

SCHEDULE 5

Regulation 26(3)

Housing costs element for owner-occupiers

PART 1

General

Introduction

1.—(1) This Schedule contains provisions about claimants to whom regulation 26(3) applies.

(2) Claimants who fall within sub-paragraph (1) are referred to in this Schedule as “owner-occupiers” (and references to “joint owner-occupiers” are to joint claimants to whom regulation 26(3) applies).

(3) Part 2 of this Schedule sets out an exception to section 11(1) of the Act for certain owner-occupiers in whose case an award of universal credit is not to include an amount of housing costs element calculated under this Schedule.

(4) Part 3 of this Schedule provides for a qualifying period that is to elapse before an amount of housing costs element calculated under this Schedule may be included in an owner-occupier's award of universal credit.

(5) Part 4 provides for the calculation of the amount of housing costs element to be included under this Schedule in an owner-occupier's award of universal credit.

Interpretation

2. In this Schedule—

F1 ...

F1 ...

“joint owner-occupier” has the meaning given in paragraph 1(2);

F1 ...

“owner-occupier” means a single owner-occupier within the meaning of paragraph 1(2) or each of joint owner-occupiers;

“qualifying period” has the meaning given in paragraph 5(2);

[^{F2}“relevant date” means, in relation to an owner-occupier, the date on which an amount of housing costs element calculated under this Schedule is first included in the owner-occupier's award;]

“relevant payments” has the meaning given in paragraph 3;

F1 ...

Textual Amendments

F1 Words in Sch. 5 para. 2 omitted (with effect in accordance with regs. 19 - 21 of the amending S.I.) by virtue of [The Loans for Mortgage Interest Regulations 2017 \(S.I. 2017/725\)](#), reg. 1(2)(a), **Sch. 5 para. 5(f)(i)**

F2 Words in Sch. 5 para. 2 inserted (28.4.2014) by [The Universal Credit and Miscellaneous Amendments Regulations 2014 \(S.I. 2014/597\)](#), regs. 1, **2(14)(a)(ii)**

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“Relevant payments” for purposes of this Schedule

3.—^{F3}(1) “Relevant payments” means one or more payments which are service charge payments.]

^{F4}(2)

(3) “Service charge payments” is to be understood in accordance with paragraphs 7 and 8 of that Schedule.

Textual Amendments

F3 Sch. 5 para. 3(1) substituted (with effect in accordance with regs. 19 - 21 of the amending S.I.) by [The Loans for Mortgage Interest Regulations 2017 \(S.I. 2017/725\), reg. 1\(2\)\(a\), Sch. 5 para. 5\(f\)\(ii\)](#)

F4 Sch. 5 para. 3(2) omitted (with effect in accordance with regs. 19 - 21 of the amending S.I.) by virtue of [The Loans for Mortgage Interest Regulations 2017 \(S.I. 2017/725\), reg. 1\(2\)\(a\), Sch. 5 para. 5\(f\)\(iii\)](#)

PART 2

Exception to inclusion of housing costs element

No housing costs element where owner-occupier has any earned income

4.—(1) Section 11(1) of the Act (housing costs) does not apply to any owner-occupier in relation to an assessment period where—

- (a) the owner-occupier has any earned income; or
- (b) if the owner-occupier is a member of a couple, either member of the couple has any earned income.

(2) Sub-paragraph (1) applies irrespective of the nature of the work engaged in, its duration or the amount of the earned income.

(3) Nothing in this paragraph prevents an amount calculated under Schedule 4 from being included in the award of any claimant who falls within regulation 26(4) to (6) (shared ownership).

PART 3

No housing costs element for qualifying period

No housing costs element under this Schedule for qualifying period

5.—(1) An owner-occupier's award of universal credit is not to include any amount of housing costs element calculated under this Schedule until the beginning of the assessment period that follows the assessment period in which the qualifying period ends.

(2) “Qualifying period” means a period of—

- (a) in the case of a new award, ^{F59} consecutive assessment periods in relation to which—
 - (i) the owner-occupier has been receiving universal credit, and
 - (ii) would otherwise qualify for the inclusion of an amount calculated under this Schedule in their award;

- (b) in any case where an amount calculated under this Schedule has for any reason ceased to be included in the award, [^{F69}] consecutive assessment periods in relation to which the owner-occupier would otherwise qualify for the inclusion of an amount calculated under this Schedule in their award.
- (3) Where, before the end of a qualifying period, an owner-occupier for any reason ceases to qualify for the inclusion of an amount calculated under this Schedule—
- (a) that qualifying period stops running; and
 - (b) a new qualifying period starts only when the owner-occupier again meets the requirements of sub-paragraph (2)(a) or (b).

