EXPLANATORY MEMORANDUM TO

THE INCOME-RELATED BENEFITS (SUBSIDY TO AUTHORITIES) AND DISCRETIONARY HOUSING PAYEMNTS (GRANTS) AMENDMENT ORDER 2014

2014 No. 1667

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

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

2.1 This instrument makes changes to the Income-related Benefits (Subsidy to Authorities) Order 1998 and the Discretionary Housing Payments (Grants) Order 2001.

2.2 It is being made in order to:

- set the level of subsidy payable to local authorities in respect of housing benefit which they have paid in the 2013/14 financial year;
- and to set the limits to the Rent Rebate Limitation Deductions (Housing Revenue Account Dwellings) from 2014/15; and
- to amend the limit on the amount of expenditure that can be incurred by a local authority in respect of Discretionary Housing Payments in a year to 2.5 times the amount of the Grant that the Secretary of State has made available throughout the course of the financial year.

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

3.1 None

4. Legislative Context

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

4.2 The Order takes effect retrospectively, and enables final payments of subsidy to be paid after the Order is made. Prior to the Order being made, local authorities are paid interim amounts of subsidy.

4.3 This order also amends the Discretionary Housing Payments (grants) Order 2001 (the "2001 Order") which provides the funding arrangements so that local authorities can make payments of Discretionary Housing Payments.

5. Territorial Extent and Application

5.1 This instrument applies to Great Britain

6. European Convention on Human Rights

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

7. Policy background

- What is being done and why

7.1 Local authorities have a statutory duty to administer and pay claims for both housing benefit. Subsidy is paid by the Department for Work and Pensions to reimburse them for both the actual benefit that they pay, and towards the administration costs involved in processing and maintaining claims. Policies have been set to encourage local authorities to be proactive in reducing fraud and error within such claims.

7.2 In advance of the financial year, officials consult representatives of the local authorities and formally notify them of arrangements for the forthcoming year. During the year, subsidy is paid by instalments, and final (balancing) payments are made after the year has ended following the laying of the relevant amendment Order which sets out the financial arrangements. Sections 140C (4) and 140F (2) of the Social security Administration Act 1992 allow amendments to be made during or after the year to which it relates.

7.3 Local authorities are also responsible for making discretionary housing payments. Extra funding has been made available during 2013/14 towards these payments, and as such the maximum spending limit is being amended to reflect the additional funding being made available during the year.

- Amendments having effect from April 2013

7.4 This Order makes arrangements for administration subsidy for the year 2013/14. A new Schedule 1 is substituted into the 1998 Order making provision for this in each local authority.

7.5 This Order also makes provision to allow local authorities to spend 2.5 times the amount of the Government contribution made available in the year towards discretionary housing payments.

7.6 This Order makes amendments to both the 1998 Order and the 2001 Order to amend/align the requirement for local authorities to return completed claim forms to DWP and, in the case of Housing Benefit subsidy, copies to their auditors by 30th April from the 31st May.

- Amendments having effect from April 2014

7.7 Two tables are inserted for the 2014/15 year to set the parameters by which limiting subsidy in rent rebate cases in England and Wales are calculated.

- Consolidation

7.8 Informal consolidated text of instruments is available to the public free of charge via 'The Law Relating to Social Security' (Blue Volumes) on the Department for Work and Pensions website at http://www.dwp.gov.uk/publications/specialist-guides/law-volumes/the-law-relating-to-social-security/ or the National Archive website

legislation.gov.uk . An explanation as to which instruments are maintained on each site is available here.

8. Consultation outcome

8.1 Formal consultation with the Local Authority Associations was carried out during the making of the Order, and no adverse comments were received.

9. Guidance

9.1 Guidance relating to Housing Benefit subsidy arrangements and additional administration subsidy for 2013/14 was issued by the agreed procedure in the subsidy arrangement circular S5/2012 in October 2012. In June 2014, circular HB S5/2014 was issued to confirm the limit rent figures to be used in the Rent Rebate Subsidy Limitation calculation. This circular can be accessed on the internet at: https://www.gov.uk/government/publications/hb-subsidy-circular-s52014-rent-rebate-subsidy-limitation-information-apr-2014-to-mar-2015

9.2 Guidance relating to the confirmation of funding and overall expenditure limits for Discretionary Housing Payments in April 2013 to March 2014 was issued on 24 March 2014. This set out that an amendment to the 'Discretionary Housing Payments (Grants) Order 2001' would be made to clarify that the overall 2.5 times expenditure limit will be based on total central government contributions awarded for the year in question, rather than the contribution awarded at the start of the year. This guidance can be accessed on the internet at: https://www.gov.uk/government/publications/hb-circular-s32014-confirmation-of-funding-and-overall-expenditure-limits-for-discretionary-housing-payments-in-apr-2013-to-mar-2014

9.3 This guidance is directed at Housing Benefit and Council Tax Benefit managers and staff, fraud managers and staff and officers preparing subsidy claims and estimates. This guidance can be accessed on the internet at: https://www.gov.uk/government/organisations/department-for-work-pensions/series/housing-benefit-for-local-authorities-circulars

10. Impact

10.1 There is no impact on business or civil society.

10.2 There is no new impact on the public sector.

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 These changes are mainly financial. DWP meets local authority representative at monthly intervals throughout the year to discuss new and ongoing policy and financial matters. Any issues of major concern are brought to the attention of ministers.

13. Contact

13.1 Andrew Curphey at the Department for Work and Pensions (Tel: 020 7449 5483 or email: HBCTB.SUBSIDYQUERIES@DWP.GSI.GOV.UK) can answer any queries regarding the instrument..