

EXPLANATORY MEMORANDUM TO
THE INCOME-RELATED BENEFITS (SUBSIDY TO AUTHORITIES)
AMENDMENT ORDER 2022

2022 No. 983

1. Introduction

- 1.1 This explanatory memorandum has been prepared by Department for Work and Pensions and is laid before Parliament by Command of His Majesty.
- 1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

- 2.1 This instrument amends the Income-related Benefits (Subsidy to Authorities) Order 1998¹ (“the 1998 Order”) which makes provision for claims for, and the calculation and payment of, Housing Benefit subsidy.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 None.

4. Extent and Territorial Application

- 4.1 The territorial extent of this instrument is Great Britain.
- 4.2 The territorial application of this instrument is Great Britain.

5. European Convention on Human Rights

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

6. Legislative Context

- 6.1 This Order amends the 1998 Order which provides for subsidy to be payable to local authorities (LAs) towards their costs for administering Housing Benefit. Amendments are made each year to the 1998 Order to meet changing circumstances and policy.
- 6.2 Article 4 of, and Schedule 1 to, this Order prescribe the amounts of subsidy paid to LAs towards those costs for the financial year ending (FYE) 2021. These amounts have already been paid to LAs in instalments throughout that year. The making of this Order enables LAs’ final audited claims for subsidy to be finalised and settled.

¹ <https://www.legislation.gov.uk/uksi/1998/562/contents>

7. Policy background

What is being done and why?

- 7.1 Local authorities (LAs) have a statutory duty to administer and pay claims for Housing Benefit. Subsidy is paid by Department for Work and Pensions (DWP) to reimburse them for both the actual Housing Benefit that they pay and as a contribution towards the administration costs involved in processing and maintaining Housing Benefit claims. Additional payments encourage LAs to be active in reducing fraud and error in such claims.
- 7.2 In advance of the relevant financial year, DWP officials consult representatives of the LAs and subsequently notify them of arrangements for the forthcoming year. During the year subsidy is paid in instalments. Final audited claims are settled after the year has ended, following laying of this Amendment Order, which sets out the financial arrangements. Amendments to the 1998 Order can be made before, during or after the year to which they relate.²

Amendments having effect for the purpose of determining the subsidy payable for the year beginning 1 April 2021

- 7.3 Article 3 ensures that the Order refers to the up-to-date version of the Housing Benefit Assurance Process.
- 7.4 Article 4 and Schedule 1 set out the amounts of subsidy due to each LA for that year towards their costs for administering Housing Benefit. A new Schedule 1 is inserted into the 1998 Order each year making provision for this. The amounts of subsidy are different for each LA and are calculated based on methodologies agreed with Local Authority Associations (LAAs).
- 7.5 Article 6 and Schedule 3 substitutes Schedule 1ZC to the 1998 Order and prescribes an additional amount of subsidy payable to LAs who opted to participate in the Housing Benefit Award Accuracy Initiative, which requires LAs to carry out specific actions on cases to improve award accuracy.

Amendments having effect for the purpose of determining the subsidy payable for the year beginning 1 April 2022

- 7.6 This Order continues the payments to LAs which are participating in this scheme. Article 5 and schedule 2 substitutes Schedule 1ZB to the 1998 Order, setting out the additional amounts of subsidy to be paid to LAs participating in the Verify Earnings and Pensions (VEP) scheme in financial year ending (FYE) 2023. The VEP scheme enables LAs to use information provided by DWP, which is received by DWP from His Majesty's Revenue and Customs, to verify the earnings and pension details paid to Housing Benefit claimants in order to help prevent fraud and error. Most LAs are participating in this scheme.
- 7.7 Article 7 and schedule 4 substitutes Schedule 4A to the 1998 Order. The substituted Schedule updates the rent rebate proportion figure for FYE 2023 from 0.682 to 0.528. This figure is used in part of the calculation to limit subsidy payable on high rents. It also sets out revised specified amounts "O" and guideline rent increases "P" used when calculating deductions from subsidy under paragraph 2 of substituted Schedule,

² Section 140F of the [Social Security Administration Act 1992](https://www.legislation.gov.uk/ukpga/1992/5) (<https://www.legislation.gov.uk/ukpga/1992/5>) allows for this.

relating to the application of the rent rebate subsidy limitation regime in Wales. This regime encourages local authorities (LAs) in Wales to control rent rebate expenditure and the level of rent increases for FYE 2023. When an LA in Wales increases its average weekly rent above the relevant limit set out in this instrument, they are liable to receive reduced subsidy on their Housing Benefit rent rebate expenditure for the relevant financial year. The rent limits are set each year in Wales by the Welsh Government.

