EXPLANATORY MEMORANDUM TO

THE HOME LOSS PAYMENTS (PRESCRIBED AMOUNTS) (ENGLAND) REGULATIONS 2016

2016 No. 789

1. Introduction

1.1 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

2.1 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 Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

Other matters of interest to the House of Commons

3.2 As this instrument is subject to the negative procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

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 2015 (SI 2015 No 1514) ("the 2015 Regulations") which came into force on 1st October 2015.

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

5. Extent and Territorial Application

5.1 This instrument extends to England and Wales.

5.2 This instrument applies in relation to cases of displacement in England only.

6. European Convention on Human Rights

6.1 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 The thresholds are reviewed annually according to the Office of National Statistics' mix-adjusted house price index. This showed an increase in house prices since 2015. The Department has decided to increase the maximum and minimum thresholds to £58,000 and £5,800 respectively and the flat rate to £5,800.

7.5 These Regulations implement this change.

7.6 The current thresholds and flat rate will however continue to apply in relation to an owner-occupier or tenant displaced before 1st October 2016.

Consolidation

7.7 No consolidation is required as these Regulations replace the 2015 Regulations.

8. Consultation outcome

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

9. Guidance

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

10. Impact

10.1 There is no impact on business, charities or voluntary bodies.

10.2 The impact on the public sector is that acquiring authorities will need to pay more compensation where qualifying tenants are displaced or where owner-occupied properties affected by the new thresholds are acquired. It is not possible to quantify this as the number and value of properties to be taken in any year is unknown.

10.3 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

11.1 The legislation does not apply to activities that are undertaken by small businesses.

12. Monitoring & review

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

13. Contact

13.1 Robert Segall at the Department for Communities and Local Government Tel: 0303 444 1717 or email: robert.segall@communities.gsi.gov.uk can answer any queries regarding the instrument.