EXPLANATORY MEMORANDUM TO

The Universal Credit, Housing Benefit, Employment and Support Allowance and State Pension Credit (Carer's Allowance Reassessment Capital Disregard) (Amendment) Regulations (Northern Ireland) 2026

S.R. 2026 No. 146

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Communities ("the Department") 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 132(3) and (4) and 171(1), (3) and (4) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992, and now vested in it, sections 15(3) and (6) and 19(1) to (3) of the State Pension Credit Act (Northern Ireland) 2002, sections 17(1) and (3) and 25(2) of the Welfare Reform Act (Northern Ireland) 2007, and Article 48 of, and paragraph 4(1) and (3) of Schedule 1 to, the Welfare Reform (Northern Ireland) Order 2015, and is subject to the negative resolution procedure.

2. Purpose

2.1 These Regulations amend provisions within the State Pension Credit Regulations (Northern Ireland) 2003, the Housing Benefit Regulations (Northern Ireland) 2006, the Housing Benefit (Persons who have attained the qualifying age for State Pension Credit) Regulations (Northern Ireland) 2006, the Employment and Support Allowance Regulations (Northern Ireland) 2008 and the Universal Credit Regulations (Northern Ireland) 2016 to ensure that lump-sum payments of Carer's Allowance awarded as a result of a Carer's Allowance reassessment exercise are disregarded as capital when determining entitlement to the above income-related benefits.

2.2 The amendments ensure that individuals receiving arrears of Carer's Allowance as part of the reassessment exercise are not disadvantaged in their entitlement to means-tested social security benefits solely because of the receipt of those lump-sum payments.

3. Background

3.1 This Statutory Rule provides that lump sum payments of Carer's Allowance, paid as a result of a reassessment exercise, will be disregarded as capital permanently when assessing awards of Universal Credit, Pension Credit, Employment and Support Allowance or Housing Benefit.

3.2 The reassessment exercise was established by the UK Government in response to the Independent Review of Carer's Allowance Overpayments, conducted by Liz Sayce OBE. As part of its response to the Independent Review the UK Government committed to reassessing those Carer's Allowance cases which may have been affected by faulty guidance on the

averaging of irregularly fluctuating earnings which was in place between April 2015 and September 2025.

3.3 Carer's Allowance has a weekly earnings limit. Guidance correctly dealt with cases where weekly earnings were constant or where they fluctuated in a regular cycle. However, where there were irregular fluctuations in the weekly amounts, the guidance did not accurately reflect the statutory position. It should have guided Decision Makers to consider averaging earnings over a period of weeks in such cases. Instead, it instructed them not to consider averaging the earnings. The aim of the reassessment exercise is to identify those cases where consideration should have been given to averaging a carer's earnings over a number of weeks, and to recalculate the entitlement where it is decided that averaging should have been applied. This will result in some people receiving refunds of inaccurate overpayments as lump sums.

3.4 The Department expects around 1,200 cases will result in either lump sum payments or reductions in outstanding overpayments of Carer's Allowance. Around two thirds of people in receipt of Carer's Allowance are in a household which is also in receipt of one of these means-tested benefits, the majority of which are receiving Universal Credit.

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 has conducted a screening exercise on proposals for these Regulations and concluded that they do not have significant implications for equality of opportunity or good relations. In light of this, the Department considered that an equality impact assessment is not necessary.

6. Regulatory Impact

6.1 The Regulations do not require a Regulatory Impact Assessment as they do not impose any costs on business, charities, social enterprises or voluntary bodies.

7. Financial Implications

7.1 None.

8. Section 24 of the Northern Ireland Act 1998

8.1 The Department is satisfied that these Regulations comply with section 24 of the Northern Ireland Act 1998 (Convention rights, etc.).

9. EU Implications

9.1 Not applicable.

10. Parity or Replicatory Measure

10.1 The corresponding Regulations made by the Secretary of State for Work and Pensions are the Universal Credit, Housing Benefit and State Pension

Credit (Carer's Allowance Reassessment Capital Disregard) (Amendment) Regulations 2026, which were made on 24 June 2026, and come into force on 16 July 2026.

11. Additional Information

11.1 Internal guidance for staff at the Department for Communities will be updated to take account of these changes.

12. 21 Day Rule

12.1 Parity of timing and substance is an integral part of the maintenance of single systems of social security, child support and pensions in line with section 87 of the Northern Ireland Act 1998. The Department became aware only recently that the corresponding Great Britain Regulations had been made and laid. Consequently, the Department has had limited time to prepare equivalent Northern Ireland legislation in order to ensure that claimants in Northern Ireland are not disadvantaged compared with their counterparts in Great Britain. As a result, the Department regrets that it has been unable to comply with the 21-day rule.