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STATUTORY INSTRUMENTS

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**2007 No. xxxx**

**HOUSING, ENGLAND AND WALES**

**The Housing (Tenancy Deposits) (Specified Interest Rate) Order  
2007**

*Made* - - - - *XXXX 2007*

*Coming into force* - - *6th April 2007*

The Secretary of State, as respects England, and the National Assembly for Wales, as respects Wales, in exercise of the power conferred by paragraph 3(5)(b) of Schedule 10 to the Housing Act 2004(a), make the following Order:

**Citation and commencement**

1. This Order may be cited as the Housing (Tenancy Deposits) (Specified Interest Rate) Order 2007 and shall come into force on 6th April 2007.

**Specified interest rate**

2. For the purposes of paragraph 3(5)(b) of Schedule 10 to the Housing Act 2004 the specified interest rate is a rate equivalent to the base rate of the Bank of England less 2.32 percent.

Signed by authority of the Secretary of State  
for Communities and Local Government

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Parliamentary Under Secretary Of State  
Department for Communities and Local Government

Signed on behalf of the National Assembly for Wales

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The Presiding Officer of the National Assembly

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(a) 2004 c. 34. The power conferred by paragraph 3(5)(b) of Schedule 10 to the Housing Act 2004 (“the Act”) is exercisable, as respects England, by the Secretary of State and, as respects Wales, by the National Assembly for Wales. See the definition of the appropriate national authority in section 261(1) of the Act.

## **EXPLANATORY NOTE**

*(This note is not part of the Order)*

By Section 212(1) of the Housing Act 2004 (“the Act”) the “appropriate national authority” (being, in England, the Secretary of State, and in Wales, the National Assembly for Wales) is required to make arrangements for securing that one or more deposit schemes are available for the purpose of safeguarding tenancy deposits paid in connection with shorthold tenancies. A “shorthold tenancy” is defined in section 212(8) of the Act as being an assured shorthold tenancy within the meaning of Chapter 2 of Part 1 of the Housing Act 1988.

A scheme may be a custodial scheme, as defined in paragraph 1(2) of Schedule 10 to the Act (“the Schedule”), or an insurance scheme, as defined in paragraph 1(3) of the Schedule. At the end of a tenancy a deposit that has been secured in a custodial scheme must be paid in accordance with paragraph 4 of the Schedule. Where the scheme provides for any amount paid in accordance with paragraph 4 of the Schedule to be paid with interest, the appropriate national authority, under paragraph 3(5) of the Schedule, may specify at what rate of interest it is to be paid.

This Order, which applies to England and Wales, specifies that for the purposes of paragraph 3(5) of the Schedule, the rate of interest is a rate equivalent to the base rate of the Bank of England less 2.32 percent.