of the proposals but around 30% will probably lose. There will be no effect on the remaining 5%.

5. FINANCIAL IMPLICATIONS

5.1 None directly from this report for the Local Authority, but residents could face a change in their circumstances.

6. PERSONNEL IMPLICATIONS

6.1 There are none.

7. CONSULTATIONS

7.1 Internal consultees are listed below.

8. RECOMMENDATIONS

8.1 That Members note the proposed changes and respond if necessary within the consultation period.

9. REASONS FOR RECOMMENDATIONS

9.1 To ensure that the Authority is fully aware of the implications of the proposals.

10. STATUTORY POWER

10.1 The Rent Officers (Housing Benefit Functions) Amendment (No 2) Order 2008.

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Background Papers:

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