

From: The DALO

Ms Emer Boyle
Communities Committee Clerk
Room 430
Parliament Buildings
Ballymiscaw
Stormont
Belfast
BT4 3XX

Dear Emer,

The Housing Benefit (Earned Income Disregards) (Amendment) Regulations (Northern Ireland) 2026

The Department for Communities proposes to make a Statutory Rule (SR) under powers conferred by sections 122(1)(d), 132(3) and 4(b), 133(1) and 171(1) and (3) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992. The SR is subject to negative resolution procedure.

Purpose of the Statutory Rule

The purpose of this SR is to amend the Housing Benefit Regulations (Northern Ireland) 2006 to introduce five targeted earned income disregards for both new and existing working-age claimants residing in Supported Housing and Temporary Accommodation. The following table shows the proposed new disregards:

Claimant Category	Proposed Disregard (i.e. additional amount that a claimant can earn before the taper of 65% is applied)
Single claimant under 25 years of age	£61.41
Single claimant aged 25 and over	£77.43
couple where both members are under 18 years of age	£97.33
Couple where both members are under 25 years of age	£61.53
Couple where at least one member is aged 25 and over	£119.70

Currently low income working-age residents in Supported Housing and Temporary Accommodation receive housing support through Housing Benefit alongside Universal Credit for daily living costs. This will remain the case once the move to Universal Credit is complete.

The changes being made by the SR are intended to reduce a financial disincentive that arises for this particular cohort of claimant due to the interaction between Universal Credit and Housing Benefit rules.

Currently when Universal Credit entitlement reduces to zero, a Housing Benefit earnings taper of 65% is applied to earnings after the standard disregards are taken into account. The standard disregards are as follows:

- £5 per week for single claimant
- £10 per week for a couple
- £20 per week where the claimant or their partner is lone parent, receiving a disability related benefit or is a carer

This approach can result in a sudden drop in income for claimants which may discourage entry into work or progression in employment and is inconsistent with the wider objective that work should always pay. The new earned income disregards mean that more of a claimant's earnings will be ignored in the calculation of entitlement to Housing Benefit so that they do not suddenly lose out when their Universal Credit stops.

For illustrative purposes the following outlines how the new earned income disregard has been calculated for a **single claimant aged under 25 years**:

Earnings where Universal Credit entitlement ends	£142.06
Amount already ignored in Housing Benefit <ul style="list-style-type: none"> • Basic earnings taper - £5 • Personal allowance - £75.65 	£80.65
Shortfall	£61.41
New total to be ignored for Housing Benefit	£142.06 (£80.65 + £61.41)

As the new earned income disregard results in an additional £61.41 being added to the current Housing Benefit disregard, the claimant, in this scenario, will not be suddenly worse off when their Universal Credit entitlement ends.

The introduction of five targeted earned income disregards within Housing Benefit is considered to represent a practical and deliverable improvement, although it is recognised that it cannot fully replicate each individual's transition point due to the complexity of claimant circumstances across the Supported Housing and Temporary Accommodation caseload.

As of 1 April 2026, there were 8,187 total claimants in Supported Housing or Temporary Accommodation on Housing Benefit. Of these, 157 (1.9%) were in employment, of which 132

(84%) were earning enough to be subject to the existing Housing Benefit taper and currently experiencing the financial cliff edge¹.

The measure is considered to strike a balance between improving work incentives and maintaining administrative simplicity, without requiring significant system redesign or legislative changes to Universal Credit. The new earned income disregards will be up-rated annually to ensure that they continue to meet policy objectives.

As this is a parity SR, alignment in entitlement to Housing Benefit will be maintained with Great Britain.

Previous Engagement with the Committee

There has been no previous engagement with the Committee regarding the implementation of the proposed SR.

Financial Implications

Providing parity is maintained, the costs arising from the application of these income disregards will be treated as Annually Managed Expenditure and met in full by HM Treasury.

