EXPLANATORY MEMORANDUM TO

THE HOME LOSS PAYMENTS (PRESCRIBED AMOUNTS) (ENGLAND) REGULATIONS 2014

2014 No. 1966

1. This explanatory memorandum has been prepared by the Department for Communities and Local Government and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

These Regulations increase the amount of home loss payments payable under section 30 of the Land Compensation Act 1973 ("the Act") when a person is displaced from a dwelling by compulsory purchase or other circumstances specified in section 29 of the Act.

3. Matters of special interest to the Joint Committee on Statutory Instruments

None.

4. Legislative Context

4.1 Section 30(5) of the Act provides that the Secretary of State can by regulations prescribe a different maximum or minimum amount and flat rate payable as a home loss payment.

4.2 The current home loss payment thresholds and flat rate are set out in the Home Loss Payments (Prescribed Amounts) (England) Regulations 2008 (SI 2008 No 1598) ("the 2008 Regulations") which came into force on 1st September 2008.

4.3 These Regulations prescribe increased maximum and minimum home loss payment thresholds and an increased flat rate payment.

5. Territorial Extent and Application

This instrument applies to England.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- What is being done and why

7.1 Home loss payments are payable under the Act to owner-occupiers and tenants of dwellings displaced by compulsory purchase or public redevelopment. They are intended to compensate people for the distress and inconvenience of having to move home at a time not of their choosing.

7.2 They are paid:

(a) to an owner-occupier at a rate of 10% of the market value of their interest in a dwelling, subject to maximum and minimum thresholds; and

(b) to a tenant at a flat rate equal to the minimum payment to an owner-occupier.

7.3 The Government has decided to increase the maximum and minimum thresholds and flat rate.

7.4 In the period from 2003 to 2008 house prices rose and the thresholds and flat rate were uprated in each of those years. The current maximum threshold is £47,000 and the minimum is £4,700. The current flat rate is also £4,700. These amounts were set in 2008 and although house prices fell in subsequent years have remained unchanged.

7.5 In May 2014, the Office of National Statistics' mix-adjusted house price index showed an increase in house prices. The Department has decided to increase the maximum and minimum thresholds to £49,000 and £4,900 respectively and the flat rate to £4,900.

7.6 These Regulations implement this change.

7.7 The current thresholds and flat rate will however continue to apply in relation to an owner-occupier or tenant displaced before 1st October 2014.

- Consolidation

7.8 No consolidation is required as these Regulations replace the 2008 Regulations.

8. Consultation outcome

Consultation is not normally undertaken in relation to prescribing the amounts of home loss payments.

9. Guidance

The Department will inform local authorities and registered social landlords of the increased thresholds and flat rate when the Regulations are laid before Parliament.

10. Impact

An Impact assessment has not been prepared for this instrument as it puts into effect an up-rating in line with house price inflation following an annual review.

11. Regulating small business

The legislation does not apply to small business.

12. Monitoring & review

The Department's policy is to review the home loss payment thresholds and flat rate annually.

13. Contact

Theresa Donohue at the Department for Communities and Local Government Tel: 0303 444 1719 or email: Theresa.donohue@communities.gsi.gov.uk can answer any queries regarding the instrument.