EXPLANATORY MEMORANDUM TO

THE RENT OFFICERS (HOUSING BENEFIT AND UNIVERSAL CREDIT FUNCTIONS) (MODIFICATION) ORDER 2026

2026 No. 5

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.

2. Declaration

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

2.2 Vicki Kennedy, 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 Amelia Pallister at the Department for Work and Pensions email: Housing.PolicyCorrespondence@dwp.gov.uk can be contacted with any queries regarding the instrument.

Part One: Explanation and context of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument makes changes to how rent officers will determine Local Housing Allowance (LHA) rates which will apply for 2026/27. It provides for LHA rates in 2026/27 to be maintained at current levels, which have applied since April 2024.

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 Great Britain.

4.3 The territorial application of this instrument (that is, where the instrument produces a practical effect) is Great Britain.

5. Policy Context

What is being done and why?

5.1 The LHA was introduced in 2008 as a fair and transparent way of calculating the maximum amount of Housing Benefit for households living in the private rented sector. It has applied to Universal Credit (UC) households renting in the private rented sector since UC was introduced in 2013. LHA 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 not intended to cover all rents in all areas.

5.2 DWP currently spends over £12 billion annually supporting renters on a low income in the private rented sector. Local Housing Allowance (LHA) rates were last increased in April 2024, when they were set to the 30th percentile of local market rents for 2024/25, costing an additional £1.2 billion in 2024/25 and £7 billion over 5 years. This means the LHA rates were calculated to ensure that the lowest 30% of private rents within each Broad Rental Market Area (BRMA) were affordable for those claiming either Housing Benefit (HB) or Universal Credit (UC) (subject to LHA national caps or deductions such as the benefit cap). In London, national caps apply to protect the taxpayer from exceptionally high rental prices.

5.3 LHA rates are calculated using local market rents collected by rent officers across Great Britain: these show rental increases. As LHA rates are not being increased for 2026/27 there is potential for households to have increased shortfalls between their rents and the relevant LHA rate. DWP data shows that rents have increased by 14% since LHA was last increased in 2024 and that 54 % of people receiving either HB or UC have a shortfall between their rent costs and housing support (Aug 25).

5.4 The Secretary of State for Work and Pensions reviewed LHA rates for 2026/7 and confirmed in his written statement on 26th November 2025[1], that rates will be maintained at current levels, which have applied from April 2024. The Secretary of State considered the impact of rising rents across Great Britain against broader Government action on housing within the constrained fiscal environment. Measures that best achieve the Government's goals were prioritised at Budget, such as removing the two-child benefit cap which will lift 450k children out of poverty.

5.5 The Government has also prioritised addressing the fundamental issue of a lack of housing supply. At the Spending Review, the Government set out its commitment to build 1.5 million homes in England this parliament, as part of the Plan for Change[2]. This £39 billion investment represents the biggest increase in the supply of social and affordable housebuilding in a generation.

5.6 Additional support for households who need help with their rental costs has been maintained and local authorities are being given more certainty on their discretionary funding. Launching 1st April 2026, the Crisis and Resilience Fund (CRF), incorporating Discretionary Housing Payments (DHPs), will provide £1 billion per year (including Barnett Consequential) to reform crisis support in England. DHPs will continue to be available in Wales only. The CRF Housing Payment will replace DHPs in England with housing support continuing to be provided, ensuring that vital assistance remains available to those who face a shortfall in meeting their housing costs. From April 2017, DHPs have been fully devolved to Scotland who are responsible for the allocation and payment to Scottish local authorities.

What was the previous policy, how is this different?

5.7 In April 2024, LHA rates were increased to the 30th percentile of market rents. In 2025/26, the LHA rates were maintained at the same level as 2024/25. This year rates will again be maintained from April 2026 for the year 2026/27 at levels applied from April 2024.

[1] https://questions-statements.parliament.uk/written-statements/detail/2025-11-26/hcws1101
[2] https://www.gov.uk/missions

6. Legislative and Legal Context

How has the law changed?

6.1 This Order makes changes to the following: the Rent Officers (Housing Benefit Functions) Order 1997 (S.I. 1997/1984)[3], the Rent Officers (Housing Benefit Functions) Scotland Order 1997 (S.I. 1997/1995)[4], and the Rent Officers (Universal Credit Functions) Order 2013 (S.I. 2013/382)[5] (collectively referred to as the ''Rent Officers Orders'').

6.2 This Order modifies the Rent Officers Orders by instructing Rent Officers at the Valuation Office Agency, Rent Service Scotland and Rent Officers Wales to set Local Housing Allowance (LHA) rates at the same levels for 2026/27 as the rates were set for 2024/25. This applies to all 192 Broad Rental Market Areas (BRMA) in Great Britian for 2026/27 which will take effect from April 2026. For each BRMA there are five rates which include a shared accommodation rate and a 1, 2, 3 and 4 bedroom rate.

Why was this approach taken to change the law?

6.3 If this Order is not made, the Rent Officers Orders currently state that Local Housing Allowance (LHA) rates will default to the 30th percentile of market rents. This would apply for 2026/27, resulting in unfunded additional expenditure to Government.

6.4 The Rent Officers Orders are annually modified or amended to set LHA rates for the following year. A Modification Order is used where rates are maintained at the same levels as previous years so that the legislation does not revert back to the 30th percentile of market rents. Therefore, in 2026/27 all rates will be set at the same rates that applied in 2024/25.

7. Consultation

Summary of consultation outcome and methodology

7.1 Modifications to the Rent Officers Orders are exempt from formal referral to the Social Security Advisory Committee.

7.2 Rent officers at the Valuation Office Agency, Rent Officers Wales and Rent Service Scotland were given an opportunity to comment on the draft legislation and were, content with the modifications made.

8. Applicable Guidance

8.1 Local Authority and Universal Credit administration will not be directly affected by the changes to the Rent Officers Orders, but the Department will notify them of the rates via written communication.

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 or the public sector.

[3] https://www.legislation.gov.uk/uksi/1997/1984
[4] https://www.legislation.gov.uk/uksi/1997/1995
[5] https://www.legislation.gov.uk/uksi/2013/382

Impact on businesses, charities and voluntary bodies

9.2 There is no, or no significant, impact on business, charities, or voluntary bodies. Some charities or voluntary organisations lobby on LHA policy.

9.3 The legislation does not impact small or micro businesses.

9.4 There is no, or no significant, impact on the public sector, although Local Authorities will often publish the relevant Local Housing Allowance (LHA) rates on their websites and may receive enquiries linked to the availability of affordable accommodation within LHA rates.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The Department continues to monitor the LHA rates and the local market rents.

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 None.

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").