EXPLANATORY MEMORANDUM TO

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

S.R. 2026 No. xxx

1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department for Communities 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), 132(3), 133(1) and 171(1) and (3) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 and is subject to the negative resolution procedure.

2. Purpose

2.1. The Statutory Rule makes amendments to the Housing Benefit (Northern Ireland) Regulations 2006 by introducing five targeted earned income disregards for working-age residents living in Supported Housing and Temporary Accommodation.

3. Background

3.1 Low income working-age residents in Supported Housing and Temporary Accommodation receive their housing support through Housing Benefit and receive Universal Credit to assist with their daily living costs. This will remain the position once the Move to Universal Credit is complete.

3.2 The interaction between Housing Benefit and Universal Credit creates a work disincentive when the Universal Credit award reduces to zero due to earned income. This causes Housing Benefit to become means tested and may result in overall loss of income at the point of transition from receiving both Housing Benefit and Universal Credit to Housing Benefit only. This drop in income is referred to as the ‘cliff-edge’.

3.3 Around 8,187 households claiming Housing Benefit live in Supported Housing or Temporary Accommodation and face greater challenges when transitioning into work, in comparison to those who reside in ‘general needs’ accommodation and receive the housing element of Universal Credit rather than Housing Benefit.

3.4 At the Autumn Budget in November 2025, the Government announced the introduction of new earned income disregards in Housing Benefit for residents in Supported Housing and Temporary Accommodation.

3.5 The earnings disregard is calculated to offset the reduction in household income that arises when a claimant moves from receiving Universal Credit support into a position where Housing Benefit entitlement is assessed based on earnings.

3.6 The calculation considers the level of earnings required for a claimant to no longer be entitled to the Universal Credit standard allowance. It then compares this earnings level with the combined value of the basic Housing Benefit earnings disregard and the applicable Housing Benefit personal allowance.

3.7 The difference between these amounts determines the additional earnings disregard required within Housing Benefit to smooth the transition and reduce the financial disincentive to enter work or increase hours.

3.8 These reforms aim to reduce the financial cliff edge currently faced by claimants in Supported Housing and Temporary Accommodation. This ensures the system better supports those seeking work or increasing their hours to earn more. The amendments to Housing Benefit regulations will address this systemic issue.

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 these legislative proposals and has concluded they do not have significant implications for equality of opportunity. In light of this, the Department considers that an equality impact assessment is not necessary.

6. Regulatory Impact

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

7. Financial Implications

7.1. None for the Department.

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 complies with that provision.

9. EU Implications

9.1. Not applicable

10. Parity or Replicatory Measure

10.1. This Statutory Rule mirrors the provisions of the Housing Benefit (Earned Income Disregards) (Amendment) Regulations 2026 (S.I. 2026/753) in Great Britian, which was made on 06 July 2026 and came into force on 05 October 2026 and is in keeping with the principle of parity between Northern Ireland and Great Britain in matters of social security.

11. Additional Information

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