EXPLANATORY MEMORANDUM TO

THE HOUSING BENEFIT (LOCAL HOUSING ALLOWANCE AND EXECUTIVE DETERMINATIONS) (AMENDMENT) REGULATIONS (NORTHERN IRELAND) 2013

S.R. 2013 No. 282

1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department for Social Development 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 (3) and 171(1), (3) and (4) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992), Article 74(3) of the Social Security (Northern Ireland) Order 1998 and now vested in it, and paragraph 4(3A) of Schedule 7 to the Child Support, Pensions and Social Security Act (Northern Ireland) 2000, and is subject to the negative resolution procedure.

2. Purpose

2.1. These Regulations amend the Housing Benefit (Decisions and Appeals) Regulations (Northern Ireland) 2001, The Housing Benefit Regulations (Northern Ireland 2006, the Housing Benefit (Persons who have attained the qualifying age for state pension credit) (Northern Ireland) 2006 and the Housing Benefit (Executive Determinations) Regulations (Northern Ireland) 2008, to make changes to when the Local Housing Allowance ("LHA") is determined and correct an erroneous reference.

2.2. The Northern Ireland Housing Executive will determine annually the appropriate maximum housing benefit on 1st April. This will take effect on 1st April or the first Monday in April if the claimant's rent is payable in weekly intervals. This ensures that any change will link into changes to

other parts of the housing benefit calculation affected by the annual up-rating of benefit.

2.3. An erroneous reference is corrected in the Housing Benefit (Executive Determinations) Regulations (Northern Ireland) 2008.

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 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 were introduced from April 2011 to restrict the amount of Housing Benefit which could be paid, including rates being set at the 30th percentile of rents in each broad rental market area, restricting the maximum level to a four bedroom property and capping the weekly rates by property size. These changes were part of the Government's deficit reduction plan and the purpose of them was, as well as achieving changes, to make the Housing Benefit scheme fairer and more sustainable.

3.3. From April 2013, changes were introduced so that the LHA rates were set annually at the lower of, either the previous LHA rate uprated by the Consumer Price Index or the 30th percentile of local market rents. The purpose of this was to exert downward pressure on rents and to reduce the expenditure on Housing Benefit. Moving to annual rather than monthly up-rating was a step towards the integration of housing support with other benefits in Universal Credit. It also made it simpler for claimants to understand as the maximum amount of Housing Benefit is known well in advance of the rates coming into effect.

3.4. From April 2014 LHA rates will be set annually at the lower of either the previous LHA rate uprated by 1 per cent or the 30th percentile of local market rents in the previous April. The purpose of this change is to continue to exert downward pressure on rents by reducing the growth in

Housing Benefit expenditure and to bring the up-rating of LHA rates in line with other benefits by restricting increases to 1 per cent. The Government is also taking account of the fact that rental markets differ across the country and has committed to using 30% of the savings from the measure to exempt some areas from the 1 per cent limit where rent increases are causing a shortage of affordable accommodation.

4. Consultation

4.1. The policy has been subject to public consultation and debate in both Houses of Parliament as part of the passage of the Welfare Reform Act 2012.

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 any additional costs or savings on business, charities 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 that 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. The Regulations will mirror only those provisions relating to annual review contained in the Housing Benefit (Amendment) Regulations 2012(S.I. 2012/3040), which were made on 3 December 2012 and came into force on 1 January 2013, and are in keeping with the principal of parity between Northern Ireland and Great Britain in social security matters. Other provisions in the GB regulations cannot be made pending passage of Northern Ireland Welfare Reform Bill. However maintaining equivalent provision for annual review required bringing forward these provisions as a separate set, at this time.

11. Additional Information

11.1. Not applicable.