

EXPLANATORY MEMORANDUM TO

THE INCOME-RELATED BENEFITS (SUBSIDY TO AUTHORITIES) AMENDMENT (No. 2) ORDER 2013

2013 No. 2989

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 This instrument makes changes to the Income-related Benefits (Subsidy to Authorities) Order 1998.
 - 2.2 It is being made in order to set the level of subsidy payable to local authorities in respect of housing benefit and council tax benefit which they have paid in the 2012/13 financial year and to set the limits to the Rent Rebate Limitation Deductions (Housing Revenue Account Dwellings) from 2013/14.
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 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**
 - 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 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 representatives of the local authorities and formally notify them of 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.

7.3 Sections 140C (4) and 140F (2) of the Social Security Administration Act 1992 allow amendments to be made during or after the year to which it relates.

- ***Amendments having effect from April 2012***

7.4 This Order makes arrangements for administration subsidy for the year 2012/13. A new Schedule 1 is substituted into the 1998 Order making provision for this in each local authority.

7.5 This Order also makes provision to allow local authorities to classify overpayments that arose as a result of an influx of duplicated notifications from the Department for Work and Pensions about New Tax Credit awards as being “official error” within a fixed time period, rather than “local authority error”.

- ***Amendments having effect from April 2013***

7.6 This Order makes amendment to article 14 of the 1998 Order (Backdated Benefit) which ensures that subsidy is not payable in respect of Council Tax Benefit claims which are processed after 1st April 2013, but are backdated to a period before then.

7.7 Two tables are inserted for the 2013/14 year to set the parameters by which limiting subsidy in rent rebate cases in England and Wales are calculated.

- ***Consolidation***

7.8 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/the-law-relating-to-social-security/>

8. Consultation outcome

8.1 Formal consultation with the Local Authority Associations was carried out during the making of the Order, and no adverse comments were received.

9. Guidance

- 9.1 Guidance relating to Housing Benefit and Council Tax Benefit subsidy arrangements and additional administration subsidy for 2012/13 was issued by the agreed procedure in the subsidy arrangement circular S9/2011 in September 2011. Guidance relating to the easement for classifying overpayments was issued by circular S3/2012 in May 2012. Circular S6/2012 was issued in November 2012 which announced the changes to subsidy for Council Tax Benefit from April 2013. In March 2013, circular S3/2013 was issued to confirm the limit rent figures to be used in the Rent Rebate Subsidy Limitation calculation.
- 9.2 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 accessed on the internet at: <https://www.gov.uk/government/organisations/department-for-work-pensions/series/housing-benefit-for-local-authorities-circulars>

10. Impact

- 10.1 The impact on business, charities or voluntary bodies is nil.
- 10.2 There is no new 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 These changes are mainly financial. DWP meets local authority representative 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

- 13.1 Andrew Curphey at the Department for Work and Pensions (Tel: 020 7449 5483 or email: HBCTB.SUBSIDYQUERIES@DWP.GSI.GOV.UK) can answer any queries regarding the instrument.