EXPLANATORY MEMORANDUM TO

THE HOUSING BENEFIT (EARNED INCOME DISREGARDS) (AMENDMENT) (NO. 2) REGULATIONS 2026

2026 No. 978

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of His Majesty.

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Declaration

2.1 Sir Stephen Timms MP, Minister for Social Security and Disability at the Department for Work and Pensions confirms that this Explanatory Memorandum meets the required standard.

2.2 Libby Cooklin, Deputy Director for Housing Policy Division, at the Department for Work and Pensions confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Joanne Bell at the Department for Work and Pensions can be contacted by email at the following address with any queries regarding the instrument: HOUSING.POLICYENQUIRIES@DWP.GOV.UK

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument amends the Housing Benefit (Earned Income Disregards) (Amendment) Regulations 2026 (the 2026 Regulations)[1], which were laid on 6 July 2026[2]. It corrects provisions in the 2026 Regulations that would otherwise prevent the policy intent from being fully implemented when those Regulations come into force.

Where does the legislation extend to, and apply?

4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England, Wales and Scotland.

4.3 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England, Wales and Scotland.

[1] https://www.legislation.gov.uk/uksi/2026/753/made
[2] https://www.gov.uk/government/news/supported-housing-residents-to-keep-more-of-what-they-earn-under-new-rules

5. Policy Context

What is being done and why?

5.1 The purpose of this instrument is to correct errors in the 2026 Regulations. The Government's policy intention for the 2026 Regulations is that all eligible Housing Benefit claimants living in Specified Accommodation or Temporary Accommodation can benefit from the additional earned income disregard.

5.2 The 2026 Regulations remain in place and are due to come into force on 5 October 2026. This instrument makes corrective amendments before that date, so the new disregards still have effect from 5 October 2026. The policy intent set out in the previous Explanatory Memorandum[3] published on 6 July 2026 is not repeated here.

What was the previous policy, how is this different?

5.3 The 2026 Regulations were intended to strengthen work incentives and reduce the financial cliff-edge faced by claimants when an increase in earnings reduces their Universal Credit award to zero.

5.4 Following the making of those Regulations, it was identified that some provisions would prevent the policy from operating fully as intended. Without amendment, the provisions could restrict application of the additional earned income disregard. In particular, they could exclude lone parents, prevent the disregard from operating as intended for couples, affect its interaction with existing earnings disregard provisions, and impose an unintended minimum-hours requirement through the use of the term "remunerative work".

5.5 This instrument does not change the overall policy objective or the level of support intended. Legislative amendment is required because the changes relate to provisions set out in regulations and cannot be achieved through guidance or administrative action alone.

6. Legislative and Legal Context

How has the law changed?

6.1 This instrument inserts an amendment to paragraph 17 of Schedule 4 to the Housing Benefit Regulations 2006[4] (the HB Regulations 2006) into the 2026 Regulations so that the new disregards introduced by the 2026 Regulations are taken into account when calculating any additional amount to be disregarded from earnings under paragraph 17.

6.2 It also substitutes a new paragraph 18 to be inserted by the 2026 Regulations into Schedule 4 to the HB Regulations 2006. Paragraph 18 in the 2026 Regulations provided for "single claimants". "Single claimant" is defined in the HB Regulations 2006 as excluding lone parents ("lone parent" being defined separately). Lone parents should not be excluded. The new paragraph 18 therefore specifically provides for lone parents, using the same age categories and amounts as for single claimants, so that they may be eligible for the new disregard. It also clarifies what disregard amount applies when a claimant and their partner are under 18 years of age as under the 2026 Regulations, an error meant that two different amounts could be taken to apply.

6.3 The substituted paragraph 18 also provides that a claimant living in Specified Accommodation or Temporary Accommodation can qualify for the new disregard

[3] https://www.legislation.gov.uk/uksi/2026/753/pdfs/uksiem_20260753_en_001.pdf
[4] https://www.legislation.gov.uk/uksi/2006/213/schedule/4/paragraph/17#schedule-4-paragraph-17-1

where they, or their partner, is an employed earner or self-employed earner without imposing any minimum hours requirement. The 2026 Regulations, by the use of the term "remunerative work", required the claimant to be working a minimum number of hours and did not take into account whether their partner is working.

6.4 The substituted paragraph 18 also provides for the disregard amount to be shared between partners. Where a claimant has no earnings or their earnings are less than the amount of the disregard, the earnings of their partner may be disregarded to bring the total amount disregarded up to the applicable amount.

Why was this approach taken to change the law?

6.5 The Department considers that amending the 2026 Regulations before they come into force on 5 October 2026 is the best approach to ensure that there are no errors from commencement.

