
STATUTORY INSTRUMENTS

2006 No. 54

The Income-related Benefits (Subsidy to Authorities) Amendment Order 2006

Amendment of Part II of the principal Order

2.—(1) Part II of the principal Order (claims for and payment of subsidy) shall be amended in accordance with the following paragraphs.

(2) In article 2 (interpretation of Parts II and IV) in the definition of “final subsidy”, after “interim subsidy” insert “or an amount paid, withheld or deducted pursuant to article 8A”.

(3) In article 4 (requirement of claim), in paragraphs (2)(c) and (3) for “31st July” substitute “30th June”; and

(4) After article 8, insert—

“Payment of subsidy before audit complete

8A.—(1) Where an authority has submitted the final claim by the due date in accordance with article 4(2)(c) but the claim has not yet been audited in accordance with article 6 and—

- (a) the Secretary of State estimates that the final subsidy will exceed the amount of interim subsidy that was paid to the authority in the relevant year, taking account of any withholding, reducing or deducting of subsidy by him, following the audit of that authority’s final claim, he may pay subsidy in accordance with paragraph (2); or
- (b) the Secretary of State estimates that the interim subsidy that was paid to the authority in the relevant year will exceed the amount of final subsidy, taking account of any withholding, reducing or deducting of subsidy by him, following the audit of that authority’s final claim, he may withhold or deduct subsidy in accordance with paragraph (2).

(2) The amounts that may be paid to, withheld or deducted from an authority under paragraph (1) shall be equal to the amount which the Secretary of State estimates is likely to be payable by way of final subsidy, taking account of any withholding, reducing or deducting of subsidy by him, following the audit of that authority’s final claim.”.

(5) In article 9 (payment of subsidy for the relevant year)—

(a) for paragraph (2), substitute—

“(2) Any payment pursuant to paragraph (1) shall only be in respect of the balance of subsidy due after the Secretary of State—

- (a) has deducted any interim subsidy paid during or in respect of the relevant year;
- (b) has added or deducted, as the case may be, any amount paid, recovered or withheld pursuant to article 8A in respect of the relevant year;
- (c) has added any amount pursuant to article 9A(3); and
- (d) has deducted any amount pursuant to article 9A(4).”.

(b) After paragraph (4), insert—

“(5) In paragraph (1), a reference to paying final subsidy calculated in accordance with Part III may also be a reference to deducting or withholding subsidy, as the case may be.”.

(6) After article 9, insert—

“Transitional Protection Adjustments

9A.—(1) After 1st September in the year after the following year the Secretary of State shall calculate an authority’s final subsidy in accordance with Part III.

(2) The Secretary of State shall compare the final subsidy in respect of a relevant year with the nominal subsidy calculated in accordance with paragraph (6).

(3) Where, in accordance with paragraph (2), the final subsidy that an authority would receive is less than the nominal subsidy, the Secretary of State may add such amounts to any payment made pursuant to article 9(1) to ensure that the difference between the final subsidy and the nominal subsidy will be limited to—

- (a) 0.5 per cent in the year 2004/05;
- (b) 1 per cent in the year 2005/06, but only if sub-paragraph (a) applied to the authority; and
- (c) 2 per cent in the year 2006/07, but only if sub-paragraphs (a) and (b) applied to the authority.

(4) Where, in accordance with paragraph (2), the final subsidy is greater than the nominal subsidy then the Secretary of State may deduct such amounts from any payment made pursuant to article 9(1) as he considers appropriate, taking into account—

- (a) the circumstances of the case; and
- (b) the amount of subsidy other authorities will receive pursuant to this article,

but the amount deducted shall not result in a final subsidy which is less than the nominal subsidy.

(5) If an authority has not complied with any condition specified in this Part by 1st September in the year after the following year the Secretary of State may estimate the amount of any subsidy, including any nominal subsidy and any additions or deductions which may be made as a result of paragraphs (3) and (4), payable to that authority and he may take into account for that purpose such information as he considers relevant.

(6) For the purpose of this article the Secretary of State shall calculate the nominal subsidy by—

- (a) calculating the authority’s final subsidy as if that authority’s final subsidy had been calculated at 31st March 2004; and
- (b) adding an amount equivalent to that part of the revenue support grant that would have been paid to the Authority in relation to Housing Benefit and Council Tax Subsidy for the relevant year.

(7) In paragraph (6)(b) above, “revenue support grant” means a grant that was paid under section 78 of the Local Government Finance Act 1988(1) or, for Scotland, section 191 of the Housing (Scotland) Act 1973(2).”.

(1) 1998 c. 41.
(2) 1987 c. 26.