

FAQs for Benefit Cap

The benefit cap is part of the Welfare Reform Bill. From July 2013, a cap was introduced on the total amount of benefit that **working age** people can receive. It applies to certain households out of work and is intended to ensure that people out of work do not receive more in benefits than the average earnings of working households. From November 2016, couples/ lone parents can receive a maximum of £384.62 per week (£20,000 per annum); single people can receive a maximum of £257.69 per week (£13,400 per annum).

The cap is currently administered jointly by Department for Work and Pensions (DWP) and local authorities through deductions from Housing Benefit payments. In the longer term it will form part of the Universal Credit system.

- **Why is the Government introducing the cap?**

As part of the Welfare Reform Act, from 2013 the Government introduced a cap on the total amount of benefit that working-age people can receive. This is to help ensure that individuals are no longer given more money when they are out of work than what they could reasonably expect to earn from working.

- **How will the DWP communicate the cap to claimants?**

Claimants and their partners will receive letters regarding the cap and will be advised to contact the Department for Work and Pensions about this change.

As the cap is calculated per household, someone not claiming any out of work benefits may receive a letter. This is because their partner or any child they are responsible for receives out of work benefits. Alternatively, if the household receives only Housing Benefit this income may mean they reach the cap.

- **How will the DWP communicate the cap to Councils?**

Local Authorities receive notification when residents are affected. Councils will be responsible for applying the cap to Housing Benefit awards until the claimant receives Universal Credit. Claimants can apply for Discretionary Housing Payment if they need help to pay their rent.

- **Is anyone exempt from the Benefit Cap?**

If claimants, their partner or any child dependent upon them receive any of the following then that household will be exempt from the benefit cap:

- Attendance Allowance
- Carer's Allowance
- Disability Living Allowance
- Guardian's Allowance
- Industrial Injuries Benefits
- Personal Independence Payment
- Support component of Employment & Support Allowance
- War Widows/Widowers Pension
- Working Tax Credit
- People in work for 1 year before claiming (up to 39 weeks).

Exceptions will be made for those living in 'supported accommodation' (for example, tenants of Women's Aid).

- **What if someone works but does not qualify for Working Tax Credit?**

If someone works sufficient hours to qualify for WTC but their earnings are too high to qualify for any payment of WTC then they will still be exempt from the cap.

Qualifying hours for Tax Credits are:

Circumstance	Hours a week
Aged 25 to 59	At least 30 hours
Aged 16 or over and disabled	At least 16 hours
Aged 60 or over	At least 16 hours
Single with 1 or more children	At least 16 hours
Couple with 1 or more children	Usually, at least 24 hours (with 1 of you working at least 16 hours)

- **What income IS included in the calculation of the cap?**

The benefits that will be taken into account when calculating the cap are:

- Bereavement Allowance/ Widowed Parent's/Mother's Allowance
- Carer's Allowance
- Child Benefit
- Child Tax Credit
- Employment and Support Allowance (ESA) (contribution-based and income-related - except where the Support Component has been awarded)
- Guardian's Allowance
- Housing Benefit
- Incapacity Benefit
- Income Support
- Job Seekers Allowance (Income & Contributions Based)
- Maternity Allowance
- Severe Disablement Allowance
- Widow's Pension

- **Are there any types of income that are DISREGARDED when calculating the cap?**

- Bereavement Payment
- Council Tax Reduction
- Discretionary Housing Payments
- Non-dependants' income
- Social Fund payments – all one off payments (budgeting loans, cold weather payments, funeral payments, sure start maternity grants).
- Pension Credit
- Residency order payments
- Statutory Adoption/Maternity/Paternity/Sick Pay (when these are paid by employers).
- Winter Fuel Payment

- **Is there an appeal against being capped?**

Individuals cannot appeal against the decision to apply the Benefit Cap. However, if they think the Benefit Cap has been calculated incorrectly they may contact the Department for Work and Pensions (not the Council) to ask for the decision to be reviewed. They can also complain at <http://www.dwp.gov.uk/contact-us/complaints-andappeals/>

- **Is there an on-line calculator for the cap**

<https://www.gov.uk/benefit-cap> this can be used by claimants/local authorities