EXPLANATORY MEMORANDUM

THE SOCIAL SECURITY (CLAIMS AND PAYMENTS) (AMENDMENT) REGULATIONS (NORTHERN IRELAND) 2014

S.R. 2014 No. 73

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Social Development to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2 The Statutory Rule is made under sections 13A(2)(b) and 165(1) and (4) of the Social Security Administration (Northern Ireland) Act 1992 and is subject to the negative resolution procedure.

2. Purpose

2.1 These Regulations amend the Social Security (Claims and Payments) Regulations (Northern Ireland) 1987 to increase, from 35p to 40p, the fee which qualifying lenders pay for the purpose of defraying administrative expenses incurred by the Department in making payments in respect of mortgage interest direct to those lenders.

3. Background

3.1 The Mortgage Interest Scheme was introduced in 1992 for Income Support and extended to include income-based Jobseeker's Allowance, State Pension Credit and income-related Employment and Support Allowance. Claimants in receipt of these benefits can receive help towards their eligible mortgage interest payments which is paid as part of these benefits. Provided that their mortgage lenders are members of the Mortgage Interest Direct Scheme, the Department pays the claimants' mortgage interest direct to the lenders.

3.2 In return for receiving direct payments of mortgage interest the lending industry is obliged to pay all, or a part of the administration charges which are wholly attributable to the running of the scheme. This fee is known as a transaction charge and is at present 35p. The transaction charge is reviewed on an annual basis by the Department for Work and Pensions in Great Britain in consultation with the Council of Mortgage Lenders and a revised charge of 40p from 1st April 2014 has been agreed.

4. Consultation

4.1 As the 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 consultation with the Social Security Advisory Committee is not required.

4.2 The Department has consulted with organisations representing qualifying lenders likely to be affected by the Regulations.

5. Equality Impact

5.1 In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on proposals for these Regulations and concluded that they do not have significant implications for equality of opportunity. In light of this, the Department considered that an equality impact assessment is not necessary.

6. Regulatory Impact

6.1 These Regulations do not require a Regulatory Impact Assessment as they do not impose any new cost on business, charities or voluntary bodies.

7. Financial Implications

7.1 The Regulations do not have any financial implications.

8. Section 24 of the Northern Ireland act 1998

8.1 The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied the Rule—

(a) is not incompatible with any of the Convention rights,

(b) is not incompatible with Community law,

(c) does not discriminate against a person or class of person on the ground of religious belief or political opinion, and

(d) does not modify an enactment in breach of section 7 of the Northern Ireland Act 1998.

9. EU Implications

9.1 Not applicable.

10. Parity or Replicatory Measure

10.1 The corresponding Great Britain Regulations are the Social Security (Claims and Payments) Amendment Regulations 2014 and come into force on 1st April 2014. Parity of timing and substance is an integral part of the maintenance of single systems of social security, pensions and child support provided for in section 87 of the Northern Ireland Act 1998.