

# Department for Work and Pensions

## Work Programme Live Running Memo

**To:** Work Programme Providers      **From:** Work Programmes Division

**Memo Serial Number:** 094      **Date:** 23 January 2013

**Subject:** Phased approach to the benefit cap

**Action:** For information

**Timing:** Immediate

### Background

1. DWP have already informed you that from April 2013 the Government is introducing a cap on the total amount of benefit that working age people can receive.
2. The level of the benefit cap will be set with reference to average earnings (after tax and National Insurance) for working families. The cap will be set at £500 a week for couples/lone parents and at £350 a week for single adult households.
3. Claimants who may potentially be capped (based on their current circumstances) will have been contacted via letter.
4. It has been decided to phase the implementation of this change.
5. This memo is to inform you of the changes.

### Summary and action

6. From the 15th April 2013 the benefit cap will be implemented in four Local Authorities within London. These are:
  - Croydon
  - Haringey
  - Bromley and
  - Enfield
7. These areas within London were chosen to start the phasing in of the benefit cap as London has the highest percentage of potential benefit cap claimants and a diverse cross section of residents. It therefore makes sense to start there as it will help us to understand a wide range

of issues around how we are implementing this change before national rollout.

8. The benefit cap will be implemented in all other Local Authorities during the summer and as such all households identified as being appropriate to be capped will, in line with existing plans, have been capped by the end of September 2013. A decision on the precise date at which national rollout will commence will be made shortly.
9. If you operate in any of the areas above taking part in the first phase and receive queries from a participant relating to the benefits they receive, you must refer them to their Local Authority, or the Benefit Cap Helpline.
10. It is your responsibility to continue to work with participants to enable them to find employment. As you are aware, if a participant finds suitable employment and has entitlement or underlying entitlement to working tax credit (by underlying entitlement we mean they have claimed working tax credit, but have received a nil entitlement because their earnings are too high) they will be exempt from the cap.
11. However, if members of a household are working, and the household doesn't qualify for working tax credit, but receives housing benefit (or housing benefit plus another itemised benefit), and that housing benefit (and if applicable, any other itemised benefit) is above the cap level, then the housing benefit will be capped.
12. It would be both advantageous to the participant and you to incorporate actions which will encourage and develop the participant to actively find employment.
13. Further information regarding the implementation of the benefit cap in the remaining Local Authorities across Scotland, England and Wales, will be provided in due course.

## **Further information contact details**

All enquiries on the subject of this memo should be raised with your Performance Manager in the first instance; they will endeavour to provide you with an answer as soon as possible.

Regards

**Work Programmes Division Enquiries Team**