

EXPLANATORY MEMORANDUM TO

THE INCOME-RELATED BENEFITS (SUBSIDY TO AUTHORITIES) AMENDMENT ORDER 2009

2009 No. 30

1. This explanatory memorandum has been prepared by 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.4) Order 2008 contains the amendments which are required to meet changes to the calculation and payment of subsidy for local authority expenditure.
3. **Matters of special interest to the [Joint Committee on Statutory Instruments *or* the Select 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 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.
5. **Territorial Extent and Application**
 - 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 Local authorities have a statutory duty to administer and pay claims for both housing benefit and council tax 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 with representatives of the local authorities and formally notify them of the 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.

Consolidation

- 7.3 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/>

8. Consultation outcome

- 8.1 This order mainly covers the 2008/09 Subsidy arrangements and takes effect retrospectively. Local authorities have been aware of the content for sometime. We have consulted with Local Authority Associations during the making of this Order and no adverse comments were received.

9. Guidance

- 9.1 Guidance was issued by the agreed procedure in the HB/CTB Subsidy Arrangement Circulars S4-2007 in November 2007 and S5-2007 in November 2007.

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

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.