

2010 No. 340

SOCIAL SECURITY

**The Social Security (Housing Costs) (Standard Interest Rate)
(Amendment) Regulations (Northern Ireland) 2010**

Made - - - - *30th September 2010*

Coming into operation in accordance with regulation 1

The Department for Social Development makes the following Regulations in exercise of the powers conferred by sections 122(1)(a), 131(1) and 171(1) and (3) to (5) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992(a), Articles 6(5) and 36(2) of the Jobseekers (Northern Ireland) Order 1995(b), and now vested in it(c), sections 2(3)(b) and 19(1) to (3) of the State Pension Credit Act (Northern Ireland) 2002(d) and sections 4(2)(a) and 25(2) of the Welfare Reform Act (Northern Ireland) 2007(e).

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Social Security (Housing Costs) (Standard Interest Rate) (Amendment) Regulations (Northern Ireland) 2010.

(2) These Regulations shall come into operation—

- (a) in any case where a relevant benefit is payable to a person in arrears in respect of a benefit week that includes 1st October 2010, on the first day of that benefit week;
- (b) in any case not falling within sub-paragraph (a) where a relevant benefit is payable to a person in respect of a benefit week that includes 1st October 2010, on the first day of the first benefit week to commence for that person on or after 1st October 2010;
- (c) in any other case, on 1st October 2010.

(3) In these Regulations—

“the Income Support Regulations” means the Income Support (General) Regulations (Northern Ireland) 1987(f);

“the Jobseeker’s Allowance Regulations” means the Jobseeker’s Allowance Regulations (Northern Ireland) 1996(g);

(a) 1992 c. 7; section 171(1) was amended by paragraph 5 of Schedule 4 to the Tax Credits Act 2002 (c. 21)
(b) S.I. 1995/2705 (N.I. 15); Article 36(2) was amended by paragraph 55 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) (Northern Ireland) Order 1999 (S.I. 1999/671)
(c) See Article 8(b) of S.R. 1999 No. 481
(d) 2002 c. 14 (N.I.)
(e) 2007 c. 2 (N.I.)
(f) S.R. 1987 No. 459; relevant amending Regulations are S.R. 1988 No. 318, S.R. 2004 No. 461, S.R. 2007 No. 475 and S.R. 2008 No. 503
(g) S.R. 1996 No. 198; relevant amending Regulations are S.R. 2004 No. 461, S.R. 2007 No. 475, S.R. 2008 No. 503 and S.R. 2009 No. 107

“the State Pension Credit Regulations” means the State Pension Credit Regulations (Northern Ireland) 2003(a);

“the Employment and Support Allowance Regulations” means the Employment and Support Allowance Regulations (Northern Ireland) 2008(b);

“benefit week” has the same meaning as in—

- (a) regulation 2(1)(c) (interpretation) of the Income Support Regulations, in relation to income support;
- (b) regulation 1(2)(d) (interpretation) of the Jobseeker’s Allowance Regulations, in relation to a jobseeker’s allowance;
- (c) regulation 1(2)(e) (interpretation) of the State Pension Credit Regulations, in relation to state pension credit;
- (d) regulation 2(1) (interpretation) of the Employment and Support Allowance Regulations, in relation to an employment and support allowance;

“relevant benefit” means—

- (a) income support;
- (b) a jobseeker’s allowance;
- (c) state pension credit; or
- (d) an employment and support allowance.

(4) The Interpretation Act (Northern Ireland) 1954(f) shall apply to these Regulations as it applies to an Act of the Assembly.

Amendments relating to the standard rate of interest

2.—(1) This regulation applies to the following provisions—

- (a) paragraph 12(g) (the standard rate) of Schedule 3 (housing costs) to the Income Support Regulations;
- (b) paragraph 11(h) (the standard rate) of Schedule 2 (housing costs) to the Jobseeker’s Allowance Regulations;
- (c) paragraph 9(i) (the standard rate) of Schedule 2 (housing costs) to the State Pension Credit Regulations;
- (d) paragraph 13(j) (the standard rate) of Schedule 6 (housing costs) to the Employment and Support Allowance Regulations.

(2) In each of the provisions to which this regulation applies, for sub-paragraph (2) substitute—

“(2) Subject to the following provisions of this paragraph, the standard rate is to be the average mortgage rate published by the Bank of England in August 2010.

(2A) The standard rate is to be varied each time that sub-paragraph (2B) applies.

