

Benefit Cap – frequently asked questions

1. What is the benefit cap?

From April 2013, there will be a maximum amount of benefit that a household, defined as an individual, their partner, and any children they are responsible for and who live with them, can be entitled to.

2. Why is benefit being capped?

As part of the Welfare Reform Act, from 2013 the Government will introduce a cap on the total amount of benefit that working-age people can receive.

This will help ensure individuals are no longer given more money when they are out of work than what they could reasonably expect to earn from working.

3. What benefits does it affect?

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
- Jobseeker's Allowance (contribution-based and income-based)
- Maternity Allowance
- Severe Disablement Allowance (SDA)
- Widow's Pension

NB: Any benefits or other income that are not included in the above list will not be taken into account when calculating the level of the cap.

The benefits and payments that will be disregarded when calculating the benefit cap are:

- Bereavement payment
- Council Tax Benefit or the replacement localised support for Council Tax
- Discretionary Housing Payments

- Social Fund Payments – all one off payments:
- Budgeting Loans
- Cold Weather Payments
- Community Care Grants
- Crisis Loans
- Funeral Payments
- Sure Start Maternity Grants
- Pension Credit
- Residency order payments
- Statutory Adoption Pay – Paid by employers.
- Statutory Maternity Pay – Paid by employers.
- Statutory Paternity Pay – Paid by employers.
- Statutory Sick Pay - Paid by employers.
- Winter Fuel Payment.

4. Which benefits will exempt me from the benefit cap?

If you, your partner or any children you are responsible for and who live with you in a household are entitled to Working Tax Credit (WTC), (NB. they do not have to be actually in receipt of WTC), or are in receipt of any of the following, you will be exempt from benefit cap:

- Attendance Allowance
- the support component of ESA
- War Widow/Widower's Pension
- Disability Living Allowance (DLA) or its replacement Personal Independence Allowance (PIP)
- Industrial Injuries Benefits
- Armed Forces Compensation Scheme payments
- War Pension Scheme payments (includes War Widow's/Widower's Pension and War Disablement Pension)

5. When does the benefit cap start?

April 2013.

6. Why are Department of Work and Pensions (DWP) telling people now?

Telling people now gives them longer to use the support available to help them find work or resolve housing issues.

You can see a Personal Adviser at your local Jobcentre who will be able discuss the help and support that might be available to you.

If you have any queries regarding your housing or housing benefit, or think that you might not be able to pay your rent, you should contact your local authority.

You can also find more information at Directgov which also has details of an on-line calculator which provides an estimate of the amount your Housing Benefit may be reduced by from April 2013.

7. What if i find work but don't qualify for Working Tax Credit?

If you work sufficient hours to qualify for Working Tax Credit, but your earnings are such that you will have nil entitlement, you will still be exempt from the benefit cap.

But if you don't work sufficient hours to qualify for Working Tax Credit, the benefit cap will still apply.

8. I do not get any out of work benefits, why have i received a letter?

The cap is calculated per household. You may receive a letter if your partner or any children you are responsible for and who live with you receive out of work benefits.

9. Why has DWP sent me and my partner the same letter?

Any affected benefits claimed by you, your partner or any children you are responsible for and who live with you are included in the calculation. So both partners need to be aware of the cap and the DWP are therefore sending a letter to each of them. Some benefits may be paid to you and some to your partner.

You and your partner are **both** responsible for payment of the rent on your house and, therefore, **both are** affected by the benefit cap on your housing benefit.

10. I've heard about the 'grace' period. What is this?

There will be a grace period whereby the benefit cap will not be applied for 39 weeks to those who have been continuously in work for the previous 12 months.

We do not have any more information about the grace period at the moment. More information will be available later.

11. What is Universal Credit?

Universal Credit will be an integrated benefit in place of Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Housing Benefit, Child Tax Credit and Working Tax Credit.

The amount of Universal Credit will depend on the level of income and other family circumstances. It will be payable in and out of work so the complicated

rules that apply currently when people start and leave a job, including hours rules, will disappear, improving the incentive to work.

12. At what level is the benefit cap going to be set?

The level of the cap will be:

£500 per week for couples (with or without children) and lone parents

£350 per week for single adults.

13. How will you calculate the benefit cap?

By adding together all the included benefits that you, your partner and any children you are responsible for and who live with you are entitled to. It does not include non-dependants.

14. How will the cap affect my money?

Currently we cannot give an individual calculation because benefit cap will not be applied until April 2013. Between now and April 2013 your individual circumstances may change, which could affect the amount of benefit that you are entitled to.

You can work out how the cap might affect you by adding all the out of work benefits listed on your direct mail letter under 'Which benefits count towards the cap?' You can get this information from your award letters.

When you have listed all the out of work benefits you receive and the amounts, you or an advisor can go to the [benefit cap calculator](#) on the Directgov website.

This calculates the amount of benefit you receive each week and provides an estimate of how much your Housing Benefit may be reduced.

NB: The more precise claimants can be with their answers, the more accurate their estimate will be.

16. How will DWP reduce my benefit?

At first, only your housing benefit will go down to make sure that the total amount of your benefits is not more than the benefit cap level. You may have to use other benefits to meet any shortfall in your rent.

In the long term the cap will be applied as part of the new Universal Credit system.