

EXPLANATORY MEMORANDUM TO

THE INCOME-RELATED BENEFITS (SUBSIDY TO AUTHORITIES) AMENDMENT (No.2) ORDER 2009

2009 No. 2564

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. **Purpose of the instrument**
 - 2.1 The Income-related Benefits (Subsidy to Authorities) Amendment (No.2) Order 2009 contains the amendments which are required to meet changes to the calculation and payment of subsidy for local authority expenditure. This is in particular with regards to the Rent Rebate Subsidy Limitation scheme which applies to both English and Welsh local authorities.
 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 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 2009/10 which are needed for the operation of the rent rebate subsidy limitation scheme in England and Wales.
 5. **Territorial Extent and Application**
 - 5.1 This instrument extends 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**

What is being done and why

 - 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
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receive subsidy on rebates up to a limit and will have to fund the cost of the additional rebates above the limit rent itself.

Consolidation

- 7.2 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/publications/specialist-guides/law-volumes/>

8. Consultation outcome

- 8.1 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.

9. Guidance

- 9.1 Guidance on the recording of the rent rebate subsidy will be included with the subsidy claim forms which the Department for Work and Pensions issues to the local authorities.

10. Impact

- 10.1 The impact on business, charities or voluntary bodies is nil.
- 10.2 There is no additional 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 The changes are mainly financial. DWP meet with local authority representatives 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

Aeon Channer at the Department for Work and Pensions (Tel: 020 7449 5378) or e-mail: Aeon.Channer@dwp.gsi.gov.uk) can answer any queries regarding the instrument.