EXPLANATORY MEMORANDUM TO

THE HOUSING BENEFIT (EXECUTIVE DETERMINATIONS) (AMENDMENT) REGULATIONS (NORTHERN IRELAND) 2018

S.R. 2018 No. 2

1. Introduction

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

1.2. The Statutory Rule is made under sections 122(1)(d), 129A(2) and 171(1), (3) to (5) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992) and is subject to the negative resolution procedure.

2. Purpose

2.1. This Statutory Rule amend the Housing Benefit (Executive Determinations) Regulations (Northern Ireland) 2008, to provide how the Local Housing Allowance ("LHA") rate will be calculated

2.2. The Rule provides that the LHA rate will be determined differently depending on the category of dwelling for which the rate is being determined and the broad rental market area in which the dwelling is situated.

3. Background

3.1. The LHA arrangements were introduced from 7 April 2008 and apply to Housing Benefit claimants in the private rented sector. LHA rates are determined by the Northern Ireland Housing Executive ("NIHE") for each property size, based on evidence of achieved rents gathered by them in each broad rental market area (an area in which people live and access services) and subject to any limits set by the Minister.

3.2. A number of reforms to LHA arrangements have been introduced since April 2011 to restrict the amount of Housing Benefit which can be paid, including rates being set at the 30th percentile of rents in each broad rental market area, restricting the maximum le to a four bedroom property and capping the weekly rates by property size. These changes all form part of the Government's deficit reduction plan and the purpose of them is to make the Housing Benefit scheme fairer and more sustainable.

3.3. The Chancellor, in his Summer Budget statement in 2015, announced that LHA rates would be frozen for four years from April 2016 to March 2020, as part of a package of reforms to the welfare system to make it fairer for the taxpayers who fund it, while continuing to support the most vulnerable. This means that the LHA rate will either be frozen at the April 2015 rate or be set at the 30th percentile of local rents, if this is lower.

3.4. In recognition that freezing LHA rates may have very different effects in different areas, the Government committed to use 30 per cent of the savings to create a new round of Targeted Affordability Funding. On 22

November 2017 the Autumn Budget announced that TAF would be increased by £39 million in 2018/19 and £84 million in 2019/20, therefore basing it on 50 per cent of the savings from the freeze rather than 30 per cent. This funding will be used to increase some LHA rates by 3 per cent in those areas where there have been higher rental increases.

3.5. The maximum LHA levels or national "caps" will also receive a 3 per cent increase and the new amounts are set out in the instrument. This means any rates previously at the maximum levels and identified to receive TAF in 2018/19, will be allowed a 3 per cent increase instead of remaining capped. The maximum LHA levels have not been increased since 2015/16

3.6. The areas and rates which will receive the increase in 2018/19 are set out in this statutory rule, and are those which have diverged the furthest away from the 30th percentile of local rents.

4. Consultation

4.1. This Statutory Rule has not been subject to public consultation.

5. Equality Impact

5.1. In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department conducted a screening exercise and concluded that the changes did not have any significant implications for equality of opportunity. In light of this, the Department considered that an equality impact assessment was not necessary.

6. Regulatory Impact

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

7. Financial Implications

7.1. A breach of parity in this matter may incur financial costs, both in the loss of benefit savings and in administration costs, which would have to be met by the Northern Ireland Executive from the Northern Ireland block grant..

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. This Statory Rule mirrors the provisions of the Rent Officers (Housing Benefit and Universal Credit) (Amendment) Order 2017 (S.I. 2017/1323) for Great Britain, which was made on 21 December 2017 and came into force on 26th January 2018, and are in keeping with the principal of parity between Northern Ireland and Great Britain in social security matters.

11. Additional Information

11.1. Not applicable.