8. European Union Withdrawal and Future Relationship

- 8.1 This instrument does not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

- 9.1 Informal consultation text of instruments is available to the public free of charge via The National Archives website.³

10. Consultation outcome

- 10.1 Formal targeted consultation regarding this Order has been carried out with Local Authority Associations representatives during July 2022. No adverse comments were received.

11. Guidance

- 11.1 Guidance relating to Housing Benefit subsidy arrangements and administration subsidy for the Financial Year Ending (FYE) 2022 year was issued in circular S7/2021.⁴
- 11.2 Guidance relating to the Housing Benefit Award Accuracy Initiative for the FYE 2022 was issued in circular S8/2021 (revised),⁵ S9/2021⁶ and S11/2021.⁷
- 11.3 Guidance relating to Rent Rebate Subsidy Limitation for the FYE 2023 year was issued in circular S2/2022.⁸
- 11.4 Guidance relating to the Verify Earnings and Pensions scheme for the FYE 2023 year was issued in circular S8/2022.⁹
- 11.5 This guidance is directed at housing benefit managers and staff, fraud managers and staff and officers preparing subsidy claims and estimates. This guidance can be

³ <http://www.legislation.gov.uk>

⁴ [S7/2021: Housing Benefit administration subsidy arrangements for English, Scottish and Welsh local authorities 2021 to 2022 - GOV.UK \(www.gov.uk\)](#)

⁵ [S8/2021\(revised\): Housing Benefit Award Accuracy Initiative funding for financial year ending March 2022 for LAs participating from 6 April 2021 - GOV.UK \(www.gov.uk\)](#)

⁶ [S9/2021: Housing Benefit Award Accuracy Initiative funding for financial year ending March 2022 for local authorities participating from 5 July 2021 - GOV.UK \(www.gov.uk\)](#)

⁷ [S11/2021: Housing Benefit Award Accuracy Initiative funding for financial year ending March 2022 for local authorities participating from 4 October 2021 - GOV.UK \(www.gov.uk\)](#)

⁸ [S2/2022: Rent Rebate Subsidy Limitation information for financial year ending March 2023 - GOV.UK \(www.gov.uk\)](#)

⁹ [S8/2022: Payment for the Verify Earnings and Pension service for the financial year ending March 2023 - GOV.UK \(www.gov.uk\)](#)

accessed on GOV.UK¹⁰ and is in the form of circulars setting out the amounts to be paid to each local authority (LA).

12. Impact

- 12.1 There is no, or no significant, impact on business, charities or voluntary bodies.
- 12.2 There is no, or no significant, impact on the public sector.
- 12.3 A full Impact Assessment has not been prepared for this instrument because this instrument relates to an annual process of allocating and reconciling subsidies to local authorities (LAs), with a low level of impact per business.

13. Regulating small business

- 13.1 The legislation does not apply to activities that are undertaken by small businesses.

14. Monitoring & review

- 14.1 The approach to monitoring of this legislation is that the Department for Work and Pensions (DWP) meets with representatives from LAs and LA Associations at regular intervals throughout the year to discuss new, and review ongoing, policy and financial matters relating to Housing Benefit. Any issues of major concern are brought to the attention of DWP Ministers.
- 14.2 DWP is also committed to monitoring the impacts of its policies and to establishing the extent to which those policies have met their objectives.

15. Contact

- 15.1 Carly Dykes at the DWP, Telephone: 07554 117061 or email: Carly-Joanne.Dykes@dwp.gov.uk can be contacted with any queries regarding the instrument.
- 15.2 Clare Elliott, Head of Local Authority Partnership, Engagement and Delivery division at the DWP can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 David Rutley, Parliamentary Under-Secretary for State (Minister for Welfare Delivery) can confirm that this Explanatory Memorandum meets the required standard.

¹⁰ [Housing Benefit subsidy circulars 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk)