

EXPLANATORY MEMORANDUM TO
THE HOUSING BENEFIT AND UNIVERSAL CREDIT HOUSING COSTS
(EXECUTIVE DETERMINATIONS) (AMENDMENT) REGULATIONS
(NORTHERN IRELAND) 2024

S.R. 2024 No. 3

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department for Communities to accompany the Statutory Rule (details above) which is to be laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Sections 122(1)(d), 129A(2) and 171(1) and (3) to (5) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 and Articles 16(4), 38(1) and 48(2) of the Welfare Reform (Northern Ireland) Order 2015, and is subject to the negative resolution procedure.

2. Purpose

- 2.1. The Statutory Rule amends the Housing Benefit (Executive Determinations) Regulations (Northern Ireland) 2008 and the Universal Credit Housing Costs (Executive Determinations) Regulations (Northern Ireland) 2016 to make changes to how the Northern Ireland Housing Executive will determine Local Housing Allowance (LHA) rates from 31 January 2024. It provides for LHA rates from April 2024 to be set at the 30th percentile of local market rents. The amendment also ensures that no revised LHA rates will be lower than they were in 2023/24.

3. Background

- 3.1. The Local Housing Allowance (LHA) scheme was introduced in 2008 as a fair and transparent way of calculating the maximum amount of Housing Benefit for claimants living in the private rented sector. From 2017 LHA rates have also been used to calculate the housing element of Universal Credit for claimants who are privately renting.
- 3.2. The scheme ensures that all claimants in similar circumstances living in the same area are entitled to the same maximum rent allowance, regardless of the contractual rent paid. LHA is intended to provide a reasonable level of support towards rental costs and is not intended to cover all rents in all areas.
- 3.3. Across Northern Ireland there are 8 Broad Rental Market Areas (BRMA). A BRMA is an area where a person could reasonably be expected to live, taking into account access to facilities and services. Each BRMA has five size categories of dwelling or accommodation: a shared dwelling or accommodation rate and one, two, three and four-bedroom rates.
- 3.4. The Secretary of State for Work and Pensions has committed to reviewing the level of LHA rates annually.

- 3.5. The rates were last increased in April 2020, as part of the response to the Covid-19 pandemic. In 2021/22, 2022/23 and 2023/24 the legislation was modified to temporarily freeze LHA rates at the 2020/21 level.
- 3.6. On 22 November 2023 the Chancellor announced in the Autumn Statement that the UK Government will raise LHA rates in Great Britain to the 30th percentile of local market rates in April 2024¹. This Statutory Rule delivers that commitment for Northern Ireland for 2024/25.
- 3.7. The cost of renting has increased significantly since LHA rates were last increased. Increasing the LHA to the 30th percentile of local market rents will make housing more affordable for private renters who receive housing support through social security benefits.
- 3.8. Indicative LHA rates have been published alongside this Explanatory Memorandum using 2022/23 market rental data, compiled for the 12 months ending on 30 September 2023 and provided by the Northern Ireland Housing Executive. These rates will be confirmed once the legislation comes into force.
- 3.9. The policy intention is that no LHA rate will decrease because of this measure. An amendment is being inserted into the legislation to ensure that no claimant has their LHA rate reduced.
- 3.10. For those who still face a shortfall in meeting their housing costs and need further financial support, Discretionary Housing Payments (DHPs) are available. DHPs can be paid to those entitled to Housing Benefit or the housing element of Universal Credit who face a shortfall in meeting their housing costs. The DHP Scheme is administered by the Northern Ireland Housing Executive.

4. Consultation

- 4.1. There is no requirement to consult on these regulations.

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 within the Northern Ireland block grant.

¹ <https://www.gov.uk/government/publications/autumn-statement-2023>

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 that the Rule complies with that provision.

9. EU Implications

9.1. Not applicable.

10. Parity or Replicatory Measure

10.1. This Statutory Rule mirrors the provisions of the Rent Officers (Housing Benefit and Universal Credit Functions) (Amendment) Order 2024(S.I.2024/11) in Great Britain, which was made on 08/01/2024 and came into force on 31/01/2024 and is in keeping with the principle of parity between Northern Ireland and Great Britain in matters of social security.

11. Additional Information

11.1. Not applicable.