

Explanatory Memorandum to The Home Loss Payments (Prescribed Amounts) (Wales) Regulations 2015

This Explanatory Memorandum has been prepared by the Housing & Regeneration Department and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Home Loss Payment (Prescribed Amounts) (Wales) Regulations 2015

Lesley Griffiths
Minister for Communities and Tackling Poverty
9 November 2015

1. Description

These Regulations, which apply in relation to Wales, increase the maximum and minimum amounts of home loss payments payable under the Land Compensation Act 1973 (“the Act”) to a person who is displaced from a dwelling by compulsory purchase or other circumstances specified in section 29 of the Act.

2. Matters of special interest to the Constitutional and Legislative Affairs Committee

None.

3. Legislative background

Article 2 of and Schedule 1 to The National Assembly for Wales (Transfer of Functions) Order 1999 SI 1999/672 transferred the power to make regulations for Wales under Section 30(5) of the Act, to prescribe a different maximum or minimum amount and flat rate payable as a home loss payment, to the National Assembly for Wales. Paragraph 30 of Schedule 11 to the Government of Wales Act 2006 transferred these functions to the Welsh Ministers.

The current home loss payments thresholds and flat rate for Wales are set out in the Home Loss Payments (Prescribed Amounts) (Wales) Regulations 2008 No. 2845 (W.255) (“the 2008 Regulations”) which came into force on 25 November 2008.

These Regulations will increase the maximum and minimum amounts of home loss payment thresholds and increase the flat rate payment.

These Regulations follow the negative resolution procedure.

4. Purpose & intended effect of the legislation

Home loss payments are payable under the Act to owner-occupiers and tenants of dwellings displaced by compulsory purchase or other circumstances specified in section 29 of the Act. They are intended to compensate people for the distress and inconvenience of having to move home at a time not of their choosing. The payments are made by the following bodies, depending on the circumstances:

- a) The acquiring authority;
- b) The authority which made the housing order;
- c) The authority or housing association carrying out the improvement or redevelopment; or
- d) The landlord.

They are paid to:

- (a) an owner-occupier at a rate of 10% of the market value of their interest in a dwelling, subject to maximum and minimum thresholds; and
- (b) a tenant at a flat rate equal to the minimum payment to an owner-occupier.

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The Welsh Ministers have decided to increase the maximum and minimum thresholds and the flat rate.

The current maximum threshold is £47,000 and the minimum is £4,700. The current flat rate is also £4,700. These amounts were set in 2008 and although house prices fell in subsequent years they have remained unchanged.

In view of a sustained increase in the Office of National Statistics' mix-adjusted house price index since 2013, the Welsh Ministers have decided to increase the maximum and minimum thresholds to £53,000 and £5,300 respectively and the flat rate to £5,300.

These Regulations implement this change. The current thresholds and flat rate, as set out above, will continue to apply in relation to an owner-occupier or tenant displaced before 10 December 2015

5. Consultation

Consultation is not considered necessary merely to prescribe the maximum and minimum amounts and flat rate amount of home loss payments.

6. Publicity

The Welsh Government will inform Local Authorities and Registered Social Landlords of the increased thresholds and flat rate when the Order is laid before the National Assembly for Wales.

7. Regulatory Impact Assessment

The Welsh Ministers' Regulatory Impact Assessment Code for Subordinate Legislation was considered in relation to these Regulations. The Regulations increase a statutory fee by a predetermined formula and as such, it has not been considered necessary to undertake a Regulatory Impact Assessment.

8. Competition Assessment

Not appropriate.

9. Post implementation review

Home Loss Payment Threshold limits are reviewed annually alongside the mix-adjusted house price index for England and Wales.

The competition filter test

The competition filter test	
Question	Answer yes or no
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	No
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	N/A
Q4: Would the costs of the regulation affect some firms substantially more than others?	No
Q5: Is the regulation likely to affect the market structure, changing the number or size of businesses/organisation?	No
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q8: Is the sector characterised by rapid technological change?	No
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	No