EXPLANATORY MEMORANDUM TO

The Income-related Benefits (Subsidy to Authorities) Amendment Order 2007

2007 No. 731

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 Order 2007 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 2007/08 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 England and Wales.

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

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.

Consultation

7.2 Local authority associations (Local Government Association, London Councils, Convention of Scottish Local Authorities and the Welsh Local Government Association) have been consulted during the making of this Order.

Guidance

7.3 Rent rebate subsidy limitation was introduced in 1996 and therefore local authorities are already familiar with its operation. However 2006 is the first year that DWP have been responsible for rent rebate subsidy limitation, and authorities are required to provide such information on their subsidy claim form. Therefore guidance on the recording of rent rebate subsidy will be included with the claim forms**.**

Consolidation

7.4 Informal consolidation of the instrument will be included in due course in the department's "the Law Relating to Social Security" (the Blue Volumes) which are available at no cost to the public on the internet at : http://www.dwp.gov.uk/advisers/docs/lawvols/bluevol/pdf/a6_8301.pdf at no cost to the public.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 The impact on the public sector is nil.

9. Contact

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