Textual Amendments

- F5** Word in Sch. 5 para. 5(2)(a) substituted (1.4.2016) by [The Social Security \(Housing Costs Amendments\) Regulations 2015 \(S.I. 2015/1647\)](#), regs. 1, **5(2)** (with reg. 8)
- F6** Word in Sch. 5 para. 5(2)(b) substituted (1.4.2016) by [The Social Security \(Housing Costs Amendments\) Regulations 2015 \(S.I. 2015/1647\)](#), regs. 1, **5(2)** (with reg. 8)

Application of paragraph 5: receipt of JSA and ESA

6.—(1) This paragraph applies to any owner-occupier who immediately before the commencement of an award of universal credit is entitled to—

- (a) a jobseeker's allowance; or
- (b) an employment and support allowance.

(2) In determining when the qualifying period in paragraph 5 ends in relation to the owner-occupier, any period that comprises only days on which the owner-occupier was receiving a benefit referred to in sub-paragraph (1) may be treated as if it were the whole or part of one or more assessment periods, as determined by the number of days on which any such benefit was received.

Modifications etc. (not altering text)

- C1** Sch. 5 para. 6 excluded (29.4.2013) by [The Universal Credit \(Transitional Provisions\) Regulations 2013 \(S.I. 2013/386\)](#), regs. 1(2), **29(5)**

Application of paragraph 5: joint owner-occupiers ceasing to be a couple

7.—(1) This paragraph applies where—

- (a) an award of universal credit to joint owner-occupiers is terminated because they cease to be a couple; and
- (b) a further award is made to one of them (or to each of them); and
- (c) in relation to the further award (or in relation to each further award), the occupation condition is met in respect of the same accommodation as that occupied by the joint owner-occupiers as their home.

(2) In determining when the qualifying period in paragraph 5 ends in relation to the further award (or each further award), the whole or part of any assessment period which would have counted in relation to the award that is terminated is to be carried forward and taken into account in relation to the further award (or each further award).

(3) But where, immediately before the joint owner-occupiers' award was terminated, an amount of housing costs element calculated under this Schedule was already included in the award, no

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qualifying period under paragraph 5 applies to the owner-occupier in relation to the commencement of the further award (or each further award).

- (4) For the purposes of sub-paragraph (1)(b), it is irrelevant whether the further award—
 - (a) is made on a claim; or
 - (b) by virtue of regulation 9(6) of the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013 ^{M1} is made without a claim.

Marginal Citations
M1 [S.I. 2013/380](#).

PART 4

Calculation of amount of housing costs element for owner-occupiers

Payments to be taken into account

8.—(1) Where an owner-occupier meets the payment condition, liability condition and occupation condition in respect of one or more relevant payments and the qualifying period has ended, each of the relevant payments is to be taken into account for the purposes of the calculation under this Part.

(2) No account is to be taken of any amount of a relevant payment to the extent that the conditions referred to in sub-paragraph (1) are not met in respect of that amount.

(3) Any particular payment for which an owner-occupier is liable is not to be brought into account more than once, whether in relation to the same or a different owner-occupier (but this does not prevent different payments of the same description being brought into account in respect of an assessment period).

The amount of housing costs element

9. The amount of the owner-occupier's housing costs element under this Schedule is [^{F7}the amount resulting from paragraph 13] in respect of all relevant payments which are to be taken into account under paragraph 8.

Textual Amendments
F7 Words in Sch. 5 para. 9 substituted (with effect in accordance with regs. 19 - 21 of the amending S.I.) by [The Loans for Mortgage Interest Regulations 2017 \(S.I. 2017/725\)](#), reg. 1(2)(a), **Sch. 5 para. 5(f)(iv)**

Amount in respect of interest on loans

^{F8}**10.**

Textual Amendments
F8 Sch. 5 para. 10 omitted (with effect in accordance with regs. 19 - 21 of the amending S.I.) by virtue of [The Loans for Mortgage Interest Regulations 2017 \(S.I. 2017/725\)](#), reg. 1(2)(a), **Sch. 5 para. 5(f)(v)**

Modifications etc. (not altering text)