6.6 This will provide clarity and certainty for claimants, local authorities, IT software suppliers and stakeholder organisations, and will avoid the need for local authorities and software suppliers to make operational workarounds while corrective legislation is progressed.

7. Consultation

Summary of consultation outcome and methodology

7.1 No formal public consultation has been undertaken on this instrument because it does not introduce a new policy or change the policy objective consulted upon previously. The amendments are corrective and are intended to ensure that the 2026 Regulations operate in accordance with the original underlying policy intention.

7.2 The Department considers that amending the 2026 Regulations before they come into force on 5 October 2026 is the best approach to ensure that the policy operates as intended from commencement.

7.3 The Department has a statutory duty to consult the Local Government Association on amendments to Housing Benefit Regulations that concern local authorities. The Local Government Association were consulted on 20 August 2026 and were content with this instrument.

7.4 In accordance with section 173(1)(b) of the Social Security Administration Act 1992[5], the Social Security Advisory Committee was notified of this instrument. As the amendments are technical in nature and do not alter the underlying policy intent, the Department sought the Committee's views on the appropriate scrutiny arrangements. The Committee did not take the regulations on formal reference. The minutes will be published on GOV.UK.[6]

8. Applicable Guidance

8.1 The Department will publish an adjudication circular providing relevant guidance for local authority staff before the instrument comes into force. Adjudication circulars[7] on Housing Benefit for local authorities can be found on GOV.UK.

[5] https://www.legislation.gov.uk/ukpga/1992/5/section/173
[6] https://www.gov.uk/government/collections/social-security-advisory-committee-minutes-of-meetings
[7] https://www.gov.uk/government/collections/housing-benefit-for-local-authorities-circulars

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because it has no, or no significant, impact on business, charities, voluntary bodies or the public sector. The amendments are corrective in nature and do not alter the underlying policy objective, intended beneficiaries or expected impacts of the 2026 Regulations.

Impact on businesses, charities and voluntary bodies

9.2 There is no, or no significant, impact on business, charities, or voluntary bodies. The amendments address implementation issues identified during delivery of the measure, including issues raised by local authority IT software providers and issues identified through the Department's policy and legal review.

9.3 The legislation does not impact small or micro businesses.

9.4 There is no, or no significant, impact on the public sector. Ongoing engagement with IT software providers will ensure there are no delivery impacts or any new administrative burdens from these amendments for local authorities.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring remains as set out in the original Explanatory Memorandum for the 2026 Regulations.

10.2 The instrument does not include a statutory review clause.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 This instrument corrects errors in the 2026 Regulations. The Department has sent a voluntary memorandum explaining and apologising for these errors to the Joint Committee on Statutory Instruments. A similar voluntary memorandum has been sent to the Secondary Legislation Scrutiny Committee. This instrument is due to come into force in advance of those Regulations so that those Regulations come into force as amended. The Statutory Instrument Registrar has been advised and copies of this instrument will be issued under the free issue procedure.

11.2 This instrument inserts an amendment to paragraph 17 of Schedule 4 to the HB Regulations 2006 into the 2026 Regulations so that the new disregards introduced by the 2026 Regulations are taken into account when calculating any additional amount to be disregarded from earnings under paragraph 17.

11.3 It also substitutes a new paragraph 18 to be inserted by the 2026 Regulations into Schedule 4 to the HB Regulations 2006. Paragraph 18 in the 2026 Regulations provided for "single claimants". "Single claimant" is defined in the HB Regulations 2006 as excluding lone parents ("lone parent" being defined separately). Lone parents should not be excluded. The new paragraph 18 therefore specifically provides for lone parents, using the same age categories and amounts as for single claimants, so that they may be eligible for the new disregard. It also clarifies what disregard amount applies when a claimant and their partner are under 18 years of age as under the 2026 Regulations, an error meant that two different amounts could be taken to apply.

11.4 The substituted paragraph 18 also provides that a claimant living in Specified Accommodation or Temporary Accommodation can qualify for the new disregard where they, or their partner, is an employed earner or self-employed earner without imposing any minimum hours requirement. The 2026 Regulations, by the use of the term "remunerative work", required the claimant to be working a minimum number of hours and did not take into account whether their partner is working.

11.5 The substituted paragraph 18 also provides for the disregard amount to be shared between partners. Where a claimant has no earnings or their earnings are less than the amount of the disregard, the earnings of their partner may be disregarded to bring the total amount disregarded up to the applicable amount.

12. European Convention on Human Rights

12.1 As the instrument is subject to negative procedure and does not amend primary legislation, no statement is required.

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").