

**EXPLANATORY MEMORANDUM TO
THE INCOME-RELATED BENEFITS (SUBSIDY TO AUTHORITIES) AMENDMENT
ORDER 2010**

2010 No. 2481

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

This instrument 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

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

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

What is being done and why

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

This order covers the 2009/10 Subsidy arrangements and takes effect retrospectively. It impacts only on Local Authorities, and therefore a full public consultation is not appropriate. We have consulted informally with the Local Authority Associations during the making of the Order, and no adverse comments were received.

9. Guidance

Guidance was issued by the agreed procedure in the HB/CTB Subsidy Arrangement Circulars S4/2008 in September 2008. This guidance is directed at Housing Benefit and Council Tax Benefit managers and staff, Fraud managers and staff and Officers preparing subsidy claims and estimates. This guidance can be access on the internet at: <http://www.dwp.gov.uk/local-authority-staff/housing-benefit/user-communications/hbctb-circulars/>

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 A full impact assessment has not been produced for this order.

11. Regulating small business

The legislation does not apply to small business.

12. Monitoring & review

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.