

## **Explanatory Memorandum to The Home Loss Payments (Prescribed Amounts) (Wales) Regulations 2017**

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 2017.

*Carl Sargeant*

Cabinet Secretary for Communities and Children

18 October 2017

## **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 £55,000 and the minimum threshold is £5,500. The current flat rate is also £5,500 and these amounts were set in 2016, by the Home Loss Payments (Prescribed Amounts) (Wales) Regulations 2016 No. 1072 (W.257) (“the 2016 Regulations”) which came into force on 5 December 2016.

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 2016-2017, Ministers in the Department for Communities and Local Government (DCLG) have made The Home Loss Payments (Prescribed Amounts) (England) Regulations 2017 No. 769, which came into force on 1 October 2017. This had the effect of increasing the maximum and minimum thresholds to £61,000 and £6,100 respectively and the flat rate to £6,100 in England.

Taking into account the increase in the ONS' mix-adjusted house price index for Wales during the same period, the Welsh Ministers have decided to increase the maximum and minimum thresholds to £57,500 and £5,750 respectively and the flat rate to £5,750.

While the house price index, as set out in the latest ONS house price index, has shown a 5.7% increase in house prices in England for the 12 month period until April 2017, there was only a 4.2% increase in house prices in Wales over the same period. The proposed increase in the thresholds in Wales is designed to reflect this.

These Regulations implement the change. The current thresholds and flat rate, prescribed by the 2016 Regulations, will continue to apply in relation to an owner-occupier or tenant displaced before 4 December 2017.

#### **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.