

Policy Circular

Document No 09/07

Owner: Strategy & Communications Directorate

Subject: Loan Interest

Version: 10 of 10

Last Amended: 16 December 2010

Date Reviewed: 16 December 2010

Next Review: December 2011

1.0 Background

ILF is required to carry out a financial assessment for those users who are not in receipt of Income Support, Income Based Jobseekers Allowance, Income Related Employment and Support Allowance or Pension Guarantee Credit.

This financial assessment determines whether a person is financially eligible to receive an ILF award and at the same time works out the amount of the contribution (if any) that the person will be expected to pay towards their care costs.

Within this assessment the Fund will make an allowance for the interest payable on certain loans for disability related work to the persons home.

2.0 Policy

2.1 Allowable loans

Independent Living Fund

Equinox House, Island Business Quarter, City Link, Nottingham NG2 4LA

Tel: 0845 601 8815 or 0115 945 0700, Fax: 0115 945 0945, Textphone: 0845 601 8816

Email: funds@ilf.org.uk, Website: www.dwp.gov.uk/ilf

The Independent Living Fund is an Executive Non-Departmental Public Body of the Department for Work and Pensions

An allowance may be made for the interest on a loan taken out for a disability related improvement, adaptation or extension of the persons home.

The work must be:

- Carried out at the persons home and
- Disability related, eg the installation of a new kitchen to allow access to worktops or units or the installation of new doors to allow wheelchair access.

Loans for any other purpose, such as general improvements or building work, are not allowable.

All types of loan can be considered as long as there is a formal agreement. These can include mortgages, bank loans, credit agreements, hire purchase agreements and formal family loans.

Informal loan agreements are not allowable.

2.2 Interest Allowable Income

The Fund will allow interest at the Standard Interest Rate in force at the time of the assessment. From the 1 October 2010 the SIR will be based on the average mortgage rate published by the Bank of England. A change in the SIR will only be triggered when the Bank of England's published average mortgage rate differs by 0.5% or more from the current SIR. The Secretary of State will determine the date when the new SIR becomes effective.

The current allowable interest rate is 3.63%.

This rate will be applied in all relevant ILF assessments. It applies regardless of the rate of interest actually payable under the loan agreement.

3.0 Source

Conditions of Grant Agreement 2007

Trustees meeting 12 July 2000

http://www.dwp.gov.uk/resourcecentre/standard_rate_of_interest.pdf

4.0 History Date Reviewed

This policy will be reviewed at least annually, as necessary.

30 January 2009

23 July 2009

26 May 2010

16 December 2010

Equality Impact Assessment

Screening Template

This preliminary impact assessment form is to help you screen your policy, project, function or new service. It should help you consider whether a full Equality Impact Assessment is required by looking at whether there is a potential negative or positive impact on any of the equality groups, if there is an opportunity to promote equality, and whether further data is needed.

Title of policy, project, function or service:

Loan Interest

Short description of aims and objectives

ILF policy allows an amount of interest paid on disability related loans to be classed as outgoings for the purposes of the financial assessment

Thinking about each group below, does (or could) the policy, project, service or function have an impact on members of each equality group? If so, how?

Equality Group	Yes – negatively	Yes – positively	Unclear	No impact
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gender	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Transgender	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Religion or belief	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Socio-economic groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

What information or research has been considered in judging these impacts?

ILF conditions of grant agreement (COGA)

Income Support regulations

You should consider a full Equality Impact Assessment (EIA) if:

- (a) you feel one or more equality groups will be negatively impacted by the policy, project or service, or
- (b) there is an opportunity to promote equality and eradicate discrimination.

You may also consider further research if it is unclear, at this stage, what the impact may be.

Based on your findings, is a full EIA required?

Yes

No

Please provide a short summary of your decision-making below:

This policy mirrors the provisions of the relevant Income Support regulations, which ILF is required to apply and does not include any decisions made by the Trustees or ILF management.

There is one difference from income support regulation which is that this policy allows interest paid out on a loan taken out for disability related purposes to be classed as outgoings.

This has a positive impact on disability, however it reflects the provisions made within the COGA, which is one of the formal legal documents that govern the operations of the ILF. The content of this policy is a procedural explanation of mandatory provisions and does not include any decisions made by the Trustees or ILF management

Notes:

- The completed EIA Screening Template should be sent to Jon Duckworth, User Liaison Manager for approval by the Equality Impact Assessment Board (EIAB).
- We will contact you with any comments or queries about the completed form.

**This form was
completed by:**

Joanna Mora