Consultation

This measure has been informed by extensive engagement with charities and providers. No formal consultation has been required on the SR (or the equivalent Statutory Instrument in GB). The Department for Work and Pensions (DWP) intends to run a small number of focus groups in July with key stakeholders, to refine communication plans for go-live. The Department is working with DWP with a view to arranging a focus group for local stakeholders.

¹ Figures provided by Northern Ireland Housing Executive

Compliance with Section 24 of the Northern Ireland Act 1988

The Department has considered its obligations under Section 24 of the Northern Ireland Act 1998 during the development of the SR. In doing so, it has taken into account the potential engagement of Convention rights, as given effect by the Human Rights Act 1998, and is satisfied that the provisions do not give rise to any incompatibility. The SR introduces beneficial changes within the existing Housing Benefit framework and does not adversely affect any protected rights. The Department has also considered Article 2(1) of the Windsor Framework and is content that the provisions do not engage or diminish the rights protected under that Article.

Consideration by the Executive

Not Applicable.

Equality Impact

In accordance with its duty under Section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise in relation to the proposed SR and has concluded that they do not have significant implications for equality and opportunity and are seen as a positive change for working-age residents living in Supported Housing and Temporary Accommodation. As such, the Department considers that an Equality Impact Assessment is not necessary.

Regulatory Impact

The proposed SR does not require a Regulatory Impact Assessment as it does not impose any new costs on businesses, charities or voluntary bodies.

Rural Needs Impact

The Department is satisfied that the SR does not have a significant or differential impact on people living in rural areas. No specific barriers or adverse impacts for rural communities have been identified, and the policy is expected to deliver consistent benefits across both rural and urban settings.

Data Protection Impact

The Department has considered data protection implications of the SR and is satisfied that there is no new processing of data.

Child Rights Impact

The Department has considered the potential impact of the SR on children and young people. The measure does not introduce any adverse impacts on child rights. While the policy primarily affects working-age claimants, some households with children may benefit indirectly through increased household income where parents or guardians experience improved work incentives and financial stability. As such, the Department is satisfied that the SR is compatible with children's rights and does not negatively impact them,

Position in Great Britain

The corresponding GB Statutory Instrument is expected to be made on 6 July 2026, coming into force on 5 October 2026. In line with Section 87 of the Northern Ireland Act 1998, it is proposed that the SR will be made to ensure the operational date aligns with the coming into force date of the GB Instrument.

Any other information

None.

Proposed timing of consideration of the SL1

The Department is sharing the SL1 with the Committee to allow for consideration ahead of the summer recess. Provided the DWP Statutory Instrument proceeds as scheduled the Department will share the final draft of the corresponding SR as soon as possible after 6 July 2026 enabling consideration by the Committee after the summer recess.

Although this approach will not meet the timescales for scrutiny by the Committee for Communities it will support the progression of the legislation and help ensure that the SR can be made by 14 September 2026 in line with the 21-day rule, ahead of the planned operational date of 5 October 2026.

In light of these circumstances the Minister has made the following statement:

***“I am satisfied that ensuring the orderly making of this parity social security legislation in line with DWP timeframes gives rise to exceptional circumstances which require deviation from the normal process and timeframes set out in the Guidance for Departments on Delegated Legislation (SL1 Pre-Introductory Stage) (November 2025).*”**

I would be grateful if the Committee would agree to approve the SL1 in the requested shortened timeframe in light of these exceptional circumstances. It is my intention to make the SR to align as closely as possible with the DWP timing for their corresponding SI.”

Proposed Operational Date

It is anticipated that the SR will come into operation on 5 October 2026. When the completed draft SR is finalised together with the Explanatory Memorandum, copies will be submitted to the Committee.

I would be obliged if you would bring this matter to the attention of the Communities Committee.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Laura Coffey', with a long horizontal flourish extending to the right.

Laura Coffey
Departmental Assembly Liaison Officer
Private Office