- C2** Sch. 5 para. 10(2) sum maintained (coming into force in accordance with art. 1(3)(p) of the amending S.I.) (where reg. 20 of S.I. 2017/725 applies) by [The Social Security Benefits Up Rating Order 2021 \(S.I. 2021/162\)](#), [art. 33\(4\)\(a\)](#)

Amount in respect of alternative finance arrangements

^{F9}**11.**

Textual Amendments

- F9** Sch. 5 para. 11 omitted (with effect in accordance with regs. 19 - 21 of the amending S.I.) by virtue of [The Loans for Mortgage Interest Regulations 2017 \(S.I. 2017/725\)](#), reg. 1(2)(a), [Sch. 5 para. 5\(f\)\(v\)](#)

Modifications etc. (not altering text)

- C3** Sch. 5 para. 11(2) sum maintained (coming into force in accordance with art. 1(3)(p) of the amending S.I.) (where reg. 20 of S.I. 2017/725 applies) by [The Social Security Benefits Up Rating Order 2021 \(S.I. 2021/162\)](#), [art. 33\(4\)\(b\)](#)

Standard rate to be applied under paragraphs 10 and 11

^{F10}**12.**

Textual Amendments

- F10** Sch. 5 para. 12 omitted (with effect in accordance with regs. 19 - 21 of the amending S.I.) by virtue of [The Loans for Mortgage Interest Regulations 2017 \(S.I. 2017/725\)](#), reg. 1(2)(a), [Sch. 5 para. 5\(f\)\(v\)](#)

Amount in respect of service charge payments

13.—(1) This paragraph provides for the calculation of the amount to be included in the owner-occupier's housing costs element under this Schedule in respect of relevant payments which are service charge payments.

(2) The amount in respect of the service charge payments is to be calculated as follows.

Step 1

Determine the amount of each service charge payment.

Step 2

Determine the period in respect of which each service charge payment is payable and determine the amount of the payment in respect of a month (see sub-paragraphs (3) and (4)).

Step 3

If there is more than one service charge payment, add together the amounts determined in step 2. The result is the amount to be included under this Schedule in respect of service charge payments.

(3) Where the period in respect of which an owner-occupier is liable to make a service charge payment is not a month, an amount is to be calculated as the monthly equivalent, so for example—

(a) weekly payments are multiplied by 52 and divided by 12;

[^{F11}(aa) two-weekly payments are multiplied by 26 and divided by 12;]

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- (b) four-weekly payments are multiplied by 13 and divided by 12;
- (c) three-monthly payments are multiplied by 4 and divided by 12; and
- (d) annual payments are divided by 12.

(4) Where an owner-occupier is liable for service charge payments under arrangements that provide for one or more service charge free periods, [^{F12}subject to sub-paragraph (4A),] the monthly equivalent is to be calculated over 12 months by reference to the total number of service charge payments which the owner-occupier is liable to make in that 12 month period.

[^{F13}(4A) Where sub-paragraph (4) applies and the service charge payments in question are—

- (a) weekly payments, the total number of weekly service charge payments which the owner-occupier is liable to make in any 12 month period shall be calculated by reference to the formula—

52–SCFP;

- (b) two-weekly payments, the total number of two-weekly service charge payments which the owner-occupier is liable to make in any 12 month period shall be calculated by reference to the formula—

26–SCFP;

- (c) four weekly payments, the total number of four-weekly service charge payments which the owner-occupier is liable to make in any 12 month period shall be calculated by reference to the formula—

13–SCFP;

where “SCFP” is the number of service charge free periods in the 12 month period in question.]

(5) “Service charge free period” means any period in respect of which the owner-occupier has no liability to make one or more of the service charge payments which are to be taken into account under paragraph 8.

Textual Amendments

- F11** Sch. 5 para. 13(3)(aa) inserted (28.4.2014) by [The Universal Credit and Miscellaneous Amendments Regulations 2014 \(S.I. 2014/597\)](#), regs. 1, **2(14)(e)(i)**
- F12** Words in Sch. 5 para. 13(4) inserted (28.4.2014) by [The Universal Credit and Miscellaneous Amendments Regulations 2014 \(S.I. 2014/597\)](#), regs. 1, **2(14)(e)(ii)**
- F13** Sch. 5 para. 13(4A) inserted (28.4.2014) by [The Universal Credit and Miscellaneous Amendments Regulations 2014 \(S.I. 2014/597\)](#), regs. 1, **2(14)(e)(iii)**

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