



Department
for Work &
Pensions

Benefit cap – frequently asked questions

12 August 2013

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Benefit cap frequently asked questions

This document provides advisers and intermediaries 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 the benefit cap?

Since 15 April 2013, there has been a maximum amount of benefit that a household can receive. For the purposes of the benefit cap, a household refers to the benefit claimant, their partner (if they have one) and any child or qualifying young person for whom that adult or couple are treated as responsible when working out their Housing Benefit.

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 (not including Housing Benefit paid for Supported Exempt Accommodation)
- Incapacity Benefit
- Income Support
- Jobseeker's Allowance (contribution-based and income-based)
- Maternity Allowance
- Severe Disablement Allowance (SDA)
- Widow's Pension

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 the 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. A claimant lives in “supported exempt accommodation” and receives Housing Benefit, are they exempt from the cap?

In the Autumn Statement on 5 December 2012 the Government announced that Housing Benefit (HB) paid to households in *supported exempt accommodation (SEA) is being disregarded from the benefit cap.

However this does not mean they are exempt, but by disregarding Housing Benefit in an itemised calculation the cap may no longer apply to them.

*Supported Exempt Accommodation is either a resettlement place or accommodation provided by a county council, housing association, registered charity or voluntary organisation that provides you with care, support or supervision. This accommodation can include supported housing such as group homes, hostels, refuges, sheltered housing, supported living complexes and adapted housing for the disabled.

6. When does the benefit cap start?

On the 15 April, the benefit cap was introduced in four London Local Authorities – Bromley, Croydon, Enfield and Haringey.

National implementation of the benefit cap started on 15 July 2013, with all appropriate households to be capped by the end of September 2013. In developing our implementation approach, we have considered lessons learned from phased rollout and consulted with stakeholders including Local Authorities. Through this

consultation, it was agreed that the national implementation should be delivered in two tranches.

Tranche 1 included all Local Authorities with 275 households or fewer, and capping commenced on 15 July 2013. Tranche 2 includes all Local Authorities with 276 or more households and commenced from 12 August. The Project has confirmed the start of Tranche 2 activity in writing to those Local Authorities.

The precise date the cap takes effect will be confirmed by the claimant's Local Authority when the benefit cap calculation has been assessed and any adjustment to the Housing Benefit award made.

7. What support is available to claimants affected by the cap?

They can see a Personal Adviser at their local Jobcentre who will be able to 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 www.gov.uk which also has details of an on-line calculator which provides an estimate of the amount their Housing Benefit may be reduced from when the cap is applied.

8. Why did DWP only apply the cap from April 2013 in Bromley, Croydon, Enfield and Haringey?

A phased roll-out allowed DWP to test the end-to-end process in a controlled live environment, manage risks and deliver the required outcomes responsibly. Phased rollout has provided valuable learning which has helped shape the national implementation approach and provided insight to be shared to support other Local Authorities in their preparation for implementation.

10. 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 a nil award, they will still be exempt from the benefit cap.

If the household does not qualify for Working Tax Credit, then the benefit cap will still apply.

11. 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.

12. 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.

13. 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. The start date of a grace period is the day immediately following the last day of work, including a Saturday or Sunday.

This means:-

If you/ your partner or ex-partner:

- Have worked for 50 of the last 52 weeks immediately before your last job ended; and
- during that time have not been entitled to Income Support; Jobseeker's Allowance or Employment and Support Allowance, your Housing Benefit may not be affected for up to 39 weeks. This is known as the grace period. This gives you time to move into work and / or discuss your housing options with your Local Authority. There are some exceptions to this rule.

They are:-

- The claimant was on statutory maternity leave (excluding periods in receipt of DWP Maternity Allowance), paternity leave, adoption leave or receiving Statutory Sick Pay [SSB] when the grace period starts on the day following the end of the period of leave or last day of payment of SSP;
- If the claimant receives Income Support [IS], in addition to any of the payments listed above, the grace period will start from the date of claim to this benefit even if Statutory Maternity Pay[SMP]/SSP is still in payment; and
- The claim is as a result of separation, where the ex partner continues in employment when the start date is the date of separation.

14. 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.

15. Is all the IT in place?

Yes. All the IT required for implementation of the Benefit Cap has undergone thorough detailed planning, user testing and has been delivered successfully on time. There has not been any IT delay, in fact to the contrary the IT was all delivered ahead of schedule. The IT is working as expected and has been used to support both phased rollout and now national implementation.

There are no more IT components required to deliver the Benefit Cap in housing benefit.

16. Why are you undertaking manual checks??

The requirement for a manual check has always been one of the key design features of the Benefit Cap process. This enables us to ensure we maintain high levels of accuracy, as has been proved throughout the implementation of the cap.

The manual check involves checking and assessing data taken from DWP, HMRC and LA systems. This is then used to identify households potentially affected by the Benefit Cap; to verify the benefits paid to a household; and to check whether any exemptions should apply. This level of manual checking ensures that only appropriate cases are sent to the Local Authorities for capping. The manual check will therefore continue to be a feature of Benefit Cap in housing benefit activity.

The costs of the administrative activity, which includes those checks, in 2013-14 is currently expected to be around £1.3 million and is small compared to the anticipated savings of the Benefit Cap. It is estimated that the introduction of the Benefit Cap will save £110m and £185m in Annually Managed Expenditure in 2013/14 and 2014/15 respectively.

Money

17 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; and
- £350 per week for single adults with no children.

18. 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

19. Can DWP send the claimant details of all the benefits they receive?

DWP can send copies of claimants benefit award letters **or** the claimant will need to phone the relevant enquiry line for their benefit(s) to obtain a copy of their award letters.

DWP can only provide award notices for primary benefits and the claimant should approach Local Authority or HM Revenue and Customs for details of any housing benefit or tax credits that are in payment

20. The online calculator estimates a reduction less/more than on the letter the claimant received.

If the claimant's original estimate is less/more than the bandwidth on the letter, ask the claimant to double check the information they have input into the on-line calculator.

21. The claimant cannot use the online calculator because it is not fully compatible with the accessibility software they need to use.

Currently, due to technical difficulties, the calculator is not fully compatible with accessibility software. We are trying to rectify this.

In the meantime DWP suggests the claimant ask a family member, friend or support group to help you complete the information requested in the calculator. DWP staff cannot help the claimant to complete it over the telephone

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

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 GOV.UK 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

23. 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.

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

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

The benefit cap 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 benefit cap is a limit on the total out of work benefit that a household unit can receive from April 2013.

Support

25. What type of support is available to help individuals potentially affected by the benefit 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.

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.gov.uk 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.

We appreciate that some claimants will not be able to afford to remain in the home they currently live in. In these instances the relevant Local Authority will support claimants with their future housing needs, and discuss all possible options with the claimants affected. Additional funding of up to £100 million for the **Discretionary Housing Payments Scheme has been provided**, £65million in 2013/14, and a further £35 million in 2014/15. This will mean that there may be transitional support to help manage families into more appropriate and affordable accommodation.

26. 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.

27. 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

28. 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.

29. 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.

30. 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.

31. 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.

32. 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 DWP to review this.

33. 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 [Money Advice service](#)

34. Local authorities have raised a number of queries about the data scans sent to them

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

35. The person wishes to complain

Please visit [Contact Jobcentre Plus - GOV.UK](#)