EXPLANATORY MEMORANDUM TO

THE HOUSING BENEFIT AND UNIVERSAL CREDIT HOUSING COSTS (EXECUTIVE DETERMINATIONS) (MODIFICATION) REGULATIONS (NORTHERN IRELAND) 2025

S.R. 2025 NO. 1

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 This Statutory Rule modifies the Housing Benefit (Executive Determinations) Regulations (Northern Ireland) 2008 and the Universal Credit Housing Costs (Executive Determinations) Regulations (Northern Ireland) 2016 ("the Executive Determinations Regulations") to makes changes to how the Northern Ireland Housing Executive will determine Local Housing Allowance (LHA) rates which will apply for 2025/26. It provides for LHA rates in 2025/26 to be maintained at the same levels as the rates which were set for 2024/25. The Northern Ireland Housing Executive will then apply the specific LHA rates for 2025/26 and make determinations on 31st January 2025 which will take effect from April 2025.

3. Background

3.1 The LHA scheme was introduced in 2008 as a fair and transparent way of calculating the maximum amount of Housing Benefit for people living in the private rented sector. From 2017 LHA rates have also been used to calculate the housing costs element of Universal Credit for people who are privately renting. It applies to most private renters in receipt of Government housing support which means the majority of tenants claiming Housing Benefit and all private rented sector tenants claiming the housing costs element of Universal Credit.

3.2 The LHA scheme ensures that people 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 In 2021/22, 2022/23 and 2023/24, LHA rates were frozen at the 2020/21 levels. In April 2024, LHA rates were restored to the 30th percentile of local market rents for 2024/25. This means the LHA rates were calculated to ensure that the lowest 30% of private rents within each Broad Rental Market Area (BRMA) are affordable for people claiming either Housing Benefit or the housing costs element of Universal Credit.

3.6 The Secretary of State for Work and Pensions has reviewed LHA rates for 2025/26 and confirmed in her written ministerial statement, in line with Autumn Budget on 30th October 2024, that LHA rates in Great Britain will be maintained at the same levels as 2024/25. This Statutory Rule delivers that commitment for Northern Ireland for 2025/26. The Secretary of State made the decision within the current challenging fiscal context, including the April 2024 increase which cost £7bn over 5 years. Her consideration also included the impact of rising rents balanced against other priorities.

3.7 For Housing Benefit, the determination will be effective from 1 April 2025 and for Universal Credit the date that such a determination takes effect will be from the first Monday of the first tax year that follows the day on which such a determination is made.

3.8 For those who still face a shortfall in meeting their housing costs and require additional financial support, Discretionary Housing Payments (DHPs) are available. DHPs can be paid to those who are entitled to Housing Benefit or the housing costs 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.

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. E U 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) (Modification) Order 2025 (S.I. 2025/5) in Great Britain, which was made on 08/01/25 and came into force on 31/01/25 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.