

Disability Rights UK Factsheet

Benefits cap

Introduction

From 8 April 2013 there will be a cap on the amount of benefits you can receive unless you are considered to be exempt from this rule. If you are a lone parent or if you have a partner you will only be paid £500 a week in benefits. If you are single you will only be paid £350 a week in benefits.

You will have a cap on your combined income from the following benefits:

- bereavement allowance
- carer's allowance
- child benefit
- child tax credit
- employment and support allowance except where the support component has been awarded
- guardian's allowance
- housing benefit
- incapacity benefit
- income support
- jobseeker's allowance
- maternity allowance
- severe disablement allowance
- widowed parent's allowance
- widow's benefit

There will be a 'grace period' of 39 weeks, when you will not be capped, if you (or your partner) have been doing paid work for a period of 50 weeks out of 52 weeks before claiming the above benefits and you were working at least 16 hours in your last week of work.

The grace period starts from the day after you finished working and can include periods of work before the cap is introduced in April 2013. For example if you finish work at the end of January 2013 your 39 weeks starts from February 2013.

The cap will also apply to universal credit (except for the childcare element) when it is introduced.

Benefits not included in the cap

The following benefits will not be included in the cap:

- bereavement payment
- cold weather payments
- council tax benefit or the replacement localised support for council tax
- discretionary housing payments
- free school meals
- funeral payments
- retirement pension
- social fund payments which are being replaced by local authority discretionary payments (community care grants and crisis loans)
- state pension credit
- statutory adoption pay
- statutory maternity pay
- statutory paternity pay
- statutory sick pay
- sure start maternity grants

Exemptions from the cap

You will be exempt from the cap if anyone in your household is claiming:

- attendance allowance
- disability living allowance
- employment and support allowance support component
- industrial injuries benefits
- personal independence payment
- war disablement pension/armed forces compensation scheme payments (that are equivalent to industrial injuries benefits)
- war widow's or war widower pension
- working tax credit even if you have been awarded a "nil entitlement" (you must be working the relevant number of hours - for more information see Factsheet F9 - [a guide to tax credits](#))

How will the cap be applied

If your total benefits assessment is greater than your cap your local authority will reduce your housing benefit payments. When universal credit is introduced deductions will be made from that.

Benefits cap timetable

1st Phase; April 2012 – Work to identify and alert those customers likely to be affected who are on Employment Support Allowance and Housing Support Benefit.

2nd Phase; April 2013 – The benefit cap is planned to go live, delivered initially by

Local Authorities through deductions from Housing Benefit.

3rd Phase; October 2013 – Implementation of the benefit cap through Universal Credit is planned for new claims with existing claims being migrated to Universal Credit between October 2013 and 2017.

Benefits cap calculator

There is now an *online benefits cap calculator* on the DirectGov website, at www.direct.gov.uk, where you can test how the benefits cap might affect you.

Effect of the benefits cap

The latest estimates are that the cap will affect 67,000 households in 2013/14 and 75,000 in 2014/15. By far the worst are those living in Greater London. a breakdown of those affected suggests:

- 54% of affected households are in Greater London
- 9% of affected households are in the South East
- 6% of affected households are in the North West
- 5% of affected households are in Scotland
- 3% of affected households are in Wales

The average benefit reduction is £83 a week per household

- 17,000 households will be subject to both the local housing allowance cap from Jan 2012 and this cap from April 2013
- 44% of households affected by the cap are in the social rented sector
- 56% of households affected by the cap are in the private rented sector
- 69% of households affected by the cap have 3 or more children
- 27% of households affected by the cap have 5 or more children
- 52% of households affected are lone parents
- 39% of households affected receive jobseeker's allowance
- 22% of households are in receipt of ESA
- 38% of households are in receipt of income support

Where can I get more help or information?

The draft Housing Benefit (Benefit Cap) Regulations 2012 are now online at <http://tinyurl.com/c3f5u76>. The Department for Work and Pensions also have a benefits cap page at www.dwp.gov.uk/adviser/updates/benefit-cap/.

This factsheet is a basic overview of the benefits cap. You can find out detailed information about the current benefits system in our *Disability Rights Handbook* available at www.radar-shop.org.uk/. You might also find our Factsheet F55 - [universal credit](#) useful.

You can get help and information at your local advice centre, such as a Citizens Advice Bureau. You can get more information about where to get personal advice from our [Factsheet F15 - Getting advice](#).

All our publications are available from our shop at www.radar-shop.org.uk/. You can also place an order by contacting Disability Rights UK on 020 7247 8776 (this is not an advice line) or by fax on 020 7247 8765. All our factsheets are available at www.disabilityrightsuk.org/factsheets.htm.

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