

Benefit cap factsheet

The benefit cap was announced in Spending Review 2010.

“Cap household benefit payments from 2013... so that no workless family can receive more in welfare than median after tax earnings for working households”.

Background

The cap will be introduced from April 2013 and will apply to the combined income from the main out-of-work benefits, plus Housing Benefit, Child Benefit and Child Tax Credit.

The cap will be:

- £500 p/wk for couples and lone parents
- £350 p/wk for single adults

Exemptions

The following households (claimant, partner and any children they are responsible for when working out their Housing Benefit) will be exempt from the cap:

Those entitled to:

- Working Tax Credit

Those in receipt of:

- Disability Living Allowance
- Personal Independence Payment (from April 2013)
- Attendance Allowance
- The support component of ESA
- Industrial Injuries Benefits (and equivalent war disablement pensions and payments under the Armed Forces Compensation Scheme)
- War Widows and War Widowers pension

Claimants who have been in employment for 52 weeks or more when they claim benefit will be exempt from the cap for a grace period of up to 39 weeks.

Please note that any adult children living in a household, and receiving a benefit in their own right, would not normally count as part of that household for the purposes of the benefit cap.

Benefits that count towards the cap

- Bereavement Allowance
- Carer's Allowance
- Child Benefit
- Child Tax Credit
- Employment and Support Allowance (except where it is paid with the support component)
- Guardian's Allowance
- Housing Benefit whether paid direct to you or to your landlord (but not including Housing Benefit paid for Supported Exempt Accommodation)
- Incapacity Benefit
- Income Support
- Jobseeker's Allowance
- Maternity Allowance
- Severe Disablement Allowance
- Widowed Parent's Allowance
- Widowed Mother's Allowance
- Widow's Pension, including the Age-Related component

Where the benefit cap would not apply

Claimants will not be capped where someone in the household (claimant, partner or any children they are responsible for when working out their Housing Benefit):

- Obtains work and becomes entitled to Working Tax Credit;
- Receives one of the benefits that exempt recipients from the cap.

People could also:

- Move to cheaper accommodation or negotiate a rent reduction to one which is more affordable.

Delivery phases

- **Phase 1** - from April 2012 - Jobcentre Plus and Local Authorities will be providing support to those households claiming out-of-work benefits that will be impacted by the benefit cap.
- **Phase 2** - 15 April 2013 - implementation of the benefit cap for new and existing claimants, via a deduction from Housing Benefit, in four local authority areas, Bromley, Croydon, Enfield and Haringey.
- **Phase 3** - 15 July 2013 - national roll-out starts with all appropriate households capped by the end of September 2013.
- **Phase 4** - New claims to Universal Credit (UC) will be subject to the cap from October 2013.