

Benefit cap – frequently asked questions for local authorities

August 2012

Contents

- Benefit cap frequently asked questions for local authorities** 4
- General** 4
 - 1. What is benefit cap? 4
 - 2. Why is benefit being capped? 4
 - 3. What benefits does it affect? 4
 - 4. Which benefits will exempt claimants from benefit cap?..... 5
 - 5. When does the benefit cap start? 6
 - 6. Why are DWP telling people now? 6
 - 7. What if the person finds work but doesn't qualify for Working Tax Credit?... 6
 - 8. The individual does not get any out of work benefits, why have they received a letter? 7
 - 9. Why has DWP sent individuals and their partner the same letter? 7
 - 10. I've heard about the 'grace' period. What is this? 7
 - 11. What is Universal Credit? 7
- Money** 7
 - 12. At what level is the benefit cap going to be set?..... 7
 - 13. How will you calculate the benefit cap? 8
 - 14. How will the cap affect an individual's money?..... 8
 - 15. An individual cannot use the on-line calculator because it is not fully compatible with the accessibility software they need to use. 8
 - 16. How will DWP reduce an individual's benefit? 8
 - 17. Is the benefit cap the same as Local Housing Allowance? 9
- Support**..... 9
 - 18. What type of support is available to help individuals potentially affected by the cap?..... 9
 - 19. The individual is on the Work Programme (or Work Choice), what support can be provided? 9
 - 20. What if the person can't pay their rent? 9
- Personal circumstances** 9
 - 21. What if the person is a lone parent? 9
 - 22. What if the person has a disability/health condition? 10
 - 23. What if the person has caring responsibilities? 10
 - 24. Will the person have to move home? 10
 - 25. Is there an appeal against being capped?..... 10
 - 26. How does DWP expect people to live on less money?..... 10
 - 27. Local authorities (LAs) have raised a number of queries about the data scans recently sent to them..... 10
 - 28. The person wishes to complain 10

Benefit cap frequently asked questions for Local Authorities

- Data Scans/Other**..... 10
 - 29. When will future scans be run? 10
 - 31. Why did some customers appear on the scan that are in receipt of DLA and therefore should be exempt? 11
 - 32. When will revised projections be made available on the numbers affected by the benefit cap? 11
 - 33. What happens if total benefit remains over £350/£500 once LAs have removed HB? 11

- Technical/Other** 11
 - 34. Will customers have no HB at all if their benefit amount exceeds the benefit cap?..... 11
 - 35. Are exempted and sheltered accommodation subject to the benefit cap? 12
 - 36. Can LAs share the claimant data with other departments for example Troubled Families or Housing Support Teams? 12
 - 37. What is the position of couples where one is of an age to qualify for state pension credit? 12
 - 38. Could LAs have a breakdown of how the benefit cap figure is calculated? 12
 - 39. How will the cap be applied from April 2013? 12
 - 40. Will there be any additional funding for LAs supporting the benefit cap work?..... 12

Benefit cap frequently asked questions for local authorities

This document provides local authorities with answers to general questions about the benefit cap.

Please Note: DWP helpline numbers are available for individuals with benefit cap queries, but these are not intended to answer general queries. The helpline is open Monday to Friday 8am to 6pm.

English language helpline: 0845 6057064

Welsh language helpline: 0845 6057066

Text-phone: 0845 6088551

General

1. What is 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

Benefit cap frequently asked questions for Local Authorities

- 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 claimants from benefit cap?

If an individual, their partner or any children they are responsible for and who live with them 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, they 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 DWP telling people now?

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

They can see a Personal Adviser at their local Jobcentre who will be able discuss the help and support that might be available to them.

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

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

7. What if the person finds work but doesn't qualify for Working Tax Credit?

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

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

8. The individual does not get any out of work benefits, why have they received a letter?

The cap is calculated per household. They may receive a letter if the person's partner or any children they are responsible for and who live with them receive out of work benefits.

They may receive a letter if they or their partner receive Housing Benefit. If so the benefit, including Housing Benefit only that they or their partner receives may take them into the benefit cap level.

9. Why has DWP sent individuals and their partner the same letter?

Any affected benefits claimed by the individual, their partner or any children they are responsible for and who live with them are included in the calculation. So we want both partners to be aware of the cap and are sending a letter to each of them. Some benefits may be paid to the individual and some to their partner.

The individual and their partner are **both** responsible for payment of the rent on their house and, therefore, **both** affected by the benefit cap on their 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.

Money

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 the individual, their partner and any children they are responsible for and who live with them are entitled to. It does not include non-dependants.

NB: See also Question 3

14. How will the cap affect an individual's money?

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

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

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

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

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

(**NB:** Refer to question 12 for benefit cap limits dependent on household type).

15. An individual cannot use the on-line calculator because it is not fully compatible with the accessibility software they need to use.

DWP is aware that some accessibility issues have been encountered with the benefit cap online calculator and want to assure users that we are urgently seeking a solution. It is extremely important to us that all our claimants can access the full suite of support available.

In the meantime advisory staff may be able to help individuals complete the information requested in the calculator.

DWP staff cannot help them to complete it over the telephone.

16. How will DWP reduce an individual's benefit?

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

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

17. Is the benefit cap the same as Local Housing Allowance?

The benefit cap being introduced in April 2013 is not the same as the changes to Local Housing Allowance (LHA) introduced from April 2011. The 2011 LHA changes placed a cap on the level of LHA payable to cover rent, dependent on the number of rooms required. The cap is a limit on the total out of work benefit that a household unit can receive from April 2013.

