

**EXPLANATORY MEMORANDUM TO THE
HOME LOSS PAYMENTS (PRESCRIBED AMOUNTS)(ENGLAND)
REGULATIONS**

2004 No. 1631

1. This explanatory memorandum has been prepared by the Office of the Deputy Prime Minister and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Select Committee on Statutory Instruments.

2. **Description**

A person is entitled to a home loss payment when he is displaced from a dwelling by compulsory purchase or in other circumstances specified in section 29 of the Land Compensation Act 1973. These Regulations increase the maximum and minimum amounts of such a payment payable under section 30(1) of the Act to an owner-occupier displaced from a dwelling from £31,000 and £3,100 to £34,000 and £3,400. In any other case, the amount payable under section 30(2) of the Act is increased from £3,100 to £3,400.

3. **Matters of special interest to the Select Committee on Statutory Instruments**

These amounts were last increased with effect from 1st September 2003 by the Home Loss Payments (England) Regulations 2003 (S.I. 2003/1706). The 2004 Regulations are made to effect an annual adjustment in line with house price inflation. This has been calculated by reference to the Office of the Deputy Prime Minister's mix-adjusted index for all properties in Great Britain.

4. **Legislative Background**

The commitment to review the amounts annually in line with house price inflation was originally given in paragraph 5 of the Office of the Deputy Prime Minister's Consultation Paper "Home loss payments under the Land Compensation Act 1973 – consultation" published in September 2002. It was recently restated by the Minister for Housing and Planning in a speech on 17 June 2004 to the Chartered Institute for Housing.

5. **Extent**

5.1 This instrument applies to England.

5.2 The Land Compensation Act 1973 extends to Wales. The power to make regulations for Wales has been transferred to the National Assembly for Wales.

6. European Convention on Human Rights

This instrument is subject to negative procedure and does not amend primary legislation. Therefore no statement as to compatibility is required.

7. Policy background

7.1 Home loss payments are paid at a rate of 10% of the market value to owner-occupiers who are displaced from their homes as a result of compulsory purchase or certain housing orders. This is to compensate for the distress and inconvenience of having to move home at a time not of their choosing. These are subject to maximum and minimum payments (in section 30(1) of the Act). Tenants receive a flat rate equal to the minimum payment to owner-occupiers (in section 30(2) of the Act).

7.2 The increase in the maximum and minimum amounts for owner-occupiers (in section 30(1) of the Act) and the flat rate for other occupiers (in section 30(2) of the Act) reflects an increase in line with house price inflation in the last year since the amounts were last increased with effect from 1st September 2003.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it puts into effect an annual uprating in line with house price inflation.

8.2 The impact on the public sector is slight. The increased payments which acquiring authorities will make are assessed to be less than one per cent of the overall compensation. Land compensation is typically around 5 – 10 % of the cost of major schemes, so any extra compensation payable because of these increases will be negligible.

9. Contact

Robert Segall at the Office of the Deputy Prime Minister Tel: 0207 944 3913 or e-mail: robert.segall@odpm.gsi.gov.uk can answer any queries regarding the instrument.

30th June 2004