
STATUTORY INSTRUMENTS

1998 No. 562

**The Income-related Benefits
(Subsidy to Authorities) Order 1998**

PART III

CALCULATION OF SUBSIDY

Deductions to be made in calculating subsidy

19.—(1) The deductions referred to in article 11(2)(b) are, subject to paragraph (4), to be of the following amounts where—

- (a) subject to paragraphs (2) and (3), a tenant of an authority, who is in receipt of a rebate while continuing to occupy, or when entering into occupation of a dwelling as his home, either under his existing tenancy agreement or by entering into a new tenancy agreement—
 - (i) is during, or was at any time prior to, the relevant year able to choose whether or not to be provided with any services, facilities or rights (“improvements”) and chooses or chose to be so provided;
 - (ii) is during, or was at any time prior to, the relevant year, able to choose either to be provided with any improvements or, whether or not in return for an award or grant from the authority, to provide such improvements for himself; or
 - (iii) would be able during, or would have been able at any time prior to, the relevant year to exercise the choice set out in head (i) or (ii) of this sub-paragraph if he were not or had not at that time been in receipt of a rebate,

the amounts attributed during the relevant year to such improvements whether they are or would be expressed as part of the sum fixed as rent, otherwise reserved as rent or expressed as an award or grant from the authority;

- (b) during the relevant year a person becomes entitled to a rent-free period which has not been, or does not fall to be, taken into account in calculating the amount of rebate to which he is entitled under the Housing Benefit Regulations, the amount of rebate which is or was payable to him in respect of such rent-free period;
- (c) during the relevant year an award in the form of a payment of money or monies worth, a credit to the person’s rent account or in some other form is made by an authority to one of its tenants in receipt of a rebate, whether or not the person is immediately entitled to the award, the amount or value of the award, but no such deduction shall be made in respect of an award—
 - (i) made to a tenant for a reason unrelated to the fact that he is a tenant;
 - (ii) made under a statutory obligation;
 - (iii) made under section 137 of the Local Government Act 1972 ^{M1} or section 83 of the Local Government (Scotland) Act 1973 ^{M2} (power of local authorities to incur expenditure for certain purposes not otherwise authorised);

- (iv) except where sub-paragraph (a)(ii) applies, made as reasonable compensation for reasonable repairs or redecoration the tenant has, or has caused to be, carried out whether for payment or not and which the authority would otherwise have carried out or have been required to carry out; or
- (v) of a reasonable amount made as compensation for loss, damage or inconvenience of a kind which occurs only exceptionally and which was suffered by the tenant by virtue of his occupation of his home;

^{F1}(d)

(e) during the relevant year an amount is recovered in relation to a departmental error overpayment, within the meaning of article 18(4), the amount so recovered, in a case where the overpayment had occurred and been discovered in a year earlier than the relevant year;

^{F2}(ea) during the relevant year a claimant error overpayment, within the meaning of article 18(4A), is identified, the amount of the overpayment, but only to the extent that the amount of the overpayment or any part of it has not been deducted from qualifying expenditure under article 11(2);]

(f) during the relevant year a fraudulent overpayment, within the meaning of article 18(5), is identified, the amount of the overpayment, but only to the extent that the amount of overpayment or any part of it has not been deducted from qualifying expenditure under article 4 or 19 of the 1994 Order, the 1995 Order, the 1996 Order or the 1997 Order or article 11(2), as the case may be;

(g) subject to sub-paragraphs (e)^{F3}, (ea)] and (f), during the relevant year it is discovered that an overpayment of ^{F4}housing benefit] has been made, the amount of such overpayment, but only to the extent that—

(i) the amount of such overpayment or any part of it has not been deducted from qualifying expenditure under article 3 of the 1989 Order or the 1990 Order or under article 4 or 15 of the 1991 Order or articles 4 or 16 of the 1992 Order or the 1993 Order or articles 4 or 19 of respectively the 1994 Order, the 1995 Order, the 1996 Order or the 1997 Order, or article 11(2), as the case may be; and

(ii) the amount of the overpayment or any part of it does not include an amount to which ^{F5}paragraph (18) of regulation 59 of the Housing Benefit (Community Charge Rebates) (Scotland) Regulations 1988 or paragraph (12) of regulation 83 of the Housing Benefit Regulations] (time and manner in which claims are to be made), as the case may be, applied;

(h) during the relevant year any instrument of payment of ^{F6}housing benefit] issued by an authority during that year is returned to that authority without being presented for payment or is found by that authority to have passed its date of validity without being presented for payment, the amount of any such instrument;

(i) during the relevant year an amount is recovered in respect of which subsidy was paid pursuant to paragraph 6(2) of Schedule 6 to the 1996 Order or the 1997 Order or paragraph 11(2) of Schedule 4 (subsidy on payments on account), the amount so recovered, where the payment on account was made in a year earlier than the relevant year.