Support

18. What type of support is available to help individuals potentially affected by the cap?

Support to help find - or move closer to – employment is available now for everyone who DWP believes may be affected by the benefit cap from April 2013.

DWP can arrange for someone to contact them, to book an appointment with a Personal Adviser to discuss what support they can receive to find employment.

The kind of support available will depend upon their personal circumstances.

Information they might need is available online at www.direct.gov.uk/jobseekers where they can get help looking for work, and information on how to update their skills, write a CV, apply for jobs and prepare for an interview.

19. The individual is on the Work Programme (or Work Choice), what support can be provided?

Their provider will continue to support them to look for work and help them get the skills they may need to find a job.

20. What if the person can't pay their rent?

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

Personal circumstances

21. What if the person is a lone parent?

Jobcentre Plus may be able to offer access to a package of Work Preparation Support, including access to caseload interviews by personal advisers as part of the Jobcentre Plus offer. Lone parents may be able to restrict the hours of work they are looking for to normal school hours. They may also receive further help with childcare when moving into work.

22. What if the person has a disability/health condition?

DWP offers a range of services to support disabled people into employment and to stay in employment.

23. What if the person has caring responsibilities?

A personal adviser will be able to offer support that will help them find suitable employment around their caring responsibilities.

24. Will the person have to move home?

If they need to discuss their housing situation they will need to talk to their Local Authority.

Finding work and qualifying for Working Tax Credit would mean the benefit cap would not apply to them. Therefore, they may be able to stay in their current home and improve their standard of living.

25. Is there an appeal against being capped?

Individuals cannot appeal against the decision to apply the benefit cap.

If DWP is going to cap their benefit we will write to them to inform them of this.

If they think benefit cap has been calculated incorrectly they may contact us to review this.

26. How does DWP expect people to live on less money?

Finding work and qualifying for Working Tax Credit would mean the benefit cap would not apply to them. Therefore, they may be able to stay in their current home and improve their standard of living.

The Money Advice Service may be able to help people with money, budgeting and debt advice. Please visit <http://www.moneyadviceservice.org.uk/>

27. Local authorities (LAs) have raised a number of queries about the data scans recently sent to them

Full details of these and the response can be found at [HB/CTB Bulletins 2012](#)

28. The person wishes to complain

Please visit <http://www.dwp.gov.uk/contact-us/complaints-and-appeals/>

Data Scans/Other

29. When will future scans be run?

Benefit cap – September/October direct mail and LA scans

A further benefit cap direct mail exercise will take place between 20 September 2012 and 5 October 2012. The direct mail will be sent to individual claimants providing information about how the benefit cap may affect them.

Local Authorities will receive a full data scan in September listing all cases potentially affected by the cap at the time the scan was run. The data scans will be issued to the named LA contacts from 17 September 2012.

30. Some cases that were on previous scans appeared to have transitional protection on LHA, does the cap apply post transition protection?

The data scans are not able to predict future changes, including those cases with LHA transitional protection is in place. The data scans will take into account changes to the HB award as transitional protection ends. We are likely to find that more claimants fall below the cap level as LHA transitional protection ends.

31. Why did some customers appear on the scan that are in receipt of DLA and therefore should be exempt?

Claimants with a dependant child that receives DLA may be included in the scan if the child's date of birth indicates that they will be aged 17 or over by April 2013. In these instances it is not known whether the child will be a dependant from April 2013 (as they may make a claim in their own right).

In addition, claimants where payments of DLA have been suspended (i.e. payment amounts are £0.00) may also be included in the data scan.

32. When will revised projections be made available on the numbers affected by the benefit cap?

The revised Impact Assessment relating to the benefit cap was published on 16 July 2012.

<http://www.legislation.gov.uk/ukdsi/2012/9780111526750/impacts>

33. What happens if total benefit remains over £350/£500 once LAs have removed HB?

Nothing, we will not reduce any benefit other than HB or Universal Credit.

Technical/Other

34. Will customers have no HB at all if their benefit amount exceeds the benefit cap?

Regulations will make allow for a minimum of 50p HB to remain in payment. This would allow Local Authorities to consider Discretionary Housing Payment.

35. Are exempted and sheltered accommodation subject to the benefit cap?

Yes they are.

36. Can LAs share the claimant data with other departments for example Troubled Families or Housing Support Teams?

Yes, under new regulations that came into force on 2 July 2012, data can be shared, provided it is for one of the prescribed purposes, such as identifying and supporting those affected by the cap.

In practice this means the HB team can supply social security data to other departments in the council (including County Council) and to Social Landlords, to help identify and support those affected by the benefit cap and social sector size criteria.

LAs still need to consider whether it is proportionate to share data. Sending long lists of claimants to social services when they may only have a handful of vulnerable families to check against may be excessive.

37. What is the position of couples where one is of an age to qualify for state pension credit?

The cap will not apply to a couple where one is over pension age provided that neither person continues to receive an out of work benefit, working age benefit.

38. Could LAs have a breakdown of how the benefit cap figure is calculated?

DWP are unable to provide this information at this time. We can confirm that data has been sourced from all relevant benefit systems within DWP, HMRC and Housing Benefit Awards.

39. How will the cap be applied from April 2013?

The detailed design for April 13 is currently underway and more information will be made available shortly.

40. Will there be any additional funding for LAs supporting the benefit cap work?

Additional funding requirements for LAs to support claimants and prepare for delivery of the cap from April 2013 and beyond is currently being considered, further information will be provided as appropriate.