

2010 No. 1811

SOCIAL SECURITY

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

Made - - - - - *14th July 2010*

Laid before Parliament *20th July 2010*

Coming into force in accordance with regulation 1

The Secretary of State for Work and Pensions makes the following Regulations in exercise of the powers conferred by—

—sections 123(1)(a), 135(1), 137(1) and 175(1) and (3) to (5) of the Social Security Contributions and Benefits Act 1992(a),

—sections 4(5), 35(1) and 36(2) and (4) of the Jobseekers Act 1995(b),

—sections 2(3)(b), 17(1) and 19(1) of the State Pension Credit Act 2002(c), and

—sections 4(2)(a), 24(1) and 25(2), (3) and (5) of the Welfare Reform Act 2007(d).

The Social Security Advisory Committee has agreed that the proposals in respect of these Regulations should not be referred to it(e).

Citation, commencement and interpretation

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

(2) These Regulations come into force—

- (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.

(a) 1992 c. 4. Section 137(1) is cited for the meaning of “prescribed”. Section 175(1) and (4) were amended by paragraph 29 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2).
(b) 1995 c. 18. Section 35(1) is cited for the meaning of “prescribed” and “regulations”.
(c) 2002 c. 16. Section 17(1) is cited for the meaning of “prescribed” and “regulations”.
(d) 2007 c. 5. Section 24(1) is cited for the meaning of “prescribed” and “regulations”.
(e) See sections 172(1) and 173(1)(b) of the Social Security Administration Act 1992 (c. 5).

(3) In these Regulations—

“the Income Support Regulations” means the Income Support (General) Regulations 1987(a);

“the Jobseeker’s Allowance Regulations” means the Jobseeker’s Allowance Regulations 1996(b);

“the State Pension Credit Regulations” means the State Pension Credit Regulations 2002(c);

“the Employment and Support Allowance Regulations” means the Employment and Support Allowance Regulations 2008(d);

“benefit week” has the same meaning as in—

(a) regulation 2(1) (interpretation) of the Income Support Regulations(e), in relation to income support;

(b) regulation 1(3) (interpretation) of the Jobseeker’s Allowance Regulations(f), in relation to a jobseeker’s allowance;

(c) regulation 1(2) (interpretation) of the State Pension Credit Regulations(g), 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.

Amendments relating to the standard rate of interest

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

(a) paragraph 12 (the standard rate) of Schedule 3 (housing costs) to the Income Support Regulations(h);

(b) paragraph 11 (the standard rate) of Schedule 2 (housing costs) to the Jobseeker’s Allowance Regulations(i);

(c) paragraph 9 (the standard rate) of Schedule 2 (housing costs) to the State Pension Credit Regulations(j);

(d) paragraph 13 (the standard rate) of Schedule 6 (housing costs) to the Employment and Support Allowance Regulations(k).

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

(a) S.I. 1987/1967.

(b) S.I. 1996/207.

(c) S.I. 2002/1792.

(d) S.I. 2008/794.

(e) A relevant amending instrument is S.I. 1988/1445.

(f) The definition of “benefit week” was substituted by S.I. 2009/604.

(g) The definition of “benefit week” was substituted by S.I. 2009/3229.

(h) Paragraph 12 was substituted by S.I. 2004/2825 and amended by S.I. 2007/3183 and 2008/3195.

(i) Paragraph 11 was substituted by S.I. 2004/2825 and amended by S.I. 2007/3183 and 2008/3195.

(j) Paragraph 9 was substituted by S.I. 2004/2825 and amended by S.I. 2007/3183 and 2008/3195.

(k) Paragraph 13 was amended by S.I. 2008/3195.

(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 Secretary of State^(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 to the standard rate of interest) of the Social Security (Housing Costs Special Arrangements) (Amendment and Modification) Regulations 2008^(c) is revoked.

Signed by authority of the Secretary of State for Work and Pensions.

14th July 2010

Freud
Parliamentary Under-Secretary of State,
Department for Work and Pensions

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 1987, the Jobseeker’s Allowance Regulations 1996, the State Pension Credit Regulations 2002 and the Employment and Support Allowance Regulations 2008.

Regulation 2 amends each of those sets of Regulations with the result that, on the coming into force 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 Secretary of State.

(a) The new standard rate, and the day specified by the Secretary of State 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.direct.gov.uk/en/MoneyTaxAndBenefits/BenefitsTaxCreditsAndOtherSupport/On_a_low_income/DG_180321 at least seven days before the variation comes into effect.

(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 G1.4 in the column headed “HSDE”.

(c) S.I. 2008/3195.

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

A full impact assessment has not been produced for this instrument as it has no impact on the private or voluntary sectors.

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