

Explanatory Memorandum to The Home Loss Payments (Prescribed Amounts) (Wales) Regulations 2018

This Explanatory Memorandum has been prepared by the Education & Public Services Department of the Welsh Government and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Cabinet Secretary's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Home Loss Payments (Prescribed Amounts) (Wales) Regulations 2018.

Rebecca Evans
Minister for Housing and Regeneration
25 October 2018

1. Description

These Regulations will increase the maximum and minimum amounts, as well as the flat rate amount of home loss payments payable under the Land Compensation Act 1973 (“the Act”).

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

None.

3. Legislative background

These Regulations are made under section 30(5) of the Act.

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. 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.

The current maximum threshold is £57,500 and the minimum threshold is £5,750. The current flat rate is also £5,750 and these amounts were set in 2017, by the Home Loss Payments (Prescribed Amounts) (Wales) Regulations 2017 No. 996 (W.254) (“the 2017 Regulations”) which came into force on 4 December 2017.

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 the National Assembly for Wales. Paragraph 30 of Schedule 11 to the Government of Wales Act 2006 transferred these functions to the Welsh Ministers.

These Regulations follow the negative resolution procedure.

4. Purpose & intended effect of the legislation

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

In view of the increase in the Office for National Statistics' (ONS) mix-adjusted house price index for the UK during the period 2017-2018, Ministers in the Ministry for Housing, Communities and Local Government (MHCLG) have made The Home Loss Payments (Prescribed Amounts) (England) Regulations 2018 No. 917, which came into force on 1 October 2018. This had the effect of increasing the maximum and minimum payments to £63,000 and £6,300 respectively, and the flat rate to £6,300 in England.

Taking into account the increase in the ONS' mix-adjusted house price index for Wales during the same period (2.7%), the Welsh Ministers have decided to increase the maximum and minimum payments to £59,000 and £5,900 respectively, and the flat rate to £5,900.

These Regulations implement the change. The current payments and flat rate, prescribed by the 2017 Regulations, will continue to apply in relation to an owner-occupier or tenant displaced before 3 December 2018.

5. Consultation

These Regulations prescribe the maximum and minimum amounts and flat rate amount of home loss payments in line with the latest ONS house price index in Wales. Therefore, no formal consultation has been undertaken in this instance as the increase is governed by a predetermined formula.

6. Publicity

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

7. Regulatory Impact Assessment

The 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 thresholds are reviewed annually alongside the mix-adjusted house price index for England and Wales.