**BENEFIT CAP**

**What is the benefit cap?**

The benefit cap has been introduced by the Government to restrict the maximum benefit income for working age families.

The current cap is:

* £500 per week (£26,000 a year) for couples and single parents, and
* £350 per week (£18,200 a year) for single people

The cap is being reduced on **7th November 2016** to:

* £384.62 per week (£20,000 a year) for couples and single parents, and
* £257.69 per week (£13,400 a year) for single people

**NB** The cap will be higher for people living in Greater London

**Who is affected by the benefit cap?**

Those affected are generally larger families, or those who live in higher rental areas.

**What benefits are included in the benefit cap?**

The income received from the following benefits is added together.

Bereavement Allowance Housing Benefit Maternity Allowance

Child Benefit Income Support Universal Credit

Child Tax Credit Jobseeker’s Allowance Widowed Parent’s Allowance

Employment & Support Allowance

**NB**

* Some older benefits are also included if they are still being received eg Severe Disablement Allowance, Incapacity Benefit, Widowed Mother’s Allowance, Widow’s Pension
* Carer’s Allowance and Guardian’s Allowance are included now but will not be counted after 7th November

The benefit cap is currently administered by local councils through **Housing Benefit**. So, if a claimant’s total benefit income is above the benefit cap for their situation, their Housing Benefit will be reduced. (In future the benefit cap will be administered by the DWP through Universal Credit)

**NB**

* If a claimant is currently not receiving Housing Benefit, no reduction is made
* Even when a reduction is made, a claimant will be left with £0.50 a week Housing Benefit

**Example: A couple with three children aged 3, 6 and 9. Their weekly income is:**

 Employment & Support Allowance £143.90 (Work Related Activity Group)

 Child Benefit £ 48.10

 Child Tax Credit £170.87

 Housing Benefit £152.00

 **TOTAL BENEFIT INCOME £514.87**

 **Current reduction in Housing Benefit £ 14.87**

As the couple’s income is over £500, their Housing Benefit is reduced by £14.87 to £137.13 per week. They are expected to make up the shortfall of £14.87 per week to their landlord.

In November 2016 the benefit cap is being reduced to £384.62 per week for a couple. This means that the couple’s Housing Benefit will be reduced by £130.25 per week (to £21.75 a week). They will be expected to make up the shortfall of £130.25 per week to their landlord.

**NB**

* The Government has provided additional funding to support those affected by the benefit cap though **Discretionary Housing Payments**. A claimant affected by the benefit cap may be able to get a DHP from their local Council to cover the shortfall in their rent for a short period of time to help the claimant adjust to the new financial position.

**Is everybody affected by the benefit cap?**

The following people are **not** affected by the benefit cap:

* **People above the Pension Credit qualifying age**
* **People who are working and eligible for Working Tax Credit**. To qualify for Working Tax Credit a claimant needs to work a specified number of hours depending on their circumstances. These are:
* Single parent – 16 hours per week
* Couple – 24 hours per week (the hours can be shared between the couple)
* Single people (no children) – 30 hours per week, and must be aged over 25.
* **People on Universal Credit who are working and earning at least £430 per month**.
* **People who were working for at least 50 weeks in the year before they lost their job** – the cap does not apply for 39 weeks
* **Where somebody in the household has a disability or long-term illness** and receives one of the following benefits:
* Disability Living Allowance
* Personal Independence Payment
* Attendance Allowance
* Employment & Support Allowance with a Support Component
* Industrial Injuries Disablement Benefit
* War Pension
* **People who are receiving** **Carer’s Allowance or Guardian’s Allowance.** (This rule only applies from November 2016).

Bedfordshire Benefits Network

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