(2) Subject to paragraph (3), no deduction shall be made under sub-paragraph (1)(a) where the eligible rent for a tenant has been increased in a case to which that sub-paragraph would apply, but—

(a) any such services, facilities or rights (“improvements”)—

(i) relate solely to the physical needs of the property in question or the needs of that tenant; and

(ii) the increased rent in relation to such improvements is reasonable;

- (b) the tenant was eligible whether or not he was a beneficiary; and
 - (c) the authority has not let properties, to which they intend to make improvements, either in the relevant year or in the two years preceding that year, solely or largely to beneficiaries.
- (3) In paragraph (2)—
- (a) “beneficiary” has the meaning it is given by article 15(8); and
 - (b) in a case to which article 24 applies, sub-paragraph (c) shall have effect as modified by article 24(2).
- (4) Where in relation to any amount of a rebate or allowance a deduction falls to be made under two or more of the sub-paragraphs of paragraph (1), as the case may be, only the higher or highest, or, where the amounts are equal, only one amount, shall be deducted.

Textual Amendments

- F1** Art. 19(1)(d) omitted (with effect in accordance with art. 1(2) of the commencing S.I.) by virtue of [Income-related Benefits \(Subsidy to Authorities\) Amendment Order 2006 \(S.I. 2006/54\)](#) , arts. 1(1) , **3(9)**
- F2** Art. 19(1)(ea) inserted (2.1.2004 with effect in accordance with art. 1(2)) by [Income-related Benefits \(Subsidy to Authorities\) Amendment Order 2003 \(S.I. 2003/3179\)](#) , arts. 1(1) , **8(a)**
- F3** Word in art. 19(1)(g) inserted (2.1.2004 with effect in accordance with art. 1(2)) by [Income-related Benefits \(Subsidy to Authorities\) Amendment Order 2003 \(S.I. 2003/3179\)](#) , arts. 1(1) , **8(b)**
- F4** Words in art. 19(1)(g) substituted (31.10.2021) by [The Income-related Benefits \(Subsidy to Authorities\) and Discretionary Housing Payments \(Grants\) Amendment Order 2021 \(S.I. 2021/1031\)](#) , art. 1(1) , **Sch. 5 para. 12(a)(i)**
- F5** Words in art. 19(1)(g)(ii) substituted (31.10.2021) by [The Income-related Benefits \(Subsidy to Authorities\) and Discretionary Housing Payments \(Grants\) Amendment Order 2021 \(S.I. 2021/1031\)](#) , art. 1(1) , **Sch. 5 para. 12(a)(ii)**
- F6** Words in art. 19(1)(h) substituted (31.10.2021) by [The Income-related Benefits \(Subsidy to Authorities\) and Discretionary Housing Payments \(Grants\) Amendment Order 2021 \(S.I. 2021/1031\)](#) , art. 1(1) , **Sch. 5 para. 12(b)**

Marginal Citations

- M1** 1972 c.70 ; section 137 was amended by the [Local Government \(Miscellaneous Provisions\) Act 1982 \(c.3\)](#) , **section 44** ; the [Local Government Finance Act 1982 \(c.32\)](#) , section 34 , **Schedule 5 paragraph 5** ; the [Local Government Act 1986 \(c.10\)](#) , **section 3** and by the [Local Government and Housing Act 1989 \(c.42\)](#) , section 194 , **Schedule 12** .
- M2** 1973 c.65 ; section 83 was amended by the [Local Government and Planning \(Scotland\) Act 1982 \(c.43\)](#) , **sections 6** and 50; the [Rating and Valuation Amendment \(Scotland\) Act 1987 \(c.31\)](#) , **section 9** ; the [Local Government Act 1986 \(c.10\)](#) , **section 3** ; the [Abolition of Domestic Rates \(Scotland\) Act 1987 \(c.47\)](#) , **Schedule 1 paragraph 27** and by the [Local Government and Housing Act 1989 \(c.42\)](#) , **section 36(9)** .

Changes to legislation:

There are currently no known outstanding effects for the The Income-related Benefits (Subsidy to Authorities) Order 1998, Section 19.