(2B) This sub-paragraph applies when, on any reference day, the Bank of England publishes an average mortgage rate which differs by 0.5% or more from the standard rate

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- (a) S.R. 2003 No. 28; relevant amending Regulations are S.R. 2004 No. 461, S.R. 2007 No. 475, S.R. 2008 No. 503 and S.R. 2009 No. 409
 - (b) S.R. 2008 No. 280; relevant amending Regulations are S.R. 2008 No. 503
 - (c) The definition of “benefit week” was amended by regulation 2(a) of S.R. 1988 No. 318
 - (d) The definition of “benefit week” was substituted by regulation 3 of S.R. 2009 No. 107
 - (e) The definition of “benefit week” was substituted by regulation 3(2) of S.R. 2009 No. 409
 - (f) 1954 c. 33 (N.I.)
 - (g) Paragraph 12 was substituted by regulation 2(c) of S.R. 2004 No. 461 and amended by regulation 2(3)(c) of S.R. 2007 No. 475 and regulation 2(2) of S.R. 2008 No. 503
 - (h) Paragraph 11 was substituted by regulation 3(c) of S.R. 2004 No. 461 and amended by regulation 4(c) of S.R. 2007 No. 475 and regulation 2(2) of S.R. 2008 No. 503
 - (i) Paragraph 9 was substituted by regulation 4(c) of S.R. 2004 No. 461 and amended by regulation 5 of S.R. 2007 No. 475 and regulation 2(2) of S.R. 2008 No. 503
 - (j) Paragraph 13 was substituted by regulation 2(2) of S.R. 2008 No. 503

that applies on that reference day (whether by virtue of sub-paragraph (2) or of a previous application of this sub-paragraph).

(2C) The average mortgage rate published on that reference day then becomes the new standard rate in accordance with sub-paragraph (2D).

(2D) Any variation in the standard rate by virtue of sub-paragraphs (2A) to (2C) comes into effect—

- (a) for the purposes of sub-paragraph (2B) (in consequence of its first and any subsequent application), on the day after the reference day referred to in sub-paragraph (2C);
- (b) for the purpose of calculating the weekly amount of housing costs to be met under this Schedule, on the day specified by the Department^(a).

(2E) In this paragraph—

“average mortgage rate” means the effective interest rate (non-seasonally adjusted) of United Kingdom resident banks and building societies for loans to households secured on dwellings published by the Bank of England in respect of the most recent period for that rate specified at the time of publication^(b);

“reference day” means any day falling after 1st October 2010.”.

Revocation

3. Regulation 2 (amendments relating to the standard rate of interest) of the Social Security (Housing Costs Special Arrangements) (Amendment and Modification) Regulations (Northern Ireland) 2008^(c) is revoked.

Sealed with the Official Seal of the Department for Social Development on 30th September 2010

(L.S.)

Anne Mc Cleary

A senior officer of the Department for Social Development

(a) The new standard rate, and the day specified by the Department as the day on which it comes into effect for the purpose of calculating the weekly amount of housing costs, will be made available at: <http://www.nidirect.gov.uk/information-and-services/money-tax-and-benefits/benefits-and-financial-support/on-a-low-income-1.htm>

(b) This is available on the Bank of England website: <http://www.bankofengland.co.uk/statistics/bankstats/current/index.htm> ; the effective rate appears in Table GI. 4 in the column headed “HSDE”

(c) S.R. 2008 No. 503

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the standard rate which is used to calculate the amount of interest payable on a qualifying loan under the housing costs provisions of the Income Support (General) Regulations (Northern Ireland) 1987, the Jobseeker's Allowance Regulations (Northern Ireland) 1996, the State Pension Credit Regulations (Northern Ireland) 2003 and the Employment and Support Allowance Regulations (Northern Ireland) 2008.

Regulation 2 amends each of those sets of Regulations with the result that, on the coming into operation of these Regulations, the standard rate is to be the effective interest rate for loans to households secured on dwellings ("the average mortgage rate") published by the Bank of England in August 2010.

Regulation 2 also provides that, after 1st October 2010, the standard rate is to be based on the average mortgage rate published by the Bank of England in respect of the most recent period for that rate specified at the time of publication. Changes to the standard rate are triggered when the standard rate and the average mortgage rate differ by 0.5% or more. When that happens, the Bank of England average mortgage rate becomes the new standard rate. For the purposes of calculating the weekly amount of housing costs to which a person is entitled, any change in the standard rate comes into effect on the day specified by the Department.

Regulation 3 revokes regulation 2 of the Social Security (Housing Costs Special Arrangements) (Amendment and Modification) Regulations (Northern Ireland) 2008 which provided for a standard rate of 6.08%.

These regulations make in relation to Northern Ireland only provision corresponding to provision contained in Regulations made by the Secretary of State for Work and Pensions in relation to Great Britain and accordingly, by virtue of section 149(3) of, and paragraph 10 of Schedule 5 to, the Social Security Administration (Northern Ireland) Act 1992, are not subject to the requirement of section 149(2) of that Act for prior reference to the Social Security Advisory Committee.

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