EXPLANATORY MEMORANDUM TO

THE INCOME-RELATED BENEFITS (SUBSIDY TO AUTHORITIES) AMENDMENT (No.2) ORDER 2006

2006 No. 559

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

2. Description

2.1 The Income-related Benefits (Subsidy to Authorities) Amendment (No. 2) Order 2006 contains the amendments which are required to meet changes to the calculation of rent rebate subsidy for local authorities in England and Wales.

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

3.1 None

4. Legislative Background

4.1 This Order amends the Income-related (Subsidies to Authorities) Order 1998 which provides for subsidy to be payable to local authorities administering housing benefit and council tax benefit. Regular amendments are made each year to meet changing circumstances and policy.

4.2 This Order updates the formulae and figures for 2006/07 which are needed for the operation of the rent rebate subsidy limitation scheme in England and Wales.

5. Extent

5.1 This instrument applies to Great Britain.

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

7.1 Rent rebate subsidy limitation was introduced in 1996 following consultation with local authorities. The purpose of the policy currently is to give local authorities an incentive to control expenditure and the level of rent increases. Where an authority increases its average weekly rent above a limit set by the Secretary of State (in Wales by the National Assembly for Wales), it will only receive subsidy on rebates up to a limit and will have to fund the cost of the additional rebates above the limit rent itself.

8. Impact

8.1 A full regulatory impact assessment has not been produced for this instrument as it has no impact on the costs of business.

8.2 The impact on the public sector is nil.

9. Contact

Robert Sneddon at the Department for Work and Pensions Tel: 0207 712 2050 or e-mail: Robert.Sneddon@dwp.gsi.gov.uk can answer any queries regarding the instrument.