

The benefit cap was announced in Spending Review 2010

“Cap household benefit payments from 2013... so that no workless family can receive more in welfare than median after tax earnings for working households”.

Background

The cap will be introduced from April 2013 and will apply to the combined income from the main out-of-work benefits, plus child benefit and child tax credits.

Working assumption is that the cap will be:

- £500 p/wk for couples and lone parents
- £350 p/wk for single adults

Exemptions

The following households will be exempt from the cap:

Those entitled to:

- **Working Tax Credit**

Those in receipt of:

- **Disability Living Allowance**
- **Personal Independence Payment (from April 2013)**
- **Attendance Allowance**
- **The support component of ESA**
- **Industrial Injuries Benefits**
- **War Widows and War Widowers pension**

Claimants who have been in employment for 52 weeks or more when they claim benefit will be exempt from the cap for up to 39 weeks.

Findings from the latest Impact Assessment

(published 23/01/12)

- **67,000** households will be affected by the cap in 2013/14 (75,000 in 2014/15)
- 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 jobseekers allowance
- **22%** of households are in receipt of ESA
- **38%** of households are in receipt of Income Support

Locations of Households affected

Latest modelling 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

Where the benefit cap would not apply

Claimants will not be capped where someone in the household (claimant, partner or any children they are responsible for and who live with them):

- Obtains work and becomes entitled to Working Tax Credit;
- Receives one of the benefits that exempt recipients from the cap.

People could also:

- Move to cheaper accommodation or negotiate a rent reduction to one which is more affordable.

Delivery phases

- **Phase 1** - from April 2012, Jobcentre Plus and Local Authorities will be providing support to those households claiming out-of-work benefits that will be impacted by the Benefit cap in April 2013
- **Phase 2** - implementation of the Benefit cap for new and existing claimants from April 2013, via a deduction from Housing Benefit
- **Phase 3** - New claims to Universal Credit (UC) will be subject to the cap from October 2013.