

Council: 29 January 2008

Administration Policy Item: Cllr. Lynne Hillan

Housing Cuts

Housing benefit subsidies are given by the Government each year to assist authorities in providing Housing Benefit to those in private sector accommodation. The subsidies and caps (the maximum amount payable), are calculated according to perceived housing costs and pressures in the area.

Council understands that the Department of Work and Pensions (DWP) is set to make an additional 10% cut in the level of housing benefit caps and subsidies in London, according to information obtained by London Councils, while freezing them elsewhere.

Council estimates this will mean that Barnet will face an additional £800,000 to continue to house those in need, with taxpayers footing most of this bill.

This is in addition to Barnet's suffering from a "negative" housing Subsidy, where the Borough receives less money back from the Housing Revenue Account (HRA) than it receives in rent.

This means that surplus from our tenants' rent payments goes towards maintaining stock elsewhere in London, rather than on their own homes.

Since this matter was debated at Full Council in June, Barnet, and a number of Boroughs have agreed to seek Counsels Opinion on a Judicial Review of the system.

If such a legal challenge is successful, then the HRA system could be changed to stop the penalisation of Boroughs such as Barnet.

Council believes that similar pan-London action, in coordination with London Councils, should be harnessed to fight the cuts in the Housing Benefit caps.

Accordingly, Cabinet is requested to support London Councils' campaign against the reductions in the Housing Benefit subsidies, and to ensure that LBB continues to play a full part in seeking a change to the Housing Revenue Account (HRA) system.